

**FORTY-SEVENTH DAY**

St. Paul, Minnesota, Wednesday, April 26, 1995

The Senate met at 9:00 a.m. and was called to order by the President.

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Rev. Douglas R. Potter.

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

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

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received.

April 21, 1995

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. 474, 566, 133, 577, 299 and 1023.

Warmest regards,  
Arne H. Carlson, Governor

April 24, 1995

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. 644, 144, 91, 445, 680 and 1209.

Warmest regards,  
Arne H. Carlson, Governor

April 24, 1995

The Honorable Irv Anderson  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1995 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
474		75	1:48 p.m. April 21	April 21
566		76	2:50 p.m. April 21	April 21
133		77	1:50 p.m. April 21	April 21
	544	78	1:40 p.m. April 21	April 21
	859	79	1:42 p.m. April 21	April 21
	823	80	1:45 p.m. April 21	April 21
577		81	1:55 p.m. April 21	April 21
299		82	1:58 p.m. April 21	April 21
1023		83	2:00 p.m. April 21	April 21
644		84	1:17 p.m. April 24	April 24
144		85	1:26 p.m. April 24	April 24
91		86	1:30 p.m. April 24	April 24
445		87	1:32 p.m. April 24	April 24
680		88	1:34 p.m. April 24	April 24
1209		89	1:36 p.m. April 24	April 24

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 323:

**H.F. No. 323:** A bill for an act relating to housing; making the landlord the bill payer and customer of record on utility accounts in single-metered multiunit residential buildings; amending Minnesota Statutes 1994, section 504.185, subdivision 1, and by adding a subdivision.

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

Dawkins, Jennings and Van Engen have been appointed as such committee on the part of the House.

House File No. 323 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 April 25, 1995

Ms. Johnson, J.B. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 323, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 853:

**H.F. No. 853:** A bill for an act relating to the military; exempting the national guard and the department of military affairs from certain prohibitions concerning weapons; amending Minnesota Statutes 1994, section 609.66, subdivision 2.

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

Brown, Orenstein and Larsen have been appointed as such committee on the part of the House.

House File No. 853 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 April 25, 1995

Mr. Betzold moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 853, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1856.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1995

### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

**H.F. No. 1856:** A bill for an act relating to education; appropriating money for education and related purposes to the higher education services office, the state board of technical colleges, state board for community colleges, state university board, board of regents of the University of Minnesota, and Mayo Medical Foundation, with certain conditions; altering requirements for the youth works program; modifying appropriations for instructional services; imposing conditions on participation in post-secondary enrollment options; removing requirements for certain reports; establishing a semester system and common calendar; requiring administrative interaction with students; modifying use of education institution data; extending time for POST board funding change; requiring review of Akita program; requiring efficiency in use of facilities; establishing a model instruction program in translating and interpreting services; requiring distribution of career planning and job placement information; prohibiting student discipline for speech or communication; abolishing the higher education coordinating board and transferring its duties; creating the higher education service office and higher education administrators council;

prescribing changes in certain financial assistance programs; repealing the merger of the community colleges, state universities, and technical colleges; abolishing the higher education board; amending Minnesota Statutes 1994, sections 121.707, subdivisions 2 and 3; 121.709; 126.56; 126.663, subdivision 3; 126A.02, subdivision 2; 135A.031, subdivision 2; 135A.12, subdivision 1; 135A.15, subdivision 1; 135A.153, subdivision 1; 136.172; 136A.01; 136A.03; 136A.07; 136A.08; 136A.101, subdivisions 2, 3, 5, 7, 8, and 10; 136A.121, subdivisions 5, 6, and 9; 136A.125, subdivision 6; 136A.1359, subdivisions 1, 2, and 3; 136A.15, subdivisions 3 and 4; 136A.16, subdivision 1; 136A.233, subdivision 2; 136A.26, subdivisions 1 and 2; 136A.42; 136A.62, subdivision 2; 136A.63; 136A.69; 136A.81, subdivision 1; 141.25, subdivision 8; 144.1487, subdivision 1; 144.1488, subdivisions 1 and 4; 144.1489, subdivisions 1, 3, and 4; 144.1490; 144.1491, subdivision 2; 298.2214, subdivision 5; and 363.03, subdivision 5; Laws 1986, chapter 398, article 1, section 18, as amended; and Laws 1993, First Special Session chapter 2, article 1, section 2, subdivision 3, and section 9, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; and 136E; repealing Minnesota Statutes 1994, sections 135A.052, subdivisions 2 and 3; 135A.08; 135A.09; 135A.10; 135A.11; 135A.12, subdivision 5; 136A.02; 136A.04; 136A.041; 136A.125, subdivision 5; 136A.1352; 136A.1353; 136A.1354; 136A.16, subdivision 11; 136A.85; 136A.86; 136A.87; 136A.88; 136E.01; 136E.02; 136E.021; 136E.03; 136E.04; 136E.05; 136E.31; 136E.395; 136E.525; 136E.692; 137.31, subdivision 6; 137.35, subdivision 4; 137.38; 144.1488, subdivision 2; and 148.236; Laws 1991, chapter 356, article 9, as amended; and Laws 1994, chapter 532, articles 5, sections 1, 2, and 3; and 7, section 9.

Mr. Moe, R.D. moved that H.F. No. 1856 be laid on the table. The motion prevailed.

### **MOTIONS AND RESOLUTIONS**

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. 47, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 47 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1995

### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 47**

A bill for an act relating to solid waste; merging two conflicting amendments to the solid waste generator assessment statute that were enacted in 1994; correcting and clarifying terminology; amending Minnesota Statutes 1994, section 116.07, subdivision 10; repealing Laws 1994, chapter 510, article 6, section 1.

April 20, 1995

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. 47, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 47 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 116.07, subdivision 10, is amended to read:

Subd. 10. [SOLID WASTE GENERATOR ASSESSMENTS.] (a) For the purposes of this subdivision;

(1) "assessed waste" means mixed municipal solid waste as defined in section 115A.03, subdivision 21, infectious waste as defined in section 116.76, subdivision 12, pathological waste as defined in section 116.76, subdivision 14, industrial waste as defined in section 115A.03, subdivision 13a, and construction debris as defined in section 115A.03, subdivision 7-; provided that all types of assessed waste listed in this clause do not include materials that are separated for recycling by the generator and that are collected separately from other waste and delivered to a waste facility for the purpose of recycling and recycled, and it also does not include waste generated outside of Minnesota;

(2) "noncompacted cubic yard" means a loose cubic yard of assessed waste;

(3) "nonresidential customer" means:

(i) an owner or operator of a business, including a home operated business, industry, church, nursing home, nonprofit organization, school, or any other commercial or institutional enterprise;

(ii) an owner of a building or site containing multiple residences, including a townhome or manufactured home park, where no resident has separate trash pickup, and no resident is separately assessed for such service; and

(iii) any other generator of assessed waste that is not a residential customer as defined in clause (6);

(4) "periodic waste collection" means each time a waste container is emptied by the person that collects the assessed waste;

(5) "person that collects assessed waste" means each person that is required to pay sales tax on solid waste collection services under section 297A.45, or would pay sales tax under that section if the assessed waste was mixed municipal solid waste; and

(6) "residential customer" means:

(i) a detached single family residence that generates only household mixed municipal solid waste; and

(ii) a person residing in a building or at a site containing multiple residences, including a townhome or a manufactured home park, where each resident either (A) is separately assessed for waste collection or (B) has separate waste collection for each resident, even if the resident pays to the owner or an association a monthly maintenance fee which includes the expense of waste collection, and the owner or association pays the waste collector for waste collection in one lump sum.

(b) A person that collects assessed waste shall collect and remit to the commissioner of revenue a solid waste generator assessment from each of the person's customers as provided in paragraphs (c) and (d). A waste management facility that accepts assessed waste shall collect and remit to the commissioner of revenue the solid waste assessment as provided in paragraph (e).

(c) Except as provided in paragraph (f), the amount of the assessment for each residential customer is \$2 per year. Each waste collector person that collects assessed waste shall collect the assessment annually from each residential customer that is receiving mixed municipal solid waste collection service on July 1 of each year and shall remit the amount actually collected along with the collector's person's first remittance of the sales tax on solid waste collection services, described in section 297A.45, made after October 1 of each year. For buildings or sites that

contain multiple residences that are not separately billed for collection services, the person who collects assessed waste shall collect the assessment for all the residences from the person who is billed for the collection service. Any amount of the assessment that is received by the ~~waste collector~~ person that collects assessed waste after October 1 of each year must be remitted along with the ~~collector's~~ person's next remittance of sales tax after receipt of the assessment.

(d) The amount of the assessment for each nonresidential customer is 60 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the customer, based on the size of the container for the assessed waste. For a residential customer that generates assessed waste that is not mixed municipal solid waste, the amount of the assessment is 60 cents per noncompacted cubic yard of collection capacity purchased for the waste that is not mixed municipal solid waste, based on the size of the container for the waste. If the capacity purchased is for compacted cubic yards of mixed municipal solid waste, the noncompacted capacity purchased is based on the compaction ratio of 3:1. The commissioner of revenue, after consultation with the commissioner of the pollution control agency, shall determine, and may publish by notice, compaction rates for other types of waste where they exist and conversion schedules for waste that is managed by measurements other than cubic yards. Each ~~waste collector~~ person that collects assessed waste shall collect the assessment from each nonresidential customer as part of each statement for payment of waste collection charges and shall remit the amount actually collected along with the next remittance of sales tax after receipt of the assessment.

(e) A person who transports assessed waste generated by that person or by another person without compensation shall pay an assessment of 60 cents per noncompacted cubic yard or the equivalent to the operator of the waste management facility to which the waste is delivered. The operator shall remit the assessments actually collected under this paragraph to the commissioner of revenue ~~as though they were sales taxes under chapter 297A~~. This paragraph subdivision does not apply to a person who transports industrial waste generated by that person to a facility owned and operated by that person.

(f) The amount of the assessment for each residential customer that is subject to a mixed municipal solid waste collection service for which the customer pays, based on the volume of waste collected, by purchasing specific collection bags or stickers from the waste collector, municipality, or other vendor is either:

(1) determined by a method developed by the waste collector or municipality and approved by the commissioner of revenue, which yields the equivalent of approximately a \$2 annual assessment per household; or

(2) three cents per each 35 gallon unit or less. If the per unit fee method under this clause is used, it is the responsibility of the waste collector or the municipality who is selling the bags or stickers to remit the amount of the assessment to the department of revenue, according to a payment schedule provided by the commissioner of revenue. The collection service and assessment under this clause shall be included in the price of the bag or sticker.

(g) The commissioner of revenue shall redesign sales tax forms for ~~solid~~ persons that collect assessed waste ~~collectors~~ to accommodate payment of the assessment. The amounts remitted under this subdivision must be deposited in the state treasury and credited to the landfill cleanup account established in section 115B.42.

(g) ~~For the purposes of this subdivision, a "person that collects mixed municipal solid waste" means each person that is required to pay sales tax on solid waste collection services under section 297A.45, or would pay sales tax under that section if the assessed waste was mixed municipal solid waste.~~

(h) For persons that collect assessed waste and operators of waste management facilities who are required to collect the solid waste generator assessments under this subdivision, and persons who are required to remit the assessment under paragraph (f), and who do not collect and remit the sales tax on solid waste collection services under section 297A.45, the commissioner of revenue shall determine when and in what manner the persons and operators must remit the assessment amounts actually collected.

(i) For the purposes of this subdivision, the requirement to "collect" the solid waste generator assessment under paragraph (b) means that the person to whom the requirement applies shall:

(i) include the amount of the assessment in the appropriate statement of charges for waste collection services and in any action to enforce payment on delinquent accounts;

(ii) accurately account for assessments received;

(iii) indicate to generators that payment of the assessment by the waste generator is required by law and inform generators, using information supplied by the commissioner of the agency, of the purposes for which revenue from the assessment will be spent; and

(iv) cooperate fully with the commissioner of revenue to identify generators of assessed waste who fail to remit payment of the assessment.

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

(k) If less than \$25,000,000 is projected to be available for new encumbrances in any fiscal year after fiscal year 1996 for expenditure from all existing dedicated revenue sources for landfill cleanup and reimbursement costs under sections 115B.39 to 115B.46, by April 1 before the next fiscal year in which the shortfall is projected the commissioner of the agency shall certify to the commissioner of revenue the amount of the shortfall. To provide for the shortfall, the commissioner of revenue shall increase the assessment under paragraphs (d) and (e) by an amount sufficient to generate revenue equal to the amount of the shortfall effective the following July 1 and shall provide notice of the increased assessment to affected waste generators by May 1 following certification to persons who are required to collect and remit the solid waste generator assessments under this subdivision.

Sec. 2. [REPEALER.]

Laws 1994, chapter 510, article 6, section 1, is repealed.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective beginning January 1, 1995."

Delete the title and insert:

"A bill for an act relating to solid waste; merging two conflicting amendments to the solid waste generator assessment statute that were enacted in 1994; correcting and clarifying terminology; amending Minnesota Statutes 1994, section 116.07, subdivision 10; repealing Laws 1994, chapter 510, article 6, section 1."

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

House Conferees: (Signed) Jean Wagenius, Ann H. Rest, Dennis Ozment

Senate Conferees: (Signed) Steven Morse, John Marty, Dennis R. Frederickson

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 47 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. 47 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson  
Beckman  
Belanger  
Berg

Berglin  
Bertram  
Betzold  
Chandler

Chmielewski  
Day  
Finn  
Flynn

Hottinger  
Janezich  
Johnson, D.E.  
Johnson, D.J.

Johnson, J.B.  
Johnston  
Kiscaden  
Kleis

Knutson  
Kramer  
Krentz  
Kroening  
Laidig  
Langseth  
Larson  
Lesewski

Lessard  
Limmer  
Marty  
Metzen  
Moe, R.D.  
Morse  
Neuville  
Novak

Oliver  
Olson  
Ourada  
Pappas  
Pariseau  
Piper  
Pogemiller  
Price

Ranum  
Reichgott Junge  
Robertson  
Runbeck  
Sams  
Samuelson  
Scheevel  
Solon

Spear  
Stevens  
Terwilliger  
Vickerman

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

#### SPECIAL ORDER

**S.F. No. 1146:** A bill for an act relating to licensing; electricians; eligibility requirement for applicant for master electrician licensure.

Mr. Neuville moved that S.F. No. 1146, No. 1 on Special Orders, be stricken and returned to its author. The motion prevailed.

#### SPECIAL ORDER

**S.F. No. 322:** A bill for an act relating to state government; rulemaking; authorizing the governor to suspend certain rules and terminate rule proceedings; proposing coding for new law in Minnesota Statutes, chapter 4.

Mr. Hottinger moved that S.F. No. 322, No. 3 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations and Veterans. The motion prevailed.

#### SPECIAL ORDER

**S.F. No. 123:** A bill for an act relating to civil actions; providing for recovery of damages and injunctive relief for victims of bias offenses; imposing parental liability; proposing coding for new law in Minnesota Statutes, chapter 611A.

Mr. Mondale moved that S.F. No. 123, No. 7 on Special Orders, be stricken and returned to its author. The motion prevailed.

#### SPECIAL ORDER

**S.F. No. 799:** A bill for an act relating to crime prevention; clarifying the reasonable person standard for manslaughter in the first degree; clarifying certain acts that constitute murder in the first degree; amending Minnesota Statutes 1994, sections 609.185; and 609.20.

Ms. Ranum moved to amend S.F. No. 799 as follows:

Page 3, lines 4 and 5, delete the new language

Page 3, line 17, strike "or"

Page 3, line 22, before the period, insert "; or

(5) as used in this section, a "person of ordinary self-control" does not include a person under the influence of intoxicants or a controlled substance"



The motion prevailed. So the amendment was adopted.

S.F. No. 799 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1856. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Moe, R.D. moved that H.F. No. 1856 be taken from the table. The motion prevailed.

**H.F. No. 1856:** A bill for an act relating to education; appropriating money for education and related purposes to the higher education services office, the state board of technical colleges, state board for community colleges, state university board, board of regents of the University of Minnesota, and Mayo Medical Foundation, with certain conditions; altering requirements for the youth works program; modifying appropriations for instructional services; imposing conditions on participation in post-secondary enrollment options; removing requirements for certain reports; establishing a semester system and common calendar; requiring administrative interaction with students; modifying use of education institution data; extending time for POST board funding change; requiring review of Akita program; requiring efficiency in use of facilities; establishing a model instruction program in translating and interpreting services; requiring distribution of career planning and job placement information; prohibiting student discipline for speech or communication; abolishing the higher education coordinating board and transferring its duties; creating the higher education service office and higher education administrators council; prescribing changes in certain financial assistance programs; repealing the merger of the community colleges, state universities, and technical colleges; abolishing the higher education board; amending Minnesota Statutes 1994, sections 121.707, subdivisions 2 and 3; 121.709; 126.56; 126.663, subdivision 3; 126A.02, subdivision 2; 135A.031, subdivision 2; 135A.12, subdivision 1; 135A.15, subdivision 1; 135A.153, subdivision 1; 136.172; 136A.01; 136A.03; 136A.07; 136A.08; 136A.101, subdivisions 2, 3, 5, 7, 8, and 10; 136A.121, subdivisions 5, 6, and 9; 136A.125, subdivision 6; 136A.1359, subdivisions 1, 2, and 3; 136A.15, subdivisions 3 and 4; 136A.16, subdivision 1; 136A.233, subdivision 2; 136A.26, subdivisions 1 and 2; 136A.42; 136A.62, subdivision 2; 136A.63; 136A.69; 136A.81, subdivision 1; 141.25, subdivision 8; 144.1487, subdivision 1; 144.1488, subdivisions 1 and 4; 144.1489, subdivisions 1, 3, and 4; 144.1490; 144.1491, subdivision 2; 298.2214, subdivision 5; and 363.03, subdivision 5; Laws 1986, chapter 398, article 1, section 18, as amended; and Laws 1993, First Special Session chapter 2, article 1, section 2, subdivision 3, and section 9, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; and 136E; repealing Minnesota Statutes 1994, sections 135A.052, subdivisions 2 and 3; 135A.08; 135A.09; 135A.10; 135A.11; 135A.12, subdivision 5; 136A.02; 136A.04; 136A.041; 136A.125, subdivision 5; 136A.1352; 136A.1353; 136A.1354; 136A.16, subdivision 11; 136A.85; 136A.86; 136A.87; 136A.88; 136E.01; 136E.02; 136E.021;

136E.03; 136E.04; 136E.05; 136E.31; 136E.395; 136E.525; 136E.692; 137.31, subdivision 6; 137.35, subdivision 4; 137.38; 144.1488, subdivision 2; and 148.236; Laws 1991, chapter 356, article 9, as amended; and Laws 1994, chapter 532, articles 5, sections 1, 2, and 3; and 7, section 9.

### 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. 1856 and that the rules of the Senate be so far suspended as to give H.F. No. 1856 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1856 was read the second time.

Mr. Stumpf moved to amend H.F. No. 1856 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1856, and insert the language after the enacting clause, and the title, of S.F. No. 1234, the third engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 1856 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 52 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Larson	Ourada	Samuelson
Beckman	Johnson, D.E.	Lesewski	Pappas	Scheevel
Belanger	Johnson, D.J.	Lessard	Pariseau	Solon
Berg	Johnson, J.B.	Limmer	Piper	Spear
Bertram	Johnston	Metzen	Pogemiller	Stevens
Betzold	Kiscaden	Moe, R.D.	Price	Stumpf
Chmielewski	Kramer	Mondale	Ranum	Terwilliger
Day	Krentz	Neuville	Reichgott Junge	Vickerman
Dille	Kroening	Novak	Riveness	
Flynn	Laidig	Oliver	Robertson	
Frederickson	Langseth	Olson	Sams	

Those who voted in the negative were:

Berglin	Finn	Kleis	Merriam	Murphy
Chandler	Hottinger	Marty	Morse	

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

### SPECIAL ORDER

**H.F. No. 565:** A bill for an act relating to metropolitan area housing; authorizing the metropolitan council to operate a federal section 8 housing program within the metropolitan area pursuant to joint exercise of powers agreements; amending Minnesota Statutes 1994, section 473.195, 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Chandler	Dille	Frederickson
Beckman	Bertram	Chmielewski	Finn	Hanson
Belanger	Betzold	Day	Flynn	Janezich

Johnson, D.E.	Langseth	Morse	Piper	Spear
Johnson, D.J.	Larson	Murphy	Pogemiller	Stevens
Johnson, J.B.	Lesewski	Neuville	Price	Stumpf
Kiscaden	Lessard	Novak	Riveness	Terwilliger
Kleis	Limmer	Oliver	Robertson	Vickerman
Kramer	Marty	Olson	Sams	
Krentz	Merriam	Ourada	Samuelson	
Kroening	Metzen	Pappas	Scheevel	
Laidig	Moe, R.D.	Pariseau	Solon	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 738:** A bill for an act relating to agriculture; providing for uniformity with certain federal food standards; amending Minnesota Statutes 1994, section 31.101, subdivision 9, and by adding subdivisions.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Morse	Riveness
Beckman	Hanson	Laidig	Murphy	Robertson
Belanger	Janezich	Langseth	Neuville	Runbeck
Berglin	Johnson, D.E.	Larson	Novak	Sams
Bertram	Johnson, D.J.	Lesewski	Oliver	Samuelson
Betzold	Johnson, J.B.	Lessard	Olson	Scheevel
Chandler	Johnston	Limmer	Ourada	Solon
Chmielewski	Kiscaden	Marty	Pappas	Spear
Day	Kleis	Merriam	Pariseau	Stevens
Dille	Knutson	Metzen	Piper	Stumpf
Finn	Kramer	Moe, R.D.	Pogemiller	Terwilliger
Flynn	Krentz	Mondale	Price	Vickerman

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1070:** A bill for an act relating to counties; providing for the filling by appointment of certain offices in counties; providing for conforming changes; amending Minnesota Statutes 1994, sections 375A.10, subdivisions 2, 3, and 5; and 375A.12, subdivision 2.

Ms. Pappas moved that S.F. No. 1070, No. 20 on Special Orders, be stricken and returned to its author. The motion prevailed.

### SPECIAL ORDER

**S.F. No. 1247:** A bill for an act relating to state government; clarifying statutory waiver requirements with respect to the housing finance agency for the civil service pilot project.

Mr. Metzen moved that S.F. No. 1247, No. 21 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations and Veterans. The motion prevailed.

### SPECIAL ORDER

**S.F. No. 135:** A bill for an act relating to health occupations and professions; board of psychology; eliminating the written declaration of intent filing requirement for persons with a

master's degree who are seeking licensure as a licensed psychologist; amending Minnesota Statutes 1994, section 148.921, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 266:** A bill for an act relating to peace officers; authorizing certain expenditures by a surviving spouse from a dependent child's share of a peace officer's survivor benefits; amending Minnesota Statutes 1994, section 299A.44.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1404:** A bill for an act relating to insurance; regulating reinsurance intermediaries; providing for the investment of funds held by reinsurance intermediaries; amending Minnesota Statutes 1994, sections 60A.715; and 60A.73, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1092:** A bill for an act relating to public safety; clarifying duties of the office of crime victim ombudsman; amending Minnesota Statutes 1994, sections 611A.73, subdivision 3; and 611A.74.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 342:** A bill for an act relating to children; modifying liability provisions for child abuse investigations; providing for attorney fees in certain actions; providing for the establishment of protocols for investigations; prohibiting certain conflicts of interest; providing for access to data regarding determinations of maltreatment; amending Minnesota Statutes 1994, section 626.556, subdivisions 4, 5, 10, 10b, 10e, 10f, and by adding a subdivision.

Mr. Spear moved to amend S.F. No. 342 as follows:

Page 2, line 8, after "is" insert "(1)" and delete "(1)"

Page 2, line 9, before "following" insert "acting in good faith and"

The motion prevailed. So the amendment was adopted.

S.F. No. 342 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Chmielewski voted in the negative.

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

### SPECIAL ORDER

**H.F. No. 536:** A bill for an act relating to commerce; residential building contractors; regulating licensees; providing a clarification; amending Minnesota Statutes 1994, sections 326.83, subdivision 5, and by adding a subdivision; 326.84, subdivision 3; 326.91, subdivision 1; 326.95, subdivision 2; and 326.975, subdivision 1.

Mrs. Pariseau moved to amend H.F. No. 536 as follows:

Page 2, line 36, strike "\$15,000" and insert "\$25,000"

Page 3, lines 5, 6, 10, and 14, strike "\$15,000" and insert "\$25,000"

The motion prevailed. So the amendment was adopted.

H.F. No. 536 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Robertson
Beckman	Frederickson	Krentz	Oliver	Samuelson
Belanger	Hanson	Kroening	Olson	Scheevel
Berg	Hottinger	Laidig	Ourada	Solon
Berglin	Janezich	Larson	Pappas	Spear
Bertram	Johnson, D.E.	Lesewski	Pariseau	Stevens
Betzold	Johnson, J.B.	Lessard	Piper	Stumpf
Chmielewski	Johnston	Limmer	Pogemiller	Vickerman
Cohen	Kelly	Marty	Price	Wiener
Day	Kiscaden	Metzen	Ranum	
Dille	Kleis	Mondale	Reichgott Junge	
Finn	Knutson	Morse	Riveness	

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

## SPECIAL ORDER

**H.F. No. 1132:** A bill for an act relating to alcoholic beverages; providing restrictions on brewers who have retail on-sale licenses; imposing licensing and permitting requirements; requiring a license for charging for possession of alcoholic beverages; requiring a permit to allow consumption and display of all alcoholic beverages; authorizing additional licenses in Minneapolis; authorizing Clay and St. Louis counties to issue on-sale licenses; requiring a study of application of primary source law; defining home brewing equipment; listing items that may be sold in exclusive liquor stores; repealing requirement for permit for transportation of alcoholic beverages; amending Minnesota Statutes 1994, sections 340A.101, subdivision 10, and by adding a subdivision; 340A.301, subdivisions 6 and 7; 340A.401; 340A.404, subdivision 2; 340A.408, subdivision 2; 340A.412, by adding a subdivision; and 340A.414, subdivision 1; repealing Minnesota Statutes 1994, sections 340A.301, subdivision 10; and 340A.32.

Mr. Solon moved to amend H.F. No. 1132, as amended pursuant to Rule 49, adopted by the Senate April 18, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 936.)

Pages 4 and 5, delete section 4

Page 9, after line 24, insert:

"Sec. 14. [PRIMARY SOURCE STUDY.]

House research and senate counsel and research shall jointly study the issue of whether the provisions of Minnesota Statutes, section 340A.311, paragraph (c), should be extended to apply to all alcoholic beverages. The commissioners of public safety and revenue shall cooperate and assist in the study. House research and senate counsel and research shall report their findings to the senate commerce and consumer protection committee and house of representatives commerce, tourism, and consumer affairs committee by February 1, 1996."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1132 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Riveness
Beckman	Frederickson	Krentz	Neuville	Robertson
Belanger	Hanson	Kroening	Novak	Sams
Berg	Hottinger	Laidig	Oliver	Samuelson
Berglin	Janezich	Larson	Olson	Scheevel
Bertram	Johnson, D.E.	Lesewski	Ourada	Solon
Betzold	Johnson, D.J.	Lessard	Pappas	Spear
Chandler	Johnson, J.B.	Limmer	Pariseau	Stevens
Cohen	Johnston	Marty	Piper	Stumpf
Day	Kelly	Metzen	Price	Vickerman
Dille	Kiscaden	Mondale	Ranum	Wiener
Finn	Kleis	Morse	Reichgott Junge	

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

## RECONSIDERATION

Ms. Pappas moved that the vote whereby S.F. No. 1070 was returned to its author on April 26, 1995, be now reconsidered. The motion prevailed. So the vote was reconsidered.

**S.F. No. 1070:** A bill for an act relating to counties; providing for the filling by appointment of certain offices in counties; providing for conforming changes; amending Minnesota Statutes 1994, sections 375A.10, subdivisions 2, 3, and 5; and 375A.12, subdivision 2.

Ms. Pappas moved that S.F. No. 1070, No. 20 on Special Orders, be stricken and re-referred to the Committee on Metropolitan and Local Government. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

**H.F. No. 1060:** A bill for an act relating to local government; excluding certain fire and police department employees from civil service in the city of South St. Paul.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Robertson
Beckman	Hanson	Kroening	Novak	Sams
Belanger	Hottinger	Laidig	Oliver	Samuelson
Berg	Janezich	Langseth	Olson	Scheevel
Berglin	Johnson, D.E.	Larson	Ourada	Solon
Bertram	Johnson, D.J.	Lesewski	Pappas	Spear
Betzold	Johnson, J.B.	Lessard	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Cohen	Kelly	Metzen	Price	Vickerman
Day	Kiscaden	Mondale	Ranum	Wiener
Finn	Kleis	Morse	Reichgott Junge	
Flynn	Kramer	Murphy	Riveness	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1460:** A bill for an act relating to government; modifying a budget report date for cities; eliminating certain budget publication requirements; amending Minnesota Statutes 1994, sections 6.745, subdivision 1; and 471.6965.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Betzold	Flynn	Johnson, D.J.	Knutson
Beckman	Chandler	Frederickson	Johnson, J.B.	Kramer
Belanger	Cohen	Hanson	Johnston	Krentz
Berg	Day	Hottinger	Kelly	Kroening
Berglin	Dille	Janezich	Kiscaden	Laidig
Bertram	Finn	Johnson, D.E.	Kleis	Larson



Lesewski  
Marty  
Metzen  
Mondale  
Morse  
Murphy

Neuville  
Novak  
Oliver  
Olson  
Ourada  
Pappas

Pariseau  
Piper  
Price  
Ranum  
Reichgott Junge  
Riveness

Robertson  
Samuelson  
Scheevel  
Solon  
Spear  
Stevens

Stumpf  
Vickerman  
Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 903:** A bill for an act relating to economic development; modifying and requesting a legislative audit of the economic recovery grant program; amending Minnesota Statutes 1994, section 116J.873, subdivision 3, and by adding a subdivision.

Mr. Riveness moved that S.F. No. 903, No. 56 on Special Orders, be stricken and re-referred to the Committee on Jobs, Energy and Community Development. The motion prevailed.

### SPECIAL ORDER

**H.F. No. 813:** A bill for an act relating to human services; establishing a temporary payment rate for a recently purchased intermediate care facility for persons with mental retardation or related conditions; amending Minnesota Statutes 1994, section 256B.501, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson  
Beckman  
Belanger  
Berg  
Berglin  
Bertram  
Betzold  
Chandler  
Chmielewski  
Cohen  
Day  
Dille

Finn  
Flynn  
Frederickson  
Hanson  
Hottinger  
Janezich  
Johnson, D.E.  
Johnson, D.J.  
Johnson, J.B.  
Johnston  
Kelly  
Kiscaden

Kleis  
Knutson  
Kramer  
Krentz  
Kroening  
Laidig  
Larson  
Lesewski  
Lessard  
Marty  
Metzen  
Mondale

Morse  
Murphy  
Neuville  
Novak  
Oliver  
Olson  
Ourada  
Pappas  
Piper  
Price  
Ranum  
Reichgott Junge

Riveness  
Robertson  
Samuelson  
Scheevel  
Solon  
Spear  
Stevens  
Stumpf  
Vickerman  
Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1602:** A bill for an act relating to health; establishing provisions for mobile health care providers; proposing coding for new law in Minnesota Statutes, chapter 144.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson  
Beckman

Belanger  
Berg

Berglin  
Bertram

Betzold  
Chandler

Chmielewski  
Cohen

Day	Johnson, J.B.	Larson	Novak	Robertson
Dille	Johnston	Lesewski	Oliver	Samuelson
Finn	Kelly	Lessard	Olson	Scheevel
Flynn	Kiscaden	Limmer	Ourada	Solon
Frederickson	Kleis	Marty	Pappas	Spear
Hanson	Knutson	Metzen	Pariseau	Stevens
Hottinger	Kramer	Mondale	Piper	Stumpf
Janezich	Krentz	Morse	Price	Vickerman
Johnson, D.E.	Kroening	Murphy	Reichgott Junge	Wiener
Johnson, D.J.	Laidig	Neuville	Riveness	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 973:** A bill for an act relating to insurance; automobile; permitting users of rental vehicles to benefit from lower price rental periods without losing coverage; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Neuville	Samuelson
Beckman	Hottinger	Kroening	Novak	Scheevel
Belanger	Janezich	Laidig	Oliver	Solon
Berg	Johnson, D.E.	Larson	Olson	Spear
Bertram	Johnson, D.J.	Lesewski	Ourada	Stevens
Betzold	Johnson, J.B.	Lessard	Pappas	Stumpf
Chandler	Johnston	Limmer	Pariseau	Vickerman
Cohen	Kelly	Marty	Piper	Wiener
Day	Kiscaden	Metzen	Price	
Finn	Kleis	Mondale	Ranum	
Flynn	Knutson	Morse	Riveness	
Frederickson	Kramer	Murphy	Robertson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 927:** A bill for an act relating to domestic abuse; eliminating hearing requirements in certain cases; providing for notices; amending Minnesota Statutes 1994, section 518B.01, subdivisions 4, 5, and 7.

Ms. Kiscaden moved to amend H.F. No. 927, as amended pursuant to Rule 49, adopted by the Senate April 21, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 864.)

Page 1, line 17, delete "The court shall maintain information regarding the"

Page 1, delete line 18

Page 1, line 19, delete everything before "Information" and insert "Upon the petitioner's request,"

The motion prevailed. So the amendment was adopted.

H.F. No. 927 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Robertson
Beckman	Hanson	Krentz	Novak	Samuelson
Belanger	Hottinger	Laidig	Oliver	Scheevel
Berg	Janezich	Larson	Olson	Solon
Berglin	Johnson, D.E.	Lesewski	Ourada	Spear
Bertram	Johnson, D.J.	Lessard	Pappas	Stevens
Betzold	Johnson, J.B.	Limmer	Pariseau	Stumpf
Chandler	Johnston	Marty	Piper	Vickerman
Chmielewski	Kelly	Metzen	Price	Wiener
Cohen	Kiscaden	Mondale	Ranum	
Day	Kleis	Morse	Reichgott Junge	
Finn	Knutson	Murphy	Riveness	

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

### SPECIAL ORDER

**H.F. No. 1052:** A bill for an act relating to the federal lien registration act; imposing duties on filing officers; providing for filing of notices and of certificates of discharge; designating an official index; providing for the transmission of certain information; amending Minnesota Statutes 1994, sections 272.481; 272.482; 272.483; and 272.488, subdivisions 1, 2, 3, 4, and by adding subdivisions.

Mr. Betzold moved to amend H.F. No. 1052 as follows:

Page 5, line 9, delete "country" and insert "county"

The motion prevailed. So the amendment was adopted.

H.F. No. 1052 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Neuville	Reichgott Junge
Beckman	Frederickson	Laidig	Novak	Riveness
Belanger	Hottinger	Larson	Oliver	Robertson
Berglin	Janezich	Lesewski	Olson	Samuelson
Bertram	Johnson, D.E.	Lessard	Ourada	Scheevel
Betzold	Johnson, D.J.	Limmer	Pappas	Solon
Chmielewski	Kelly	Marty	Pariseau	Spear
Cohen	Kiscaden	Metzen	Piper	Stevens
Day	Kleis	Mondale	Price	Vickerman
Finn	Kramer	Morse	Ranum	Wiener

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

### SPECIAL ORDER

**H.F. No. 624:** A bill for an act relating to public employees; providing a leave of absence for public employees who are candidates for elective office; proposing coding for new law in Minnesota Statutes, chapter 179A.

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 52 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Novak	Riveness
Belanger	Johnson, D.E.	Lesewski	Oliver	Robertson
Berg	Johnson, D.J.	Lessard	Olson	Samuelson
Berglin	Johnson, J.B.	Limmer	Ourada	Solon
Bertram	Johnston	Marty	Pappas	Spear
Betzold	Kelly	Merriam	Pariseau	Stevens
Cohen	Kleis	Metzen	Piper	Stumpf
Day	Knutson	Moe, R.D.	Pogemiller	Wiener
Finn	Kramer	Mondale	Price	
Flynn	Krentz	Morse	Ranum	
Frederickson	Kroening	Neuville	Reichgott Junge	

Those who voted in the negative were:

Beckman	Kiscaden	Larson	Scheevel	Vickerman
Chmielewski				

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 877:** A bill for an act relating to insurance; private passenger vehicle insurance; providing for a premium reduction for vehicles having antitheft alarms or devices; defining terms; proposing coding for new law in Minnesota Statutes, chapter 65B.

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 55 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Morse	Ranum
Beckman	Hottinger	Kroening	Neuville	Reichgott Junge
Belanger	Johnson, D.E.	Laidig	Novak	Riveness
Berg	Johnson, D.J.	Larson	Oliver	Robertson
Berglin	Johnson, J.B.	Lesewski	Olson	Samuelson
Bertram	Johnston	Lessard	Ourada	Scheevel
Betzold	Kelly	Limmer	Pappas	Solon
Chmielewski	Kiscaden	Marty	Pariseau	Stevens
Cohen	Kleis	Merriam	Piper	Stumpf
Day	Knutson	Metzen	Pogemiller	Vickerman
Frederickson	Kramer	Moe, R.D.	Price	Wiener

Mr. Finn and Ms. Flynn voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 68:** A bill for an act relating to insurance; requiring insurers to offer alternative methods for the payment of group life policy proceeds; amending Minnesota Statutes 1994, section 61A.09, 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 58 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Mondale	Riveness
Beckman	Hanson	Krentz	Morse	Robertson
Belanger	Hottinger	Kroening	Neuville	Samuelson
Berg	Janezich	Laidig	Oliver	Scheevel
Berglin	Johnson, D.E.	Larson	Olson	Solon
Bertram	Johnson, D.J.	Lesewski	Pappas	Spear
Betzold	Johnson, J.B.	Lessard	Pariseau	Stevens
Chmielewski	Johnston	Limmer	Piper	Stumpf
Cohen	Kelly	Marty	Pogemiller	Vickerman
Day	Kiscaden	Merriam	Price	Wiener
Finn	Kleis	Metzen	Ranum	
Flynn	Knutson	Moe, R.D.	Reichgott Junge	

Mr. Ourada voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 778:** A bill for an act relating to human services; modifying certain asset and income requirements for medical assistance; modifying the verification requirements for Minnesota supplemental aid; amending Minnesota Statutes 1994, sections 256B.056, by adding subdivisions; and 256D.405, by adding a subdivision; repealing Minnesota Statutes 1994, section 256D.425, 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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Knutson	Moe, R.D.	Ranum
Beckman	Frederickson	Kramer	Mondale	Reichgott Junge
Belanger	Hanson	Krentz	Morse	Riveness
Berg	Hottinger	Kroening	Neuville	Robertson
Berglin	Janezich	Laidig	Oliver	Samuelson
Bertram	Johnson, D.E.	Larson	Olson	Scheevel
Betzold	Johnson, D.J.	Lesewski	Ourada	Solon
Chmielewski	Johnson, J.B.	Lessard	Pappas	Spear
Cohen	Johnston	Limmer	Pariseau	Stevens
Day	Kelly	Marty	Piper	Stumpf
Dille	Kiscaden	Merriam	Pogemiller	Vickerman
Finn	Kleis	Metzen	Price	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1402:** A bill for an act relating to motor vehicles; authorizing issuance of original license plates 20 or more years old to a registered passenger automobile; authorizing registrar to charge a fee; amending Minnesota Statutes 1994, section 168.12, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Belanger	Bertram	Chmielewski	Day
Beckman	Berg	Betzold	Cohen	Finn

Flynn	Kiscaden	Lessard	Olson	Robertson
Frederickson	Kleis	Limmer	Ourada	Sams
Hanson	Knutson	Marty	Pappas	Samuelson
Hottinger	Kramer	Metzen	Pariseau	Scheevel
Janezich	Krentz	Moe, R.D.	Piper	Solon
Johnson, D.E.	Kroening	Mondale	Pogemiller	Spear
Johnson, D.J.	Laidig	Morse	Price	Stevens
Johnson, J.B.	Langseth	Neuville	Ranum	Stumpf
Johnston	Larson	Novak	Reichgott Junge	Vickerman
Kelly	Lesewski	Oliver	Riveness	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1485:** A bill for an act relating to occupations and professions; permitting protective agents to perform certain traffic control duties; amending Minnesota Statutes 1994, section 326.338, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1011:** A bill for an act relating to traffic regulations; prohibiting radar jammers; amending Minnesota Statutes 1994, section 169.14, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kleis	Marty	Pariseau
Beckman	Flynn	Knutson	Metzen	Piper
Belanger	Frederickson	Kramer	Mondale	Pogemiller
Berg	Hanson	Krentz	Morse	Price
Berglin	Janezich	Kroening	Murphy	Ranum
Bertram	Johnson, D.E.	Laidig	Neuville	Reichgott Junge
Betzold	Johnson, D.J.	Langseth	Novak	Riveness
Chmielewski	Johnson, J.B.	Larson	Oliver	Robertson
Cohen	Johnston	Lesewski	Olson	Runbeck
Day	Kelly	Lessard	Ourada	Sams
Dille	Kiscaden	Limmer	Pappas	Samuelson

Scheevel  
Solon

Spear  
Stevens

Stumpf  
Terwilliger

Vickerman

Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1048:** A bill for an act relating to commerce; regulating videotape distributions, sales, and rentals; requiring certain captioning for deaf or hearing-impaired persons; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325I.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Robertson
Beckman	Frederickson	Krentz	Novak	Runbeck
Belanger	Hanson	Kroening	Oliver	Sams
Berg	Hottinger	Laidig	Olson	Samuelson
Berglin	Johnson, D.E.	Langseth	Ourada	Scheevel
Bertram	Johnson, D.J.	Larson	Pappas	Solon
Betzold	Johnson, J.B.	Lessard	Pariseau	Spear
Chmielewski	Johnston	Limmer	Pogemiller	Stevens
Cohen	Kelly	Marty	Price	Stumpf
Day	Kiscaden	Metzen	Ranum	Terwilliger
Dille	Kleis	Mondale	Reichgott Junge	Vickerman
Finn	Knutson	Morse	Riveness	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 586:** A bill for an act relating to motor vehicles; authorizing sale and disposal of unauthorized, abandoned, and junk vehicles by impound lots; amending Minnesota Statutes 1994, sections 168B.04; 168B.06; 168B.07, subdivision 1; 168B.08; 168B.09, subdivision 1; 168B.101; and 169.041, subdivisions 3, 4, and 6; proposing coding for new law in Minnesota Statutes, chapter 168B; repealing Minnesota Statutes 1994, sections 168B.02; and 168B.05.

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 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Runbeck
Beckman	Hanson	Kroening	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berglin	Johnson, D.E.	Larson	Ourada	Scheevel
Bertram	Johnson, D.J.	Lesewski	Pappas	Solon
Betzold	Johnson, J.B.	Lessard	Pariseau	Spear
Chmielewski	Johnston	Limmer	Pogemiller	Stevens
Cohen	Kelly	Marty	Price	Stumpf
Day	Kiscaden	Metzen	Ranum	Terwilliger
Dille	Kleis	Mondale	Reichgott Junge	Vickerman
Finn	Knutson	Morse	Riveness	Wiener
Flynn	Kramer	Murphy	Robertson	

Mr. Berg voted in the negative.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 801:** A bill for an act relating to health; recodifying and modifying provisions relating to lead abatement law; amending Minnesota Statutes 1994, sections 16B.61, subdivision 3; 116.87, subdivision 2; 144.99, subdivision 1; 268.92, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, and by adding a subdivision; and 462A.05, subdivision 15c; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, sections 115C.082, subdivision 2; 144.871; 144.872; 144.873; 144.874; 144.876; 144.877; 144.8771; 144.878; 144.8781; 144.8782; and 144.879.

Ms. Berglin moved to amend S.F. No. 801 as follows:

Page 5, after line 34, insert:

"Subd. 13. [INTACT PAINT.] "Intact paint" means paint that is not chipped, peeled, or otherwise separated from its substrate or attached to damaged substrate. Painted surfaces which may generate dust but are not chipped, peeled, or otherwise separated from their substrate or attached to damaged substrate are considered to be intact paint."

Renumber the subdivisions in sequence

Page 35, line 22, delete "8" and insert "9"

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved that S.F. No. 801 be laid on the table. The motion prevailed.

**SPECIAL ORDER**

**H.F. No. 694:** A bill for an act relating to human services; modifying child care programs and county contribution; amending Minnesota Statutes 1994, section 256H.12, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Olson	Samuelson
Beckman	Hanson	Larson	Ourada	Scheevel
Belanger	Hottinger	Lesewski	Pappas	Solon
Berg	Johnson, D.E.	Lessard	Pariseau	Spear
Berglin	Johnson, J.B.	Limmer	Piper	Stevens
Bertram	Johnston	Marty	Pogemiller	Stumpf
Betzold	Kiscaden	Metzen	Price	Terwilliger
Chandler	Kleis	Mondale	Ranum	Vickerman
Day	Knutson	Morse	Riveness	Wiener
Dille	Kramer	Murphy	Robertson	
Finn	Krentz	Neuville	Runbeck	
Flynn	Kroening	Oliver	Sams	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**H.F. No. 331:** A bill for an act relating to health; modifying provisions relating to access to patients and residents; amending Minnesota Statutes 1994, sections 144.651, subdivisions 21 and 26; and 253B.03, subdivisions 3 and 4.

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



The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Oliver	Sams
Beckman	Frederickson	Krentz	Olson	Samuelson
Belanger	Hanson	Kroening	Ourada	Scheevel
Berg	Hottinger	Laidig	Pappas	Solon
Berglin	Janezich	Larson	Pariseau	Spear
Bertram	Johnson, D.E.	Lesewski	Piper	Stevens
Betzold	Johnson, J.B.	Limmer	Pogemiller	Stumpf
Chandler	Johnston	Marty	Price	Terwilliger
Chmielewski	Kelly	Metzen	Ranum	Vickerman
Day	Kiscaden	Mondale	Riveness	Wiener
Dille	Kleis	Morse	Robertson	
Finn	Knutson	Neuville	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 708:** A bill for an act relating to agriculture; changing the interest rate on the shared savings loan program; amending Minnesota Statutes 1994, section 17.115, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Sams
Beckman	Frederickson	Krentz	Olson	Samuelson
Belanger	Hanson	Kroening	Ourada	Scheevel
Berg	Hottinger	Laidig	Pappas	Solon
Berglin	Janezich	Larson	Pariseau	Spear
Bertram	Johnson, D.E.	Lesewski	Piper	Stevens
Betzold	Johnson, J.B.	Lessard	Pogemiller	Stumpf
Chandler	Johnston	Limmer	Price	Terwilliger
Chmielewski	Kelly	Metzen	Ranum	Vickerman
Day	Kiscaden	Mondale	Riveness	Wiener
Dille	Kleis	Morse	Robertson	
Finn	Knutson	Murphy	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1188:** A bill for an act relating to health; exempting breast-feeding from indecent exposure; amending Minnesota Statutes 1994, section 617.23; proposing coding for new law in Minnesota Statutes, chapter 145.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Chmielewski	Frederickson	Johnson, D.E.
Beckman	Bertram	Cohen	Hanson	Johnson, J.B.
Belanger	Betzold	Day	Hottinger	Johnston
Berg	Chandler	Finn	Janezich	Kiscaden

Kleis  
Knutson  
Kramer  
Krentz  
Kroening  
Laidig  
Larson  
Lesewski

Lessard  
Limmer  
Marty  
Metzen  
Mondale  
Morse  
Murphy  
Neuville

Oliver  
Olson  
Ourada  
Pappas  
Pariseau  
Piper  
Pogemiller  
Price

Ranum  
Riveness  
Robertson  
Runbeck  
Sams  
Samuelson  
Scheevel  
Solon

Spear  
Stevens  
Stumpf  
Terwilliger  
Vickerman  
Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1199:** A bill for an act relating to motor vehicles; requiring vehicle buyer to notify registrar of motor vehicles of vehicle transfer within ten days; imposing fees and penalties; amending Minnesota Statutes 1994, sections 168.101, subdivision 2; and 168.15; proposing coding for new law in Minnesota Statutes, chapter 168; repealing Minnesota Statutes 1994, section 168A.10, subdivision 6.

Mr. Marty moved to amend S.F. No. 1199 as follows:

Page 1, after line 22, insert:

"Sec. 2. Minnesota Statutes 1994, section 168.11, subdivision 3, is amended to read:

Subd. 3. If the registrar fails to mail to the registered owner of a motor vehicle a notification of renewal for the motor vehicle at least 30 days before the expiration of the vehicle's registration, and all past due taxes and fees have been paid, the registrar must provide at no charge a written statement to that effect to the registered owner at the owner's request. The registrar must retain in the registrar's files a record sufficient to demonstrate whether any owner of a registered motor vehicle has been notified by mail of the renewal of the registration. The registrar shall mail, with each notification of renewal mailed in 1996, a "Notice of Sale" in postcard form, which contains the vehicle's title number and vehicle identification number, with sufficient space for the owner to record the name, address, and driver's license number of a purchaser, the vehicle's purchase price, and its date of sale. The form must include clear instructions regarding the owner's responsibility to complete and return the form pursuant to section 168A.10, subdivision 1."

Page 3, after line 6, insert:

"Sec. 4. Minnesota Statutes 1994, section 168.17, is amended to read:

168.17 [SUSPENSION OF REGISTRATION.]

All registrations and issue of number plates shall be subject to amendment, suspension, modification or revocation by the registrar summarily for any violation of or neglect to comply with the provisions of this chapter or when the transferee fails to comply with section 168A.10, subdivision 2, within 30 days of the date of sale. In any case where the proper registration of a motor vehicle is dependent upon procuring information entailing such delay as to unreasonably deprive the owner of the use of the motor vehicle, the registrar may issue a tax receipt and plates conditionally. In any case when revoking a registration for cause, the registrar shall have authority to demand the return of the number plates and registration certificates, and, if necessary, to seize the number plates issued for such registration."

Page 4, after line 8, insert:

"Sec. 6. Minnesota Statutes 1994, section 168A.05, subdivision 5, is amended to read:

Subd. 5. ~~[ASSIGNMENT AND WARRANTY OF TITLE FORMS.]~~ (a) The certificate of title shall contain forms:

- (1) for assignment and warranty of title by the owner, ~~and for;~~
- (2) ~~for assignment and warranty of title by a dealer, and shall contain forms for applications;~~

(3) to apply for a certificate of title by a transferee, ~~and the naming of;~~

(4) to name a secured party, ~~and shall include;~~ and

(5) ~~language necessary to implement to make the disclosure required by section 325F.6641.~~

(b) The certificate of title must also include a form that contains the vehicle's title number and vehicle identification number with sufficient space for the owner to record the name, address, and driver's license number of a purchaser, the vehicle's purchase price, and its date of sale. The form must be entitled "Notice of Sale" and must include clear instructions regarding the owner's responsibility to complete and return the form pursuant to section 168A.10, subdivision 1.

Sec. 7. Minnesota Statutes 1994, section 168A.10, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNMENT AND WARRANTY OF TITLE; MILEAGE; NOTICE OF SALE.] If an owner transfers interest in a vehicle other than by the creation of a security interest, the owner shall at the time of the delivery of the vehicle execute an assignment and warranty of title to the transferee and shall state the actual selling price in the space provided therefor on the certificate. The owner shall also complete the "Notice of Sale," by recording the name, address, and driver's license number of the purchaser, the vehicle's purchase price, and its date of sale. The owner shall return this form to the department within seven days of the date of sale. With respect to motor vehicles subject to the provisions of section 325E.15, the transferor shall also, in the space provided therefor on the certificate, state the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage. The transferor shall cause the certificate and assignment to be delivered to the transferee immediately.

Sec. 8. Minnesota Statutes 1994, section 168A.10, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR NEW CERTIFICATE.] Except as provided in section 168A.11, the transferee shall, within ten days after assignment to the transferee of the vehicle title certificate, execute the application for a new certificate of title in the space provided therefor on the certificate, and cause the certificate of title to be mailed or delivered to the department. Failure of the transferee to comply with this subdivision shall result in the revocation of the vehicle's registration under section 168.17.

Sec. 9. [APPROPRIATION.]

\$343,000 is appropriated from the general fund to the commissioner of public safety to pay the cost of the notices required by this act, to be available until June 30, 1997."

Page 4, after line 11, insert:

"Sec. 11. [EFFECTIVE DATE.]

Sections 2, 6, and 7 are effective January 1, 1996. Sections 4 and 8 are effective for sales on and after August 1, 1995."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend S.F. No. 1199 as follows:

Page 1, line 18, reinstate the stricken "knowingly"

The motion prevailed. So the amendment was adopted.

S.F. No. 1199 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### SPECIAL ORDER

**H.F. No. 1159:** A bill for an act relating to real property; authorizing municipalities to establish trust or escrow accounts for proceeds from losses arising from fire or explosion of certain insured real property; authorizing municipalities to utilize escrowed funds to secure, repair, or demolish damaged or destroyed structures; proposing coding for new law in Minnesota Statutes, chapter 65A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1320:** A bill for an act relating to the environment; establishing a private cause of action for abandonment of hazardous waste; proposing coding for new law in Minnesota Statutes, chapter 116.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Chandler	Day	Flynn
Beckman	Bertram	Chmielewski	Dille	Frederickson
Belanger	Betzold	Cohen	Finn	Hanson

Hottinger	Kramer	Metzen	Pogemiller	Solon
Johnson, D.E.	Krentz	Morse	Price	Spear
Johnson, D.J.	Laidig	Neuville	Ranum	Stevens
Johnston	Larson	Novak	Riveness	Stumpf
Kelly	Lesewski	Olson	Robertson	Terwilliger
Kiscaden	Lessard	Pappas	Runbeck	Vickerman
Kleis	Limmer	Pariseau	Samuelson	Wiener
Knutson	Marty	Piper	Scheevel	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1003:** A bill for an act relating to health; modifying provisions relating to X-ray operators and inspections; establishing an advisory committee; amending Minnesota Statutes 1994, section 144.121, by adding subdivisions.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Runbeck
Beckman	Hanson	Kroening	Novak	Scheevel
Belanger	Hottinger	Laidig	Olson	Solon
Bertram	Johnson, D.E.	Larson	Ourada	Spear
Betzold	Johnson, D.J.	Lesewski	Pappas	Stevens
Chandler	Johnson, J.B.	Lessard	Pariseau	Stumpf
Chmielewski	Johnston	Limmer	Piper	Terwilliger
Cohen	Kelly	Marty	Pogemiller	Vickerman
Day	Kiscaden	Metzen	Price	Wiener
Dille	Kleis	Mondale	Ranum	
Finn	Knutson	Morse	Riveness	
Flynn	Kramer	Murphy	Robertson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1442:** A bill for an act relating to health; occupations and professions; modifying provisions relating to the office of mental health practice; licensing of chemical dependency counselors and hearing instrument dispensers; establishing an advisory council; providing penalties; amending Minnesota Statutes 1994, sections 148B.66, subdivisions 1 and 2, and by adding a subdivision; 148B.68, subdivision 1; 148C.01; 148C.02; 148C.03, subdivision 1, and by adding a subdivision; 148C.04, subdivisions 1, 2, 3, and 4; 148C.05; 148C.06; 148C.07; 148C.08; 148C.09; 148C.10; 148C.11; 153A.13; 153A.14; 153A.15, subdivisions 1 and 2; 153A.17; 153A.18; 153A.19; 214.01, subdivision 2; 214.10, subdivision 8; and 214.103, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 148C; and 153A; repealing Minnesota Statutes 1994, sections 148B.62; 148C.01, subdivision 8; 148C.03, subdivisions 2 and 3; 148C.035; 148C.09, subdivision 3; and 153A.19, subdivision 1; Minnesota Rules, chapters 4692; and 4745.

Mr. Vickerman moved to amend H.F. No. 1442, as amended pursuant to Rule 49, adopted by the Senate April 12, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 1417.)

Page 44, line 9, delete the comma and insert "that"

Page 44, line 10, strike the first comma and delete the new language and insert "when the prescription or recommendation is made,"

The motion prevailed. So the amendment was adopted.

H.F. No. 1442 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Novak	Sams
Beckman	Hanson	Laidig	Oliver	Samuelson
Belanger	Hottinger	Langseth	Olson	Scheevel
Berg	Janezich	Larson	Ourada	Solon
Berglin	Johnson, D.E.	Lesewski	Pappas	Spear
Bertram	Johnson, D.J.	Lessard	Pariseau	Stevens
Betzold	Johnson, J.B.	Limmer	Piper	Stumpf
Chandler	Johnston	Marty	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Mondale	Ranum	
Dille	Knutson	Morse	Riveness	
Finn	Kramer	Murphy	Robertson	
Flynn	Krentz	Neuville	Runbeck	

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

### SPECIAL ORDER

**H.F. No. 1425:** A bill for an act relating to tax-forfeited land; modifying the terms of payment for certain tax-forfeited timber; amending Minnesota Statutes 1994, section 282.04, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Oliver	Sams
Beckman	Frederickson	Laidig	Olson	Samuelson
Belanger	Hanson	Larson	Ourada	Scheevel
Berg	Hottinger	Lesewski	Pappas	Solon
Berglin	Janezich	Lessard	Pariseau	Spear
Bertram	Johnson, D.J.	Limmer	Piper	Stevens
Betzold	Johnston	Metzen	Pogemiller	Stumpf
Chandler	Kelly	Mondale	Price	Vickerman
Cohen	Kiscaden	Morse	Ranum	Wiener
Day	Kleis	Murphy	Riveness	
Dille	Knutson	Neuville	Robertson	
Finn	Kramer	Novak	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1626:** A bill for an act relating to state government; prohibiting investment of public funds in certain assets; amending Minnesota Statutes 1994, sections 11A.24, subdivision 1; 356A.06, by adding a subdivision; and 475.66, 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Murphy	Robertson
Beckman	Frederickson	Laidig	Neuville	Runbeck
Belanger	Hanson	Langseth	Novak	Sams
Berg	Hottinger	Larson	Oliver	Samuelson
Berglin	Janezich	Lesewski	Ourada	Scheevel
Bertram	Johnson, D.J.	Lessard	Pappas	Solon
Betzold	Johnston	Limmer	Pariseau	Spear
Chandler	Kiscaden	Marty	Piper	Stevens
Cohen	Kleis	Metzen	Pogemiller	Stumpf
Day	Knutson	Moe, R.D.	Price	Vickerman
Dille	Kramer	Mondale	Ranum	Wiener
Finn	Krentz	Morse	Riveness	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 733:** A bill for an act relating to employment; modifying provisions relating to high pressure piping installation; providing penalties; amending Minnesota Statutes 1994, sections 326.48, subdivisions 1, 2, 3, 4, and 5; 326.50; 326.51; and 326.52; repealing Minnesota Statutes 1994, section 326.47, subdivisions 3 and 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Robertson
Beckman	Hanson	Laidig	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Bertram	Johnston	Lessard	Pappas	Solon
Betzold	Kelly	Limmer	Pariseau	Spear
Chandler	Kiscaden	Marty	Piper	Stevens
Day	Kleis	Metzen	Pogemiller	Stumpf
Dille	Knutson	Moe, R.D.	Price	Vickerman
Finn	Kramer	Mondale	Ranum	Wiener
Flynn	Krentz	Morse	Riveness	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 54:** A bill for an act relating to state government; directing the governor, attorney general, and other public officers to perform certain duties in regard to certain waters and public lands; proposing coding for new law in Minnesota Statutes, chapters 1 and 84B.

Mr. Beckman moved that H.F. No. 54 be laid on the table. The motion did not prevail.

H.F. No. 54 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 44 and nays 22, as follows:

Those who voted in the affirmative were:

Belanger	Chmielewski	Hanson	Johnson, D.J.	Kramer
Berg	Day	Hottinger	Johnston	Kroening
Bertram	Dille	Janezich	Kelly	Laidig
Chandler	Frederickson	Johnson, D.E.	Kleis	Langseth

Larson	Mondale	Olson	Runbeck	Stevens
Lesewski	Murphy	Ourada	Sams	Stumpf
Lessard	Neuville	Pariseau	Samuelson	Terwilliger
Metzen	Novak	Price	Scheevel	Vickerman
Moe, R.D.	Oliver	Robertson	Solon	

Those who voted in the negative were:

Anderson	Flynn	Limmer	Piper	Spear
Beckman	Johnson, J.B.	Marty	Pogemiller	Wiener
Betzold	Kiscaden	Merriam	Ranum	
Cohen	Knutson	Morse	Reichgott Junge	
Finn	Krentz	Pappas	Riveness	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 354:** A bill for an act relating to utilities; allowing small gas utility franchises an exemption from rate regulation for incidental utility service; amending Minnesota Statutes 1994, section 216B.16, subdivision 12.

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:

Anderson	Hottinger	Langseth	Novak	Runbeck
Beckman	Janezich	Larson	Oliver	Sams
Belanger	Johnson, D.E.	Lesewski	Olson	Scheevel
Berg	Johnson, D.J.	Lessard	Ourada	Spear
Bertram	Johnson, J.B.	Limmer	Pappas	Stevens
Betzold	Johnston	Marty	Pariseau	Stumpf
Chandler	Kelly	Merriam	Piper	Terwilliger
Cohen	Kiscaden	Metzen	Pogemiller	Vickerman
Day	Kleis	Moe, R.D.	Price	Wiener
Dille	Knutson	Mondale	Ranum	
Finn	Kramer	Morse	Reichgott Junge	
Flynn	Krentz	Murphy	Riveness	
Frederickson	Laidig	Neuville	Robertson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1051:** A bill for an act relating to emergency telephone services; requiring provider of cellular telephone services to include in its billings a notice regarding 911 calls; making technical changes; amending Minnesota Statutes 1994, sections 403.02, subdivision 1; 403.07, subdivision 1; and 403.09; proposing coding for new law in Minnesota Statutes, chapter 403.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Frederickson	Johnston	Laidig
Beckman	Cohen	Hanson	Kelly	Langseth
Belanger	Day	Hottinger	Kiscaden	Larson
Berg	Dille	Janezich	Kleis	Lesewski
Bertram	Finn	Johnson, D.E.	Knutson	Limmer
Betzold	Flynn	Johnson, J.B.	Kramer	Marty



Merriam  
Metzen  
Moe, R.D.  
Murphy  
Neuville  
Novak

Oliver  
Olson  
Pappas  
Pariseau  
Piper  
Pogemiller

Price  
Ranum  
Reichgott Junge  
Riveness  
Robertson  
Runbeck

Samuelson  
Scheevel  
Spear  
Stevens  
Stumpf  
Terwilliger

Vickerman  
Wiener

Ms. Krentz and Mr. Ourada voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1055:** A bill for an act relating to waters; eliminating the position of board of water and soil resources secretary; increasing board members' compensation; duties of advisory committees; rule approval procedure; guidelines for management plans; exemptions from review; appeals from rules, permit decisions, and orders; informal dispute resolution; assessment basis; amending Minnesota Statutes 1994, sections 103D.011, subdivision 21; 103D.101, subdivision 4; 103D.205, subdivisions 1 and 4; 103D.221, subdivision 2; 103D.255, subdivision 1; 103D.261, subdivision 1; 103D.271, subdivisions 2 and 4; 103D.305, subdivision 1; 103D.311, subdivision 4; 103D.315, subdivisions 1, 8, and 11; 103D.321, subdivision 2; 103D.331; 103D.335, subdivisions 5, 6, and 13; 103D.341, subdivision 2; 103D.351; 103D.401, subdivisions 1 and 2; 103D.405, subdivision 1; 103D.515, subdivision 4; 103D.531; 103D.535, subdivisions 1, 4, and 5; 103D.537; 103D.611, subdivisions 1, 4, and 5; 103D.621, subdivision 4; 103D.625, subdivisions 3 and 4; 103D.631, subdivision 2; 103D.635, subdivisions 1 and 3; 103D.705, subdivision 1; 103D.711, subdivision 2; 103D.715, subdivision 3; 103D.721, subdivision 2; 103D.741, subdivision 1; 103D.745, subdivisions 2 and 3; 103D.811, subdivisions 1 and 3; 103D.901, subdivisions 2, 4, and 5; 103D.905, subdivisions 3 and 5; 103D.921, subdivisions 1 and 3; and 103D.925; proposing coding for new law in Minnesota Statutes, chapter 103D.

Mr. Finn moved to amend H.F. No. 1055, the unofficial engrossment, as follows:

Page 13, line 22, reinstate the stricken language

The motion prevailed. So the amendment was adopted.

H.F. No. 1055 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson  
Beckman  
Belanger  
Berg  
Bertram  
Betzold  
Chmielewski  
Cohen  
Day  
Dille  
Finn  
Flynn

Frederickson  
Hanson  
Hottinger  
Johnson, D.E.  
Johnson, J.B.  
Johnston  
Kelly  
Kiscaden  
Kleis  
Knutson  
Kramer  
Krentz

Laidig  
Larson  
Lesewski  
Lessard  
Limmer  
Marty  
Merriam  
Metzen  
Moe, R.D.  
Mondale  
Morse  
Neuville

Novak  
Oliver  
Olson  
Ourada  
Pappas  
Pariseau  
Piper  
Pogemiller  
Price  
Ranum  
Riveness  
Robertson

Runbeck  
Sams  
Samuelson  
Scheevel  
Solon  
Spear  
Stevens  
Stumpf  
Terwilliger  
Wiener

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

### SPECIAL ORDER

**H.F. No. 96:** A bill for an act relating to insurance; health plans; prohibiting provisions that grant the health carrier a subrogation right, except where the covered person has been fully compensated from another source; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Oliver	Runbeck
Beckman	Hottinger	Lesewski	Olson	Sams
Belanger	Johnson, J.B.	Lessard	Ourada	Samuelson
Berg	Johnston	Limmer	Pappas	Scheevel
Bertram	Kelly	Marty	Pariseau	Solon
Betzold	Kiscaden	Merriam	Piper	Spear
Cohen	Kleis	Metzen	Pogemiller	Stevens
Day	Knutson	Mondale	Price	Stumpf
Dille	Kramer	Morse	Ranum	Terwilliger
Finn	Krentz	Neuville	Riveness	Wiener
Flynn	Laidig	Novak	Robertson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1082:** A bill for an act relating to cooperatives; permitting certain optional voting systems for cooperatives that have other cooperatives as members; amending Minnesota Statutes 1994, sections 308A.131, subdivision 1; 308A.635, subdivision 1; and 308A.641.

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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Neuville	Riveness
Beckman	Hanson	Laidig	Novak	Robertson
Belanger	Hottinger	Langseth	Oliver	Runbeck
Berg	Janezich	Larson	Olson	Sams
Bertram	Johnson, J.B.	Lesewski	Ourada	Samuelson
Betzold	Johnston	Lessard	Pappas	Scheevel
Chmielewski	Kelly	Limmer	Pariseau	Solon
Cohen	Kiscaden	Marty	Piper	Stevens
Day	Kleis	Merriam	Pogemiller	Stumpf
Dille	Knutson	Mondale	Price	Terwilliger
Finn	Kramer	Morse	Ranum	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1444:** A bill for an act relating to state lands; providing for the sale of certain tax-forfeited lands in St. Louis county.

Mr. Samuelson moved to amend S.F. No. 1444 as follows:

Page 3, after line 34, insert:

"Sec. 3. [TRANSFER OF NONCONFORMING SHORELAND LOTS WITHIN THE MISSISSIPPI HEADWATERS CORRIDOR IN CROW WING COUNTY.]

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

(b) "Board" means the Mississippi headwaters board established under Minnesota Statutes, section 103F.367.

(c) "Plan" means the comprehensive land use plan approved by the board and dated July 1, 1992.

Subd. 2. [AUTHORIZATION.] Crow Wing county may allow the sale or transfer, as a separate parcel, of a lot within shoreland, as defined in Minnesota Statutes, section 103F.205, subdivision 4, that:

(1) is located wholly within the Mississippi headwaters corridor, as identified in the plan;

(2) is one of a group of two or more contiguous lots that have been under the same common ownership since July 1, 1981; and

(3) does not meet the residential lot size requirements in the model standards and criteria adopted by the commissioner of natural resources under Minnesota Statutes, section 103F.211.

Subd. 3. [SELLER TO INFORM BUYER.] Before a contiguous lot is sold under the authority granted in subdivision 2, the seller shall inform the buyer in writing of the extent to which the lot does not meet the residential lot size requirements in the model standards and criteria adopted by the commissioner of natural resources under Minnesota Statutes, section 103F.211.

Subd. 4. [REPEALER.] This section is repealed effective January 1, 1997."

Page 3, line 35, delete "3" and insert "4"

Page 3, line 36, delete "and 2" and insert "to 3"

Amend the title as follows:

Page 1, line 3, after "county" insert "; authorizing Crow Wing county to allow the sale of certain nonconforming lots within the Mississippi headwaters corridor"

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend S.F. No. 1444 as follows:

Page 3, after line 34, insert:

"Sec. 3. [CONVEYANCE TO THE CITY OF AKELEY.]

(a) Notwithstanding Minnesota Statutes, sections 84.027, subdivision 10, and 94.09 to 94.16, the commissioner of natural resources shall convey the land described in paragraph (c) to the city of Akeley for no consideration.

(b) The conveyance must be in a form approved by the attorney general and must provide that the land reverts to the state if it ceases to be used for the purposes described in paragraph (d). If the land is pledged as security for a loan for these purposes, the right of reverter is waived in favor of the lender.

(c) The land to be conveyed is located in Hubbard county and is described as follows: Lots nine (9) and ten (10) in block five (5), and all of block six (6), of the Plat of Akeley Industrial Gardens.

(d) The city of Akeley intends to use the land for expansion of a city park and for senior citizen housing.

Sec. 4. [SALE OF TRUST FUND LANDS.]

Notwithstanding any law to the contrary, the following described trust fund lands, Lot 1, Block 1, Gold Mine on the River, and Government Lot 7, except the part platted as Lots 2 and 3, all in Section 36, Township 67 North, Range 18 West, St. Louis county, may be sold under the provisions in Minnesota Statutes, chapter 92."

Page 3, line 36, delete "and 2 " and insert "to 4"

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. 1444 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Flynn	Langseth	Ourada	Samuelson
Beckman	Hottinger	Larson	Pappas	Scheevel
Belanger	Janezich	Lessard	Pariseau	Solon
Berg	Johnson, J.B.	Limmer	Piper	Spear
Bertram	Johnston	Marty	Pogemiller	Stevens
Betzold	Kiscaden	Merriam	Price	Stumpf
Chandler	Kleis	Metzen	Ranum	Terwilliger
Chmielewski	Knutson	Mondale	Reichgott Junge	Wiener
Cohen	Kramer	Morse	Riveness	
Day	Krentz	Neuville	Robertson	
Dille	Kroening	Novak	Runbeck	
Finn	Laidig	Oliver	Sams	

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

### SPECIAL ORDER

**S.F. No. 507:** A bill for an act relating to petroleum tank release cleanup fund; providing for payment for a site assessment prior to tank removal; modifying reimbursement provisions; adding requirements for tank monitoring; amending Minnesota Statutes 1994, sections 115C.02, subdivision 11, and by adding a subdivision; 115C.03, subdivision 10; 115C.09, subdivisions 2, 3, 3b, and 3c; 115C.11, subdivision 1; 115C.12; and 115C.13; proposing coding for new law in Minnesota Statutes, chapters 115C; and 116.

Mr. Samuelson moved to amend S.F. No. 507 as follows:

Page 1, after line 12, insert:

#### "ARTICLE 1"

Page 9, line 24, after the period, insert "In order to register, consultants and contractors must meet and demonstrate compliance with the following criteria:

(1) provide a signed statement to the board verifying agreement to abide by this chapter and the rules adopted under it and to include a signed statement with each claim that all costs claimed by the consultant or contractor are a true and accurate account of services performed;

(2) provide a signed statement that the consultant or contractor shall make available for inspection and audit records requested by the board for field or financial audits under the scope of this chapter;

(3) certify knowledge of the requirements of this chapter and the rules adopted under it;

(4) obtain and maintain professional liability coverage, including pollution impairment liability;  
and

(5) agree to submit to the board a certificate or certificates verifying the existence of the required insurance coverage for all subcontractors who performed work included in a claim along with any request for reimbursement."

Page 13, after line 17, insert:

#### "ARTICLE 2

Section 1. Minnesota Statutes 1994, section 88.171, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED MATERIALS.] No person shall conduct, cause, or permit open burning of oils, rubber, plastics, chemically treated materials, or other materials which produce excessive or noxious smoke including, but not limited to, tires, railroad ties, chemically treated lumber, composite shingles, tar paper, insulation, composition board, sheetrock, wiring, paint, or paint filters. Except as specifically authorized by the commissioner of the pollution control agency as an emergency response to an oil spill, no person shall conduct, cause, or permit open burning of oil.

Sec. 2. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 3a. [DAMAGES.] "Damages" means damages of any kind for which liability may exist under the laws of this state resulting from, arising out of, or related to the discharge or threatened discharge of hazardous substances or oil.

Sec. 3. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11a. [RESPONSE AREA.] "Response area" means the area designated by the federal on-scene coordinator, the commissioner of the pollution control agency, or the commissioner of agriculture in which response to a discharge is occurring.

Sec. 4. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11b. [RESPONSE COSTS.] "Response costs" means the costs of response that are incurred after a discharge of oil or hazardous substances has occurred, or, where there is a substantial threat of discharge of oil or hazardous substances, the costs to prevent, minimize, or mitigate a discharge.

Sec. 5. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11c. [RESPONSIBLE PARTY.] "Responsible party" means a responsible party as defined in section 1001 of the Oil Pollution Act of 1990.

Sec. 6. Minnesota Statutes 1994, section 115E.04, subdivision 2, is amended to read:

Subd. 2. [TIMING.] (a) A person required to be prepared under section 115E.03, other than a person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance, shall complete the response plan required by this section by March 1, 1993, unless one of the commissioners orders the person to demonstrate preparedness at an earlier date under section 115E.05. ~~Plans must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.~~

(b) A person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance shall complete the response plan required by this section by January 1, 1994.

(c) Plans required under section 115E.04 or 115E.045 must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.

Sec. 7. Minnesota Statutes 1994, section 115E.06, is amended to read:

115E.06 [GOOD SAMARITAN.]

(a) A person listed in this paragraph who is rendering assistance in response to a discharge of a hazardous substance or oil is not liable for response costs that result from actions taken or failed to be taken in the course of the assistance unless the person is grossly negligent or engages in willful misconduct:

(1) a member of a cooperative or community awareness and emergency response group in compliance with standards in rules adopted by the pollution control agency;

(2) an employee or official of the political subdivision where the response takes place, or a political subdivision that has a mutual aid agreement with that subdivision;

(3) a member or political subdivision sponsor of a hazardous materials incident response team or special chemical assessment team designated by the commissioner of the department of public safety;

(4) a person carrying out the directions of: (i) the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety; or (ii) the United States Coast Guard or Environmental Protection Agency on-scene coordinator consistent with a national contingency plan under the Oil Pollution Act of 1990; and

(5) a for-hire response contractor.

(b) This section does not exempt from liability responsible persons with respect to the discharge under chapter 115B or 115C or responsible parties with respect to the discharge under chapter 18B or 18D.

Sec. 8. Minnesota Statutes 1994, section 115E.061, is amended to read:

115E.061 [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) Notwithstanding any other law, a person identified in section 115E.06, paragraph (a), who is rendering care, assistance, or advice in response to a discharge or threat of discharge of oil is not liable for response costs or damages that result from actions taken or failed to be taken in the course of rendering the care, assistance, or advice in accordance consistent with the national contingency plan under the Oil Pollution Act of 1990, or as otherwise directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible person under chapter 115B or 115C party;

(2) with respect to personal injury or wrongful death; or

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct; or

(4) to a discharge that occurs outside the response area or after the response.

(c) Nothing in this section relieves a responsible party from liability the responsible party otherwise has for the initial discharge or threat of discharge that necessitated the response.

(d) Nothing in this section relieves a responsible party from the following duties:

(1) to take steps to prevent discharges under section 115E.02;

(2) to be prepared for discharges under section 115E.03, subdivision 1; or

(3) duties under section 115.061.

(e) A responsible party is liable for any response costs and damages that another person is relieved of under paragraph (a)."

Amend the title as follows:

Page 1, line 2, delete "fund" and insert "program"

Page 1, line 5, after the semicolon, insert "establishing registration requirements; modifying program and liability provisions;"

Page 1, line 6, after "sections" insert "88.171, subdivision 2;"

Page 1, line 9, delete "and" and before "proposing" insert "115E.01, by adding subdivisions; 115E.04, subdivision 2; 115E.06; and 115E.061;"

The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend S.F. No. 507 as follows:

Page 3, line 31, strike "for" and insert "in the following amounts:

(1)"

Page 3, line 33, before the period, insert "; or

(2) for corrective actions at a site used as a permanent residence at the time the release was discovered, 90 percent of the total reimbursable costs on the first \$100,000 and 100 percent of any remaining costs in excess of \$100,000"

The motion prevailed. So the amendment was adopted.

Mrs. Pariseau moved to amend S.F. No. 507 as follows:

Page 10, after line 17, insert:

"Sec. 10. [115C.111] [COST ACCOUNTING SYSTEM; EQUIPMENT INVENTORY.]

Subdivision 1. [COST ACCOUNTING SYSTEM.] (a) The board shall develop a standardized corrective action cost accounting system to provide detailed and accessible information on corrective action costs for which application for reimbursement is made under section 115C.09. The system must allow separate tracking of costs for each discrete phase, task, or activity associated with a corrective action and each piece of equipment used in the corrective action. The commissioner shall prepare and provide to each registered consultant or contractor a manual explaining the system.

(b) All cost documentation, including estimates, provided by a consultant or contractor to a person in connection with a corrective action must be in a form prescribed by the board that is compatible with the cost accounting system developed under paragraph (a).

Subd. 2. [EQUIPMENT INVENTORY.] The board shall develop and maintain a computerized inventory of all equipment for which reimbursement is paid under section 115C.09. The board shall use the inventory, in conjunction with the cost accounting system developed under subdivision 1, to ensure that reimbursements made for equipment costs are reasonable and necessary."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "requiring development of a cost accounting system and a computerized equipment inventory;"

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Belanger	Frederickson	Kramer	Metzen	Runbeck
Berg	Johnson, D.E.	Laidig	Neuville	Scheevel
Bertram	Johnston	Larson	Oliver	Stevens
Cohen	Kiscaden	Lesewski	Ourada	Stumpf
Day	Kleis	Limmer	Pariseau	Terwilliger
Dille	Knutson	Merriam	Robertson	Wiener

Those who voted in the negative were:

Anderson	Betzold	Chmielewski	Flynn	Hottinger
Beckman	Chandler	Finn	Hanson	Janezich

Johnson, J.B.  
Kelly  
Krentz  
Kroening

Langseth  
Lessard  
Marty  
Mondale

Morse  
Murphy  
Novak  
Pappas

Piper  
Pogemiller  
Price  
Reichgott Junge

Sams  
Samuelson  
Spear  
Vickerman

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

Mrs. Pariseau then moved to amend S.F. No. 507 as follows:

Page 2, after line 15, insert:

"Sec. 4. Minnesota Statutes 1994, section 115C.09, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSABLE COSTS.] (a) The board shall provide partial reimbursement to eligible responsible persons for reimbursable costs incurred after June 4, 1987.

(b) The following costs are reimbursable for purposes of this section:

(1) corrective action costs incurred by the responsible person and documented in a form prescribed by the board, except the costs related to the physical removal of a tank;

(2) costs of a corrective action performance audit, provided that:

(i) the audit is conducted by a registered consultant or contractor that has not provided other services in connection with the corrective action; and

(ii) the audit includes a description of any deficiencies that may extend the time needed to complete the corrective action or increase its cost;

(3) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury, property damage, or corrective action costs incurred by a third party caused by a release where the responsible person's liability for the costs has been established by a court order, consent decree, or a court-approved stipulation of settlement approved before May 11, 1994, for which the responsible party has assigned its rights to reimbursement under this section to a third-party claimant; and

~~(3)~~ (4) up to 180 days worth of interest costs, incurred after May 25, 1991, associated with the financing of corrective action. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270.75, subdivision 5, at the time the financing contract was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or consent decree establishing the liability is entered. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 28, as follows:

Those who voted in the affirmative were:

Beckman  
Belanger  
Berg  
Bertram  
Chmielewski  
Day  
Dille

Hanson  
Johnson, D.E.  
Johnston  
Kleis  
Knutson  
Kramer  
Laidig

Langseth  
Lesewski  
Lessard  
Limmer  
Merriam  
Metzen  
Moe, R.D.

Neuville  
Oliver  
Ourada  
Pariseau  
Price  
Robertson  
Runbeck

Scheevel  
Solon  
Stumpf  
Terwilliger  
Vickerman  
Wiener



Those who voted in the negative were:

Anderson	Frederickson	Krentz	Novak	Sams
Betzold	Hottinger	Kroening	Pappas	Samuelson
Chandler	Janezich	Larson	Piper	Spear
Cohen	Johnson, J.B.	Marty	Pogemiller	Stevens
Finn	Kelly	Morse	Reichgott Junge	
Flynn	Kiscaden	Murphy	Riveness	

The motion prevailed. So the amendment was adopted.

S.F. No. 507 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### SPECIAL ORDER

**H.F. No. 1018:** A bill for an act relating to the environment; conforming state regulation of chlorofluorocarbons to federal law; amending Minnesota Statutes 1994, sections 116.731, subdivisions 2, 4, and 4a; and 116.735.

Mr. Laidig moved to amend H.F. No. 1018, the unofficial engrossment, as follows:

Page 2, line 14, strike "service" and delete the new language and strike "or recycle appliances" and insert "engage in activities relating to products"

Page 2, line 20, delete "completing the training"

Page 2, lines 21 and 22, delete the new language

The motion prevailed. So the amendment was adopted.

H.F. No. 1018 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Lesewski	Murphy
Beckman	Finn	Kleis	Lessard	Neuville
Belanger	Flynn	Knutson	Limmer	Oliver
Berg	Frederickson	Kramer	Marty	Ourada
Bertram	Hottinger	Krentz	Merriam	Pappas
Betzold	Johnson, D.E.	Kroening	Metzen	Pariseau
Chandler	Johnson, J.B.	Laidig	Moe, R.D.	Piper
Chmielewski	Johnston	Langseth	Mondale	Pogemiller
Day	Kelly	Larson	Morse	Price

Reichgott Junge  
Riveness  
Robertson

Runbeck  
Sams  
Samuelson

Scheevel  
Solon  
Spear

Stevens  
Stumpf  
Terwilliger

Vickerman  
Wiener

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

### SPECIAL ORDER

**S.F. No. 243:** A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands bordering public waters in Dakota county to the city of Eagan.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Morse	Samuelson
Beckman	Hanson	Laidig	Neuville	Scheevel
Belanger	Hottinger	Langseth	Oliver	Solon
Berg	Johnson, D.E.	Larson	Ourada	Spear
Bertram	Johnson, J.B.	Lesewski	Pappas	Stevens
Betzold	Johnston	Lessard	Pariseau	Stumpf
Chandler	Kelly	Limmer	Pogemiller	Terwilliger
Chmielewski	Kiscaden	Marty	Price	Vickerman
Day	Kleis	Merriam	Reichgott Junge	Wiener
Dille	Knutson	Metzen	Riveness	
Finn	Kramer	Moe, R.D.	Robertson	
Flynn	Krentz	Mondale	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1204:** A bill for an act relating to insurance; no-fault auto; regulating rental vehicle coverages; determining when a vehicle is rented; modifying the right to compensation for loss of use of a damaged rented motor vehicle; providing for limits of liability for motor vehicle lessors; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Lesewski	Pappas	Scheevel
Beckman	Johnson, J.B.	Lessard	Pariseau	Solon
Belanger	Johnston	Limmer	Piper	Spear
Berg	Kelly	Marty	Pogemiller	Stevens
Bertram	Kiscaden	Merriam	Price	Stumpf
Betzold	Kleis	Metzen	Ranum	Terwilliger
Chandler	Knutson	Mondale	Reichgott Junge	Vickerman
Day	Kramer	Morse	Riveness	Wiener
Dille	Krentz	Murphy	Robertson	
Flynn	Kroening	Neuville	Runbeck	
Frederickson	Laidig	Oliver	Sams	
Hanson	Larson	Ourada	Samuelson	

Mr. Finn voted in the negative.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 347:** A bill for an act relating to landlords and tenants; regulating certain tenant screening practices; amending Minnesota Statutes 1994, section 504.30, subdivision 4, and by adding a subdivision.

Mr. Finn moved to amend S.F. No. 347 as follows:

Page 2, line 10, delete the new language

Page 2, line 11, delete the new language and after the period, insert "A tenant screening service may not make a tenant screening report containing information on an unlawful detainer action that was commenced more than four years prior to the report."

The motion prevailed. So the amendment was adopted.

S.F. No. 347 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Hanson	Larson	Oliver	Scheevel
Beckman	Hottinger	Lesewski	Ourada	Solon
Belanger	Johnson, J.B.	Lessard	Pariseau	Spear
Berg	Johnston	Limmer	Piper	Stevens
Bertram	Kelly	Marty	Pogemiller	Stumpf
Betzold	Kiscaden	Merriam	Price	Terwilliger
Chandler	Kleis	Metzen	Ranum	Vickerman
Day	Knutson	Moe, R.D.	Reichgott Junge	Wiener
Dille	Kramer	Mondale	Riveness	
Finn	Krentz	Morse	Robertson	
Flynn	Kroening	Murphy	Rumbeck	
Frederickson	Langseth	Neuville	Samuelson	

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

**SPECIAL ORDER**

**S.F. No. 732:** A bill for an act relating to commerce; enacting the revised article 8 of the uniform commercial code proposed by the national conference of commissioners on uniform state laws; regulating investment securities; amending Minnesota Statutes 1994, sections 336.1-105; 336.1-206; 336.4-104; 336.5-114; 336.9-103; 336.9-105; 336.9-106; 336.9-203; 336.9-301; 336.9-302; 336.9-304; 336.9-305; 336.9-306; 336.9-309; 336.9-312; and 336.10-104; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1994, sections 336.8-101; 336.8-102; 336.8-103; 336.8-104; 336.8-105; 336.8-106; 336.8-107; 336.8-108; 336.8-201; 336.8-202; 336.8-203; 336.8-204; 336.8-205; 336.8-206; 336.8-207; 336.8-208; 336.8-301; 336.8-302; 336.8-303; 336.8-304; 336.8-305; 336.8-306; 336.8-307; 336.8-308; 336.8-309; 336.8-310; 336.8-311; 336.8-312; 336.8-313; 336.8-314; 336.8-315; 336.8-316; 336.8-317; 336.8-318; 336.8-319; 336.8-320; 336.8-321; 336.8-401; 336.8-402; 336.8-403; 336.8-404; 336.8-405; 336.8-406; 336.8-407; and 336.8-408.

Mr. Betzold moved to amend S.F. No. 732 as follows:

Page 69, after line 25, insert:

"ARTICLE 4  
EFFECTIVE DATE

Section 1. [EFFECTIVE DATE.]

This act is effective January 1, 1996."

The motion prevailed. So the amendment was adopted.

S.F. No. 732 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Runbeck
Beckman	Hanson	Larson	Oliver	Sams
Belanger	Hottinger	Lesewski	Ourada	Samuelson
Berg	Johnson, D.E.	Lessard	Pariseau	Scheevel
Bertram	Johnson, J.B.	Limmer	Piper	Solon
Betzold	Johnston	Marty	Pogemiller	Spear
Chandler	Kelly	Merriam	Price	Stevens
Day	Kiscaden	Metzen	Ranum	Stumpf
Dille	Kleis	Moe, R.D.	Reichgott Junge	Terwilliger
Finn	Knutson	Mondale	Riveness	Vickerman
Flynn	Kramer	Morse	Robertson	Wiener

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

### SPECIAL ORDER

**H.F. No. 1174:** A bill for an act relating to transportation; expanding authority of commissioner of transportation to regulate providers of special transportation service; classifying data; providing for administrative penalties; amending Minnesota Statutes 1994, sections 13.99, by adding subdivisions; 174.30, subdivisions 2, 3, 4, 6, and by adding subdivisions; and 174.315.

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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Runbeck
Beckman	Hanson	Laidig	Oliver	Sams
Belanger	Hottinger	Larson	Ourada	Samuelson
Berg	Johnson, D.E.	Lesewski	Pariseau	Scheevel
Bertram	Johnson, J.B.	Lessard	Piper	Solon
Betzold	Johnston	Limmer	Pogemiller	Spear
Chandler	Kelly	Marty	Price	Stevens
Day	Kiscaden	Merriam	Ranum	Stumpf
Dille	Kleis	Metzen	Reichgott Junge	Terwilliger
Finn	Knutson	Moe, R.D.	Riveness	Vickerman
Flynn	Kramer	Mondale	Robertson	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1437:** A bill for an act relating to employment; requiring disclosure to recruited employees in the food processing industry; proposing coding for new law in Minnesota Statutes, chapter 181.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Morse	Sams
Beckman	Hanson	Kroening	Oliver	Samuelson
Belanger	Hottinger	Laidig	Ourada	Scheevel
Berg	Janezich	Lesewski	Piper	Solon
Bertram	Johnson, D.J.	Lessard	Pogemiller	Spear
Betzold	Johnson, J.B.	Limmer	Price	Stevens
Chandler	Kelly	Merriam	Ranum	Stumpf
Chmielewski	Kleis	Metzen	Reichgott Junge	Terwilliger
Dille	Knutson	Moe, R.D.	Riveness	Vickerman
Finn	Kramer	Mondale	Runbeck	Wiener

Those who voted in the negative were:

Day	Johnston	Neuville	Pariseau	Robertson
Johnson, D.E.	Kiscaden			

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 557:** A bill for an act relating to employment; authorizing the legislative commission on employee relations to modify compensation for certain managerial positions in the higher education board; ratifying certain labor agreements; amending Minnesota Statutes 1994, sections 3.855, subdivision 3; 179A.04, subdivision 3; and 179A.16, subdivisions 6, 7, and 8.

Mr. Merriam moved to amend S.F. No. 557 as follows:

Page 8, line 23, delete "shall" and insert "may"

Page 8, line 24, after "salary" insert ", other than merit increases,"

Page 8, line 26, after the period, insert "Merit increases granted to excluded administrators in the community colleges, technical colleges, and state universities may not exceed an average of 5.25 percent of the aggregate base salary as provided in compensation plans. Any other increases that have been implemented in the fiscal year ending June 30, 1995, are not ratified and must cease to be paid on that date."

The motion prevailed. So the amendment was adopted.

S.F. No. 557 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 2, as follows:

Those who voted in the affirmative were:

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

Mr. Limmer and Ms. Runbeck voted in the negative.

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

**SPECIAL ORDER**

**S.F. No. 910:** A bill for an act relating to telecommunications; eliminating the telecommunication access for communication-impaired persons board; creating telecommunication access duties for the departments of public service and human services; specifying the membership of regional service for deaf and hard of hearing advisory committees; amending Minnesota Statutes 1994, sections 237.50, subdivision 4; 237.51, subdivisions 1, 5, and by adding a subdivision; 237.52, subdivisions 2, 4, and 5; 237.53, subdivisions 1, 3, 5, and 7; 237.54, subdivision 2; 237.55; and 256C.24, subdivision 3; repealing Minnesota Statutes 1994, sections 237.50, subdivision 2; 237.51, subdivisions 2, 3, 4, and 6; and 237.54, 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 53 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Murphy	Runbeck
Beckman	Hottinger	Langseth	Neuville	Sams
Berg	Janezich	Larson	Oliver	Scheevel
Bertram	Johnson, D.E.	Lesewski	Pappas	Spear
Betzold	Johnson, J.B.	Lessard	Pariseau	Stevens
Chandler	Johnston	Limmer	Piper	Stumpf
Chmielewski	Kelly	Marty	Pogemiller	Terwilliger
Day	Kleis	Merriam	Price	Vickerman
Dille	Kramer	Metzen	Ranum	Wiener
Finn	Krentz	Moe, R.D.	Riveness	
Flynn	Kroening	Mondale	Robertson	

Ms. Kiscaden voted in the negative.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**H.F. No. 751:** A bill for an act relating to insurance; regulating trade practices; prohibiting certain insurance agent quotas; proposing coding for new law in Minnesota Statutes, chapter 60A.

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 39 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Mondale	Reichgott Junge
Beckman	Hottinger	Lesewski	Morse	Riveness
Belanger	Janezich	Lessard	Ourada	Sams
Berg	Johnson, J.B.	Limmer	Pappas	Samuelson
Betzold	Kelly	Marty	Piper	Scheevel
Chandler	Knutson	Merriam	Pogemiller	Solon
Day	Kramer	Metzen	Price	Spear
Finn	Krentz	Moe, R.D.	Ranum	

Those who voted in the negative were:

Bertram	Frederickson	Kiscaden	Langseth	Oliver
Chmielewski	Johnson, D.E.	Kleis	Larson	Pariseau
Dille	Johnston	Laidig	Neuville	Robertson

Runbeck  
Stevens

Stumpf

Terwilliger

Vickerman

Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1120:** A bill for an act relating to gambling; creating a special account for money received by the gambling control board as reimbursement for costs of testing pull-tab dispensing devices; appropriating money in the account to the board for that purpose; amending Minnesota Statutes 1994, section 349.151, subdivision 4b.

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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Runbeck
Beckman	Frederickson	Krentz	Murphy	Sams
Belanger	Hanson	Laidig	Neuville	Samuelson
Berg	Hottinger	Langseth	Oliver	Scheevel
Bertram	Johnson, D.E.	Larson	Ourada	Solon
Betzold	Johnson, J.B.	Lessard	Pappas	Spear
Chandler	Johnston	Limmer	Pogemiller	Stevens
Chmielewski	Kelly	Marty	Price	Stumpf
Day	Kiscaden	Merriam	Reichgott Junge	Terwilliger
Dille	Kleis	Metzen	Riveness	Vickerman
Finn	Knutson	Mondale	Robertson	Wiener

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1395:** A bill for an act relating to state obligations; authorizing listing of state obligations; amending Minnesota Statutes 1994, section 16A.672, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Morse	Sams
Beckman	Frederickson	Kroening	Neuville	Samuelson
Belanger	Hanson	Laidig	Oliver	Scheevel
Berg	Johnson, D.E.	Langseth	Ourada	Solon
Bertram	Johnson, J.B.	Larson	Pappas	Spear
Betzold	Johnston	Lesewski	Pogemiller	Stevens
Chandler	Kelly	Limmer	Price	Stumpf
Chmielewski	Kiscaden	Marty	Reichgott Junge	Terwilliger
Day	Kleis	Merriam	Riveness	Vickerman
Dille	Knutson	Metzen	Robertson	Wiener
Finn	Kramer	Mondale	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1194:** A bill for an act relating to state government; allocating certain appropriations to regional arts councils; amending Minnesota Statutes 1994, section 129D.01; proposing coding for new law in Minnesota Statutes, chapter 129D.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Morse	Sams
Beckman	Hanson	Kroening	Neuville	Samuelson
Belanger	Hottinger	Laidig	Oliver	Scheevel
Bertram	Johnson, D.E.	Langseth	Ourada	Solon
Betzold	Johnson, J.B.	Lesewski	Pappas	Spear
Chandler	Johnston	Lessard	Pogemiller	Stevens
Chmielewski	Kelly	Limmer	Price	Stumpf
Day	Kiscaden	Marty	Reichgott Junge	Terwilliger
Dille	Kleis	Merriam	Riveness	Vickerman
Finn	Knutson	Metzen	Robertson	Wiener
Flynn	Kramer	Mondale	Runbeck	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1008:** A bill for an act relating to family law; authorizing courts to require parties to participate in orientation programs in proceedings involving children; proposing coding for new law in Minnesota Statutes, chapter 518.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Samuelson
Beckman	Hanson	Laidig	Oliver	Scheevel
Belanger	Hottinger	Langseth	Ourada	Solon
Berg	Johnson, D.E.	Larson	Pappas	Spear
Bertram	Johnson, J.B.	Lesewski	Pariseau	Stumpf
Betzold	Johnston	Lessard	Pogemiller	Terwilliger
Chandler	Kelly	Limmer	Price	Vickerman
Chmielewski	Kiscaden	Marty	Reichgott Junge	Wiener
Day	Kleis	Merriam	Riveness	
Dille	Knutson	Metzen	Robertson	
Finn	Kramer	Mondale	Runbeck	
Flynn	Krentz	Morse	Sams	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 217:** A bill for an act relating to insurance; life; regulating living benefits settlements; adopting the NAIC viatical settlements model act; prescribing powers and duties; amending Minnesota Statutes 1994, section 13.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 60A.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:



Anderson	Frederickson	Krentz	Neuville	Runbeck
Beckman	Hanson	Kroening	Oliver	Sams
Belanger	Hottinger	Laidig	Ourada	Samuelson
Berg	Janezich	Larson	Pappas	Scheevel
Bertram	Johnson, D.E.	Lesewski	Pariseau	Solon
Betzold	Johnson, J.B.	Lessard	Piper	Spear
Chandler	Johnston	Limmer	Pogemiller	Stevens
Chmielewski	Kelly	Marty	Price	Stumpf
Day	Kiscaden	Merriam	Ranum	Terwilliger
Dille	Kleis	Metzen	Reichgott Junge	Vickerman
Finn	Knutson	Moe, R.D.	Riveness	Wiener
Flynn	Kramer	Mondale	Robertson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 1180:** A bill for an act relating to natural resources; off-highway motorcycles; all-terrain vehicles; reciprocal agreements; migratory game birds; fish house identification; fish taken in Canada; exotic species; powers of enforcement officers; collector snowmobiles; disabled hunters; providing penalties; amending Minnesota Statutes 1994, sections 18.317; 84.796; 84.81, by adding a subdivision; 84.82, by adding a subdivision; 84.92, subdivision 8; 84.968, subdivision 1; 84.9691; 84.9692, subdivisions 1, 2, and by adding a subdivision; 86B.401, subdivision 11; 97A.045, by adding a subdivision; 97A.205; 97A.215, subdivision 1; 97A.401, subdivision 3; 97A.531, subdivision 1; 97B.055, subdivision 3; 97B.731, subdivision 1; 97C.355, subdivision 2; and Laws 1994, chapter 623, article 1, section 45; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; and 97C.505, subdivision 4.

Mr. Vickerman moved to amend S.F. No. 1180 as follows:

Page 8, after line 26, insert:

"Sec. 13. [87A.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 87A.01 to 87A.03.

Subd. 2. [PERSON.] "Person" means an individual, proprietorship, partnership, corporation, club, or other legal entity.

Subd. 3. [SHOOTING RANGE OR RANGE.] "Shooting range" or "range" means an area or facility designed and operated for the use of firearms or archery.

Subd. 4. [GENERALLY ACCEPTED OPERATION PRACTICES.] "Generally accepted operation practices" means those guidelines adopted by the commissioner of natural resources for shooting ranges. In developing the practices, the commissioner shall consider all information reasonably available regarding the safe operation of shooting ranges, including practices established by a nationally recognized nonprofit membership organization that provides voluntary firearm safety programs that include training individuals in the safe handling and use of firearms, which practices are developed with consideration of all information reasonably available regarding the safe operation of shooting ranges. The generally accepted operation practices shall be reviewed at least every five years by the commissioner of natural resources and revised as the commissioner considers necessary.

Subd. 5. [UNIT OF GOVERNMENT.] "Unit of government" means a home rule charter or statutory city, county, town, municipal corporation, or other political subdivision, or any of their instrumentalities.

Sec. 14. [87A.02] [LOCAL ORDINANCE PROTECTION; EXISTING OPERATIONS.]

(a) A shooting range that is in operation and not in violation of existing law at the time of the enactment of an ordinance must be permitted to continue in operation even if the operation of the shooting range at a later date does not conform to the new ordinance or an amendment to an existing ordinance.

(b) A shooting range that operates in compliance with generally accepted operation practices, even if not in compliance with an ordinance of a local unit of government, must be permitted to do all of the following within the boundaries of the unit of government if done in compliance with generally accepted operation practices:

(1) repair, remodel, or reinforce any conforming or nonconforming building or structure as may be necessary in the interest of public safety or to secure the continued use of the building or structure;

(2) reconstruct, repair, restore, remodel, or resume the use of a nonconforming building damaged by fire, collapse, explosion, act of God, or act of war occurring after the effective date of this section; and

(3) do anything authorized under generally accepted operation practices, including:

(i) expand or increase its membership or opportunities for public participation; and

(ii) expand or increase events, facilities and activities.

Sec. 15. [87A.03] [LIMITS ON CLOSING SHOOTING RANGES; PAYMENT OF CERTAIN COSTS.]

(a) Except as provided in section 87A.03, a shooting range may not be prevented from operating by any state agency or unit of government unless because of new development of adjacent land: (1) the range becomes a clear and proven safety hazard to the adjacent population; or (2) the range becomes unable to meet the minimum range safety standards contained in generally accepted operation practices adopted by the commissioner.

(b)(1) If the requirements of paragraph (a), clause (1), are met, a shooting range may be relocated by a state agency or a unit of government if the following conditions are met:

(i) the clear and proven safety hazard is documented through a hearing, testimony, and a clear and precise statement of the hazard by the agency or unit of government; and

(ii) the agency or unit of government obtaining the closure pays the fair market value of the range business as a going concern to the operators and the fair market value of the land including improvements, to the owner of the land; and

(2) upon final full payment, the range operator and landowners shall relinquish their interest in the property to the agency or unit of government obtaining the closure.

(c) If the requirements of paragraph (a), clause (2), are met, the shooting range operations may be suspended if:

(1) the range operators are given reasonable notice and opportunity to respond; and

(2) the range operators are given a reasonable opportunity to correct safety defects and meet the minimum range safety standards contained in generally accepted operation practices.

(d) If a shooting range is suspended from operation because the requirements of paragraph (a), clause (2), are met and if the shooting range operators are able to obtain a current certificate of reasonable shooting range safety compliance from an organization establishing range safety standards, any order of a state agency, or unit of government to suspend the shooting range operation must, upon application by the operators, be vacated."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Betzold questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Mr. Berg moved that S.F. No. 1180 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 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. 1864.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1995

## FIRST READING OF HOUSE BILLS

The following bill was read the first time.

**H.F. No. 1864:** A bill for an act relating to the financing of government in this state; adopting federal income tax law changes; providing for deferment of certain property taxes for senior citizens; providing for an income tax credit; modifying certain tax rates, credits, refunds, bases, and exemptions; providing for deduction of property tax refunds from property taxes; modifying and restricting certain requirements or uses of tax increment financing; providing for dedication of certain revenues; modifying certain motor vehicle registration taxes; establishing a sales tax advisory council; authorizing certain local taxes, special districts and other local authority; creating a local government review panel; modifying revenue recapture rules; changing the property tax treatment of certain wind property; allowing pass through of certain utility taxes; requiring studies; adjusting the amount of the budget reserve and debt limit; changing certain aids to local governments; appropriating money; amending Minnesota Statutes 1994, sections 14.61; 14.62, by adding a subdivision; 16A.152, subdivisions 1 and 2; 60A.15, subdivision 1; 69.021, subdivision 2; 124.918, subdivisions 1 and 2; 168.012, subdivision 9; 168.013, subdivision 1a; 168.017, subdivision 3, and by adding a subdivision; 216B.16, by adding a subdivision; 216C.01, subdivisions 1a and 1b; 270.273, subdivisions 1 and 2; 270A.03, subdivision 7; 270A.04, subdivision 2; 270A.06; 270A.07, subdivision 2; 270A.09, by adding a subdivision; 270A.11; 270B.12, by adding a subdivision; 272.02, subdivision 1; 273.124, subdivision 13; 273.13, subdivisions 24 and 25; 273.1398, subdivision 1; 273.1399, subdivisions 1, 2, 6, and by adding a subdivision; 273.37, by adding a subdivision; 275.065, subdivisions 1 and 3; 276.09; 276.111; 279.01, subdivision 1, and by adding subdivisions; 289A.50, by adding a subdivision; 289A.60, subdivision 12; 290.01, subdivisions 19, 19a, and by adding a subdivision; 290.06, by adding a subdivision; 290A.02; 290A.03, subdivisions 6, 13, and by adding a subdivision; 290A.04, subdivisions 2h, 3, and by adding subdivisions; 290A.07; 290A.09; 290A.10; 290A.15; 290A.18; 290A.23, subdivision 3; 296.01, subdivisions 30, 34, and by adding subdivisions; 296.02, subdivisions 1, 1a, and 1b; 296.025, subdivisions 1, 1a, and by adding a subdivision; 296.0261, by adding a subdivision; 297A.01, subdivision 3, and by adding a subdivision; 297A.02, subdivision 4; 297A.135, subdivision 1; 297A.25, subdivisions 11, 57, 59, and by adding subdivisions; 297A.45; 297B.02, subdivision 3; 297B.025, subdivision 2; 297B.032; 298.28, subdivision 9a; 298.75, subdivision 1; 349.12, subdivision 25; 375.192, by adding a subdivision; 375.83; 469.174, subdivisions 4, 12, 19, 21, and by adding subdivisions; 469.175, subdivisions 1, 3, 5, 6, and 6a; 469.176, subdivisions 4b, 4c, and 7; 469.1763, subdivisions 2 and 4; 469.177, subdivisions 1, 1a, 2, 6, 9, and by adding a subdivision; 469.1771, subdivision 1; 469.179, by adding subdivisions; 477A.013, subdivision 9; and 477A.0132; Laws 1985, chapter 302, section 2, subdivision 1, as amended; Laws 1986, chapter 400, section 44; Laws 1991, chapter 291, article 8, section 28, subdivision 1; Laws 1993, chapter 375, article 5, section 40, subdivision 3; Laws 1994, chapter 587, articles 5, section 27; 9, section 10, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 3; 8; 13; 16A; 272; 273; 276; 282; 290A; 297; 469; 473; and 477A; repealing Minnesota Statutes 1994, sections 168.013, subdivision 1j; 296.0261, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, and 9; 297A.136; and 469.175, subdivision 7a.

## CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1864. The Sergeant at Arms was instructed to bring in the absent members.

## 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. 1864 and that the rules of the Senate be so far suspended as to give H.F. No. 1864 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1864 was read the second time.

Pursuant to Rule 22, Mr. Terwilliger moved to be excused from voting on H.F. No 1864. The motion prevailed.

Mr. Johnson, D.J. moved to amend H.F. No. 1864 as follows:

Delete everything after the enacting clause and insert:

### "ARTICLE 1

### FEDERAL UPDATE

Section 1. Minnesota Statutes 1994, 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 net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) 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 sections 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 became 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.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, and the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-... shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

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. 2. [FEDERAL CHANGES.]

The changes made by sections 721, 722, 723, and 744 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465 and section 4 of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-..., which affect the computation of the Minnesota working family credit under Minnesota Statutes, section 290.0671, subdivision 1, and the computation of the substantial understatement of liability penalty of Minnesota Statutes, section 289A.60, subdivision 4, shall become effective at the same time the changes become effective for federal purposes.

## Sec. 3. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through April 15, 1995," for the words "Internal Revenue Code of 1986, as amended through December 31, 1993," wherever the phrase occurs in chapters 289A, 290, 290A, 291, 297, 298, and 469, except section 290.01, subdivision 19.

## ARTICLE 2

### SALES AND EXCISE TAXES

Section 1. Minnesota Statutes 1994, section 216C.01, subdivision 1a, is amended to read:

Subd. 1a. [ALTERNATIVE FUEL.] "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992 and intended for use in motor vehicles.

Sec. 2. Minnesota Statutes 1994, section 216C.01, subdivision 1b, is amended to read:

Subd. 1b. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or a dual-fuel vehicle operated primarily on an alternative fuel.

Sec. 3. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 5. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on alternative transportation fuel.

Sec. 4. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 11a. [COMPRESSED NATURAL GAS.] "Compressed natural gas" or CNG means natural gas, primarily methane, condensed under high pressure and stored in specially designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG will be considered to be 1,000 BTUs per cubic foot.

Sec. 5. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 15c. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline that typically contains 85 percent ethanol by volume, but at a minimum must contain at least 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon.

Sec. 6. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23a. [LIQUEFIED NATURAL GAS.] "Liquefied natural gas" or LNG means natural gas, primarily methane, which has been condensed through a cryogenic cooling process and is stored in special pressurized and insulated storage tanks. For purposes of this chapter, the energy content of LNG will be considered to be 69,000 BTUs per gallon.

Sec. 7. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23b. [LIQUEFIED PETROLEUM GAS.] "Liquefied petroleum gas" or LPG or propane means a product made of short hydrocarbon chains and containing primarily propane and butane that is stored in specialized tanks at moderate pressure. For purposes of this chapter, the energy content of LPG or propane will be considered to be 86,000 BTUs per gallon.

Sec. 8. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 24b. [M85.] "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 85 percent methanol by volume. For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon.

Sec. 9. Minnesota Statutes 1994, section 296.01, subdivision 30, is amended to read:

Subd. 30. [PETROLEUM PRODUCTS.] "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 10, 13, 14, 15c, and 17 to 22, and 24b.

Sec. 10. Minnesota Statutes 1994, section 296.01, subdivision 34, is amended to read:

Subd. 34. [SPECIAL FUEL.] "Special fuel" means (1) all combustible gases and liquid petroleum products or substitutes therefor including clear diesel fuel, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline which are delivered into the supply tank of a licensed motor vehicle or into storage tanks maintained by an owner or operator of a licensed motor vehicle as a source of supply for such vehicle; (2) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, when delivered to a licensed special fuel dealer or to the retail service station storage of a distributor who has elected to pay the special fuel excise tax as provided in section 296.12, subdivision 3; (3) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, which are used as aviation fuel; or (4) dyed fuel that is being used illegally in a licensed motor vehicle.

Sec. 11. Minnesota Statutes 1994, section 296.02, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED; EXCEPTION FOR QUALIFIED SERVICE STATION.] There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, used in producing and generating power for propelling motor vehicles used on the public highways of this state. For purposes of this section, gasoline is defined in section 296.01, subdivisions 10, 15b, 18, 19, 20, and 24a. This tax is payable at the times, in the manner, and by persons specified in this chapter. The tax is payable at the rate specified in subdivision 1b, subject to the exceptions and reductions specified in this section.

(a) Notwithstanding any other provision of law to the contrary, the tax imposed on special fuel sold by a qualified service station may not exceed, or the tax on gasoline delivered to a qualified service station must be reduced to, a rate not more than three cents per gallon above the state tax rate imposed on such products sold by a service station in a contiguous state located within the distance indicated in clause (b).

(b) A "qualifying service station" means a service station located within 7.5 miles, measured by the shortest route by public road, from a service station selling like product in the contiguous state.

(c) A qualified service station shall be allowed a credit by the supplier or distributor, or both, for the amount of reduction computed in accordance with clause (a).

A qualified service station, before receiving the credit, shall be registered with the commissioner of revenue.

Sec. 12. Minnesota Statutes 1994, 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. 13. Minnesota Statutes 1994, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following ~~rate~~ rates:

- (1) E85 is taxed at the rate of 14.2 cents per gallon;
- (2) M85 is taxed at the rate of 11.4 cents per gallon; and
- (3) ~~For the period on and after May 1, 1988,~~ All other gasoline is taxed at the rate of 20 cents per gallon.

Sec. 14. Minnesota Statutes 1994, section 296.025, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed an excise tax ~~of the same rate per gallon as the gasoline excise tax~~ on all special fuel at the rates specified in subdivision 1b. For clear diesel fuel, the tax is imposed on the first distributor who received the product in Minnesota. For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed on the owner or operator of the motor vehicle, or in some instances, on the dealer who supplied the fuel. For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the fuel is subject to the state tax. For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser. This tax is payable at the time and in the manner specified in this chapter. For purposes of this section, "owner or operator" means the operation of licensed motor vehicles, whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated.

Sec. 15. Minnesota Statutes 1994, 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 ~~(4) 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. 16. Minnesota Statutes 1994, section 296.025, is amended by adding a subdivision to read:

Subd. 1b. [TAX RATES.] The special fuel excise tax is imposed at the following rates:

- (1) Liquefied petroleum gas or propane is taxed at the rate of 15 cents per gallon.
- (2) Liquefied natural gas is taxed at the rate of 12 cents per gallon.
- (3) Compressed natural gas is taxed at the rate of \$1.739 per thousand cubic feet.
- (4) All other special fuel is taxed at the same rate as the gasoline excise tax.

Sec. 17. Minnesota Statutes 1994, section 296.0261, is amended by adding a subdivision to read:

Subd. 10. [CREDIT; REFUNDS.] (a) A purchaser of an alternative fuel vehicle permit under subdivisions 1 to 9 prior to July 1, 1995, shall receive a credit for the unused portion of the permit fee. The amount of the credit shall be equal to the original permit fee and prorated to the number of months from July 1, 1995, until the expiration date of the permit. The credit shall reduce the amount of the vehicle's annual motor vehicle registration tax as calculated under section 168.013. The credit shall be applied to the first motor vehicle registration tax payable after July 1, 1995.

(b) If the amount of the credit calculated under paragraph (a) exceeds the amount of motor vehicle registration tax due, the registrar shall pay to the purchaser of the permit a cash refund equal to the difference between the motor vehicle registration tax and the credit due.

Sec. 18. Minnesota Statutes 1994, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:



(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale. The sale of natural

gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(g) The furnishing for a consideration of cable television services, including charges for basic service, charges for premium service, and any other charges for any other pay-per-view, monthly, or similar television services;

(h) Notwithstanding section 297A.25, subdivisions 9 and 12, the sales of racehorses including claiming sales and fees paid for breeding racehorses or horses previously used for racing shall be considered a "sale" and a "purchase." "Racehorse" means a horse that is or is intended to be used for racing and whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association. "Sale" does not include fees paid for breeding horses that are not racehorses;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; tree, bush, shrub and stump removal; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) mixed municipal solid waste collection and disposal management services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(ix) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this

section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, for educational and social activities for young people primarily age 18 and under.

Sec. 19. Minnesota Statutes 1994, section 297A.01, is amended by adding a subdivision to read:

Subd. 21. [MIXED MUNICIPAL SOLID WASTE MANAGEMENT SERVICES.] "Mixed municipal solid waste management services" or "waste management services" means services relating to the management of mixed municipal solid waste from collection to disposal, including transportation and management at waste facilities. The definitions in section 115A.03 apply to this subdivision.

Sec. 20. Minnesota Statutes 1994, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax 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, except for a van designed or adapted primarily for transporting property rather than passengers, 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. 21. Minnesota Statutes 1994, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION; ADULT AND JUVENILE CORRECTIONAL FACILITIES.] (a) If construction materials and supplies described in paragraph (b) are purchased by a contractor, subcontractor, or builder as part of a lump-sum contract or similar type of contract with a price covering both labor and materials for use in the project, a refund equal to 20 percent of the taxes paid by the contractor, subcontractor, or builder must be paid to the governmental subdivision. An application must be submitted by the governmental subdivision and must include sufficient information to permit the commissioner to verify the sales taxes paid for the project. The contractor, subcontractor, or builder must furnish to the governmental subdivision a statement of the cost of the construction materials and supplies and the sales taxes paid on them. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

(b) Construction materials and supplies qualify for the refund under this section if: (1) the materials and supplies are for use in a project to construct or improve an adult or juvenile correctional facility in a county, home rule charter city, or statutory city, and (2) the project is mandated by state or federal law, rule, or regulation. The refund applies regardless of whether the materials and supplies are purchased by the city or county, or by a contractor, subcontractor, or builder under a contract with the city or county.

Sec. 22. Minnesota Statutes 1994, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of agricultural production animals and horses used in agricultural production are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

Sec. 23. Minnesota Statutes 1994, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care. Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste ~~collection and disposal~~ management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

Sales of telephone services and equipment to the department of administration that are used to provide telecommunications services through the intertechnologies revolving fund are exempt under this subdivision.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales exempted by this subdivision include sales made to other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state, but do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e).

Sec. 24. Minnesota Statutes 1994, section 297A.25, subdivision 59, is amended to read:

Subd. 59. [FARM MACHINERY.] From July 1, 1994, until June 30, ~~1995~~ 1996, the gross receipts from the sale of used farm machinery are exempt.

Sec. 25. [297A.2574] [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Subdivision 1. [EXEMPTION; DEFINITION.] 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 that meets the requirements of this section. For purposes of this section, "agriculture 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.

Subd. 2. [QUALIFICATIONS.] An agricultural processing facility qualifies for the exemption provided under this section if it meets each of the following requirements:

(a) The total investment in the facility must be at least \$8,500,000.

(b) The facility must be located in a municipality that has a median household income that does not exceed \$18,000 according to the 1990 federal census information on income and poverty status in 1989.

(c) The total investment in the facility must exceed an amount equal to \$12,000 per resident of the municipality in which the facility is located.

Subd. 3. [COLLECTION AND REFUND OF TAX.] 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. 26. Minnesota Statutes 1994, section 297A.45, is amended to read:

297A.45 [MIXED MUNICIPAL SOLID WASTE COLLECTION AND DISPOSAL MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITIONS.] The definitions in sections 115A.03 and 297A.01 apply to this section.

Subd. 2. [APPLICATION.] The taxes imposed by sections 297A.02 and 297A.021 apply to all public and private mixed municipal solid waste ~~collection and disposal~~ management services.

Notwithstanding section 297A.25, subdivision 11, a political subdivision that purchases ~~collection or disposal~~ waste management services on behalf of its citizens shall pay the taxes.

If a political subdivision provides ~~collection or disposal services~~ a waste management service to its residents at a cost in excess of the total direct charge to the residents for the service, the political subdivision shall pay the taxes based on its cost of providing the service in excess of the direct charges.

A person who transports mixed municipal solid waste generated by that person or by another person without compensation shall pay the taxes at the ~~disposal or resource recovery~~ waste facility based on the disposal charge or tipping fee.

Subd. 3. [EXEMPTIONS.] (a) The cost of a service or the portion of a service to collect and manage recyclable materials separated from mixed municipal solid waste by the waste generator is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(b) The amount of a surcharge or fee imposed under section 115A.919, 115A.921, 115A.923, or 473.843 is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(c) Waste from a recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least 85 percent is exempt from the taxes imposed in sections 297A.02 and 297A.021. To qualify for the exemption under this paragraph, the waste exempted must be ~~collected and disposed of~~ managed separately from other solid waste.

(d) The following costs are exempt from the taxes imposed in sections 297A.02 and 297A.021:

(1) costs of providing educational materials and other information to residents;

(2) costs of managing solid waste other than mixed municipal solid waste, including household hazardous waste; and

(3) costs of regulatory and enforcement activities.

(e) The cost of a waste management service is exempt from the taxes imposed in sections 297A.02 and 297A.021 to the extent that the cost was previously subject to the tax.

Subd. 4. [CITY SALES TAX MAY NOT BE IMPOSED.] Notwithstanding any other law or charter provision to the contrary, a home rule charter or statutory city that imposes a general sales tax may not impose the sales tax on solid waste disposal and collection management services that are subject to the tax under this section. This subdivision does not apply to a tax imposed under section 297A.021.

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

Sec. 27. Laws 1986, chapter 400, section 44, is amended to read:

Sec. 44. [DOWNTOWN TAXING AREA.]

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.

Sec. 28. Laws 1991, chapter 291, article 8, section 28, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Minnesota Statutes, section 469.190, the city of Winona may, by ordinance, impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. The city may, by ordinance, impose the tax authorized under this section on the camping site receipts of a municipal campground.

Fifty percent of The proceeds of this tax shall be used to retire the indebtedness of the Julius C. Wilke Steamboat Center and. Upon retirement of the debt, 50 percent of the proceeds shall be used as directed in Minnesota Statutes, section 469.190, subdivision 3. The balance shall be used in the manner of the tax proceeds may be used to promote tourist activities, as determined by resolution of the council, for the following purposes:

(1) improvements to the levee, dockage areas, and the adjacent area, including provision of utilities and construction of facilities for ticket and souvenir sales and related office space; or

(2) as directed in Minnesota Statutes, section 469.190, subdivision 3. Upon retirement of the debt, the council shall by ordinance reduce the tax by one half percent or dedicate the entire one percent in the manner directed in Minnesota Statutes, section 469.190, subdivision 3.

The tax shall be collected in the same manner as other taxes authorized under Minnesota Statutes, section 469.190.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1994, section 296.0261, is repealed.

(b) Minnesota Statutes 1994, section 297A.136, is repealed.

Sec. 30. [EFFECTIVE DATE.]

Sections 1, 2, 3 to 17, and 29, paragraph (a), are effective July 1, 1995.

Section 20 is effective beginning with leases or rentals made after June 30, 1995.

Sections 18, 19, 23, and 26 are effective the day following final enactment.

Section 21 is effective retroactively for sales after May 31, 1992.

Section 22 is effective for sales made after July 1, 1995.

Section 25 is effective for sales made after March 31, 1995.

Section 28 is effective upon compliance by the governing body of the city of Winona with Minnesota Statutes, section 645.021, subdivision 3.

Section 27 is effective upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Section 29, paragraph (b), is effective for sales of 900 information services made after June 30, 1995.

### ARTICLE 3

#### PROPERTY TAX FREEZE

Section 1. Minnesota Statutes 1994, section 6.745, subdivision 1, is amended to read:

Subdivision 1. [CITIES.] Annually, upon adoption of the city budget, the city council of each home rule charter or statutory city shall forward summary budget information to the office of the state auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The office of the state auditor shall work with representatives of city government to develop a budget reporting form that conforms with city budgeting practices and provides the necessary summary budget information to the office of the state auditor. The summary budget data shall be provided to the office of the state auditor no later than ~~December~~ January 31 of the year ~~preceding~~ each budget year.

Sec. 2. Minnesota Statutes 1994, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. [SUPPORT GRANTS.] In state fiscal years 1993, 1994, and 1995, and 1996, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) ~~or~~, (b), or (c).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.



(c) In 1996, the city or county maintains the dollar amount provided by it for operating purposes of public library service at least at the same dollar amount it provided in 1995.

The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 3. Minnesota Statutes 1994, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. ~~The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must be decreased if the fund balance from which allocations are made under section 254B.02, subdivision 1, is decreased in later years. The base level of expenditures for each county is defined as 15 percent of the funds allocated to the county under subdivisions 1 and 2. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.~~

Sec. 4. Minnesota Statutes 1994, section 256H.09, subdivision 3, is amended to read:

Subd. 3. [CHILD CARE FUND PLAN.] Effective January 1, 1992, the county will include the plan required under this subdivision in its biennial community social services plan required in this section, for the group described in section 256E.03, subdivision 2, paragraph (h). For the period July 1, 1989, to December 31, 1991, the county shall submit separate child care fund plans required under this subdivision for the periods July 1, 1989, to June 30, 1990; and July 1, 1990, to December 31, 1991. The commissioner shall establish the dates by which the county must submit these plans. The county and designated administering agency shall submit to the commissioner an annual child care fund allocation plan. The plan shall include:

(1) a narrative of the total program for child care services, including all policies and procedures that affect eligible families and are used to administer the child care funds;

(2) the number of families that requested a child care subsidy in the previous year, the number of families receiving child care assistance, the number of families on a waiting list, and the number of families projected to be served during the fiscal year;

(3) the methods used by the county to inform eligible groups of the availability of child care assistance and related services;

(4) the provider rates paid for all children by provider type;

(5) the county prioritization policy for all eligible groups under the basic sliding fee program and AFDC child care program;

(6) a report of all funds available to be used for child care assistance, ~~including demonstration of compliance with the maintenance of funding effort required under section 256H.12;~~ and

(7) other information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.

The commissioner shall notify counties within 60 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall withhold a county's allocation until it has an approved plan. Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county. Counties are to maintain services despite any reduction in their allocation due to plans not being approved.

Sec. 5. Minnesota Statutes 1994, section 279.09, is amended to read:

## 279.09 [PUBLICATION OF NOTICE AND LIST.]

The county auditor shall cause the notice and list of delinquent real property to be published ~~once in each of two consecutive weeks~~ in the newspaper designated, the first publication of which shall be made on or before March 20 immediately following the filing of such list with the court administrator of the district court. The auditor shall deliver such list to the publisher of the newspaper designated, at least 20 days before the date upon which the list shall be published ~~for the first time~~.

Sec. 6. Minnesota Statutes 1994, section 279.10, is amended to read:

## 279.10 [PUBLICATION CORRECTED.]

Immediately after preparing forms for printing such notice and list, and at least five days before the first day for the publication thereof, every such publisher shall furnish proof of the proposed publication to the county auditor for correction. When such copy has been corrected, the auditor shall return the same to the printer, who shall publish it as corrected. On the first day on which such notice and list are published, the publisher shall mail a copy of the newspaper containing the same to the auditor. If during the publication of the notice and list, or within ten days after the last publication thereof, the auditor shall discover that such publication is invalid, the auditor shall forthwith direct the publisher to republish the same as corrected ~~for an additional period of two weeks~~. The publisher, if not neglectful, shall be entitled to the same compensation as allowed by law for the original publication, but shall receive no further compensation therefor if such republication is necessary by reason of the neglect of the publisher.

Sec. 7. Minnesota Statutes 1994, section 281.23, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION.] As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published ~~for two successive weeks~~, in the official newspaper of the county, the notice prescribed by subdivision 2.

Sec. 8. Minnesota Statutes 1994, section 375.169, is amended to read:

## 375.169 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the county budget, the county board shall cause a summary budget statement to be published in one of the following:

(1) the official newspaper of the county, or if there is none, in a qualified newspaper of general circulation in the county; or

(2) for a county in the metropolitan area as defined in section 473.121, subdivision 2, a county newsletter or other county mailing sent to all households in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a county newsletter, it must be the lead story. If the summary budget statement is published through a county newsletter or other county mailing, a copy of the newsletter or mailing shall be sent on request to any nonresident. If the summary budget statement is published by a mailing to households other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing. The statement shall contain information relating to anticipated revenues and expenditures in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the county.

Sec. 9. Minnesota Statutes 1994, section 471.6965, is amended to read:

## 471.6965 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the city budget, the city council shall publish a summary budget statement in either of the following:

(1) the official newspaper of the city, or if there is none, in a qualified newspaper of general circulation in the city; or

(2) for a city in the metropolitan area as defined in section 473.121, subdivision 2, a city newsletter or other city mailing sent to all taxpayers in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a city newsletter, it must be the lead cover story. If the summary budget statement is published by a mailing to taxpayers other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing.

The statement shall contain information relating to anticipated revenues and expenditures, in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the city. If the summary budget statement is published through a city newsletter or other city mailing, a copy of the statement must be posted, in a common area, by the property owner of all residential nonhomestead property as defined in section 273.13, subdivision 25, paragraphs (a) and (b), clause (1).

#### Sec. 10. [EDUCATION FINANCE FOR THE 1996-1997 SCHOOL YEAR.]

Subdivision 1. [ADJUSTED TAX CAPACITY FOR SCHOOL YEAR 1996-1997.] Notwithstanding any other law to the contrary, for purposes of any levy authorized under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, the adjusted net tax capacity of a school district, education district, intermediate school district, or technical college under Minnesota Statutes, section 124.2131, for the 1996-1997 school year shall equal the adjusted net tax capacity used for computation of its levy limits for the 1995-1996 school year.

Subd. 2. [LOCAL EFFORT TAX RATE AND EQUALIZING FACTOR.] Notwithstanding any other law to the contrary, the local effort tax rates computed under Minnesota Statutes, sections 124.226, subdivision 1, and 124A.23, for the 1996-1997 school year shall equal the local effort tax rates established at the time of levy limit certification for the 1995-1996 school year. Notwithstanding any other law to the contrary, the equalizing factor under Minnesota Statutes, section 124A.02, for the 1996-1997 school year shall equal the equalizing factor for the 1995-1996 school year.

Subd. 3. [COMPUTATION OF PUPIL UNITS FOR LEVY LIMITS.] Notwithstanding Minnesota Statutes, section 124.17, or any other law to the contrary, the number of pupil units and AFDC pupil units for a school district, education district, intermediate school district, or technical college for use in computing the levy limits of the district or technical college for the 1996-1997 school year shall be the pupil units and AFDC pupil units used for the levy limit computation of the school district, education district, intermediate school district, or technical college for the 1995-1996 school year. For purposes of computing the revenue entitlement of a school district under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, for the 1996-1997 school year, the pupil units or AFDC pupil units shall be as otherwise provided under Minnesota Statutes, section 124.17. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, provides that an aid entitlement is equal to the difference between the revenue entitlement and the authorized levy, then the aid entitlement for the 1996-1997 school year shall equal the difference between the revenue entitlement and authorized levies computed under this section and sections 11 to 71. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, other than sections 124.321 and 124.912, subdivision 2, provide that the aid entitlement will be reduced if a district fails to exercise its full levy authority and the district failed to levy its full authority for the 1995-1996 school year, the commissioner shall assume that, absent the provisions of this act, the district would have elected to exercise the same portion of its levy authority for the 1996-1997 school year as it did in the prior year and determine the district's aid under the applicable section and the prior sentence.

#### Sec. 11. [TRANSITIONAL LEVIES.]

Notwithstanding Minnesota Statutes, sections 122.247, subdivision 3, and 122.533, a school district's levy under those sections for taxes payable in 1996 shall be no greater than it was for the prior year.

Sec. 12. [TRANSPORTATION AID.]

For purposes of computing transportation aid under Minnesota Statutes, section 124.225, subdivision 8a, for the 1996-1997 school year, levies shall be those computed under the provisions of sections 10 and 13 to 21.

Sec. 13. [TRANSPORTATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 2, a school district's levy for additional transportation costs as the result of leasing a school in another district shall be no greater for the 1996-1997 school year than it was for the prior year.

Sec. 14. [OFF-FORMULA ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3, a school district's off-formula adjustment for taxes payable in 1996 shall be no less than that computed for taxes payable in the prior year. If the resulting levy reduction is greater than that which would have otherwise occurred under Minnesota Statutes, section 124.226, subdivision 3, the district will receive additional aid equal to the difference.

Sec. 15. [TRANSPORTATION LEVY EQUITY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3a, a school district's aid reduction for transportation levy equity for the 1996-1997 school year shall be based on levies computed under sections 10 and 13 to 21.

Sec. 16. [NONREGULAR TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 4, a school district's levy for nonregular transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 17. [EXCESS TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 5, a school district's levy for excess transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 5, the district shall receive additional aid equal to the difference.

Sec. 18. [BUS PURCHASES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 6, a school district's levy to eliminate a projected deficit in its reserved fund balance for bus purchases in its transportation fund as of June 30 of the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 19. [CONTRACTED SERVICES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 7, a school district's levy for taxes payable in 1996 under that subdivision shall be no greater than it was in the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the district will receive additional aid equal to the difference.

Sec. 20. [LEVY FOR POST-SECONDARY TRANSPORTATION.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 8, a school district levy for transportation of secondary students enrolled in courses provided in an agreement authorized by Minnesota Statutes, section 123.33, subdivision 7, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 21. [LATE ACTIVITY BUSES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 9, a school district's levy for late activity buses for the 1995-1996 school year shall be no greater than it was for the prior year.

If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 9, the school district shall receive additional aid equal to the difference.

Sec. 22. [BONDS.]

(a) Notwithstanding Minnesota Statutes, section 124.239, after March 30, 1995, no school district can sell bonds under that section the debt service payments of which would require a levy first becoming payable in 1996 or authorize a levy under Minnesota Statutes, section 124.239, subdivision 5, clause (b), that is not pursuant to a plan adopted prior to March 30, 1995. This restriction shall not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) bonds for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1996 prior to issuance of those bonds is less than the municipality's total levy for debt service for bonds for taxes payable in 1995.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing school district is a party to a contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 23. [CAPITAL EXPENDITURE FACILITY LEVY.]

Notwithstanding Minnesota Statutes, sections 124.243 and 124.2442, subdivision 3, a school district's capital expenditures facilities levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 24. [CAPITAL EXPENDITURE EQUIPMENT LEVY.]

Notwithstanding Minnesota Statutes, sections 124.244, subdivision 2, and 124.2442, a school district's capital expenditures equipment levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 25. [LEVY FOR ADULT BASIC EDUCATION AID.]

Notwithstanding Minnesota Statutes, section 124.2601, school districts which did not levy for adult basic education for taxes payable in 1995, may not levy for that purpose for taxes payable in 1996.

Sec. 26. [EARLY CHILDHOOD FAMILY EDUCATION AND HOME VISITATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2711, subdivisions 2a and 5, a school district's levy for early childhood family education and home visitation under Minnesota Statutes, section 124.2711, subdivision 5, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 27. [COMMUNITY EDUCATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2713, subdivision 6, 6a, or 6b, the community education levy of a school district for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 28. [LEVY FOR ADDITIONAL COMMUNITY EDUCATION REVENUE.]

Notwithstanding Minnesota Statutes, section 124.2714, a school district's levy under that section for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 29. [PROGRAMS FOR ADULTS WITH DISABILITIES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.2715, subdivision 3, a school district's levy for community education programs for adults with disabilities for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 30. [EXTENDED DAY LEVY.]

Notwithstanding Minnesota Statutes, section 124.2716, a school district's levy under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 31. [COOPERATION AND COMBINATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivisions 3 and 4, a school district's levy for cooperation and combination for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 32. [EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivision 15, a school district's levy for the 1996-1997 school year for severance pay or early retirement incentives for licensed and nonlicensed staff who retire early as the result of combination or cooperation shall be no greater than it was for the prior year.

Sec. 33. [CONSOLIDATION; RETIREMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.2726, subdivision 3, a school district's levy for retirement incentives under Minnesota Statutes, section 122.23, subdivision 20, for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 34. [DISTRICT COOPERATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2727, subdivisions 6b and 9, a school district's levy for district cooperation for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 35. [SPECIAL EDUCATION EQUALIZATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.321, subdivisions 3 and 5, a school district's special education equalization levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.321, subdivisions 3 and 5, the district shall receive additional aid equal to the difference.

Sec. 36. [ALTERNATIVE DELIVERY LEVY.]

Notwithstanding Minnesota Statutes, section 124.322, subdivision 4, a school district's levy for alternative delivery of specialized instructional services for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.322, subdivision 4, the district shall receive additional aid equal to the difference.

Sec. 37. [JOINT POWERS BOARD; EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.4945, a school district's levy for the 1996-1997 school year for severance pay and early retirement incentives to a teacher as defined in Minnesota Statutes, section 125.12, subdivision 1, who is placed on unrequested leave as the result of a cooperative secondary facility agreement shall be no greater than it was for the prior year.

Sec. 38. [FACILITIES DOWN PAYMENT LEVY REFERENDUM.]

Notwithstanding Minnesota Statutes, section 124.82, subdivision 3, no facilities down payment levy referendum held after March 27, 1995, may authorize a levy first becoming payable in 1996.

Sec. 39. [HEALTH AND SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.83, subdivisions 4 and 7, a school district's levy for a health and safety program under Minnesota Statutes, section 124.83, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.83, subdivisions 4 and 7, the district shall receive additional aid equal to the difference.

Sec. 40. [HANDICAPPED ACCESS AND FIRE SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.84, subdivisions 3 and 4, a school district's levy for purposes of Minnesota Statutes, section 124.84, subdivisions 1 and 2, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.84, subdivision 3, the district may levy the difference in the subsequent year notwithstanding the five-year limitation in section 124.84, subdivision 3.

Sec. 41. [LEVY TO RENT OR LEASE BUILDING OR LAND.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 1, after March 30, 1995, the commissioner of education shall not authorize any school district to make any additional capital expenditure levy to rent or lease a building or land for instructional purposes if the levy for that purpose first becomes due and payable in 1996 unless the district's capital expenditure levy for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

Sec. 42. [LEVY FOR LEASE PURCHASE OR INSTALLMENT BUYS.]

(a) Except as provided in paragraphs (b) and (c), notwithstanding Minnesota Statutes, section 124.91, subdivision 3, after March 30, 1995, no school district may enter into an installment contract or a lease purchase agreement the levy for which would first become payable in 1996 unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

(b) The limitation in paragraph (a) does not apply to an installment contract entered into before July 1, 1995, if it:

(1) relates to a high school construction project that was approved by the commissioner of education under Minnesota Statutes, section 121.15, before July 1, 1994; and

(2) relates at least in part to bids awarded between September 8, 1994, and February 21, 1995.

Payments due on installment contracts described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments will be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

(c) For purposes of this section, installment contracts or lease purchase agreements will be deemed to have been entered into before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a lessor or seller by that date;

(2) the school district is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the installment contracts or lease purchase agreements;  
or

(3) the installment contracts or lease purchase agreements will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Payments due on installment contracts or lease purchase agreements described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 43. [COOPERATING DISTRICTS; CAPITAL LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 4, a school district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 44. [LEVY FOR INTERACTIVE TELEVISION.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 5, a school district's levy for interactive television for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 45. [ENERGY CONSERVATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 6, a school district may not enter into a loan under Minnesota Statutes, sections 216C.37 or 298.292 to 298.298 after March 27, 1995, if the levy for repayment of the loan would first become payable in 1996.

Sec. 46. [LEVY FOR STATUTORY OBLIGATIONS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 1, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent that the portion of the resulting levy for the school district's obligation under Minnesota Statutes, section 268.06, subdivision 25, and section 268.08, is less than the school district would have been otherwise authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, the school district shall receive additional aid equal to the difference. To the extent that the portion of the resulting levy for judgments under Minnesota Statutes, section 127.05, is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, for this purpose, the school district may levy the difference in the subsequent year.

Sec. 47. [DESEGREGATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 2, a school district's levy as otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 48. [RULE COMPLIANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 3, a school district's levy as otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 49. [LEVY FOR CRIME RELATED COSTS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 6, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 50. [ICE ARENA LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 7, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.



**Sec. 51. [OUTPLACEMENT LEVY.]**

Notwithstanding Minnesota Statutes, section 124.912, subdivision 8, the levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

**Sec. 52. [ABATEMENT LEVY.]**

Notwithstanding Minnesota Statutes, section 124.912, subdivision 9, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent the portion of the resulting levy otherwise authorized under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (1), is less than the school district would have been authorized to levy under that clause, the district shall receive additional aid equal to the difference. The remaining portion of the resulting levy that is less than the school district would have been authorized to levy under the remainder of Minnesota Statutes, section 124.912, subdivision 9, may be levied over a four-year period notwithstanding the three-year limitation of Minnesota Statutes, section 124.912, subdivision 9, paragraph (b).

**Sec. 53. [OPERATING DEBT LEVIES.]**

Notwithstanding Minnesota Statutes, section 122.531, subdivision 4a; 124.914; or Laws 1992, chapter 499, article 7, sections 25 and 26, a school district's levy as otherwise authorized under those sections for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent this prevents a district from amortizing its reorganization operating debt as defined in Minnesota Statutes, section 121.915, clause (1), in five years, the district shall be permitted to levy the remainder in a subsequent year.

**Sec. 54. [HEALTH INSURANCE BENEFITS LEVY.]**

Notwithstanding Minnesota Statutes, section 124.916, subdivision 1, or Laws 1993, chapter 224, article 8, section 18, a school district's levy for retired employees health insurance as otherwise authorized under those provisions of law for the taxes payable in 1996 shall be no greater than it was for the prior year.

**Sec. 55. [RETIREMENT LEVY.]**

Notwithstanding Minnesota Statutes, section 124.916, subdivision 3, a school district's levy as otherwise authorized under that subdivision for taxes payable in 1996 shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the school district shall receive additional aid equal to the difference.

**Sec. 56. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY.]**

Notwithstanding Minnesota Statutes, section 124.916, subdivision 4, a school district's levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

**Sec. 57. [LEVY FOR TACONITE PAYMENT.]**

Notwithstanding Minnesota Statutes, section 124.918, subdivision 8, a school district's levy reduction as otherwise authorized under that subdivision for the 1996-1997 school year shall be no less than it was for the prior year. General education aid reduction for the 1996-1997 school year shall be governed by Minnesota Statutes, section 124A.035, subdivision 5, and the levy reduction as dictated by this section.

**Sec. 58. [EQUALIZED DEBT SERVICE LEVY.]**

Notwithstanding Minnesota Statutes, section 124.95, subdivision 4, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year taxes payable in 1996 shall be based on the actual pupil units in the district for the 1992-1993 school year and the 1993 adjusted net tax of the district.

Sec. 59. [UNEQUALIZED REFERENDUM LEVY.]

Notwithstanding Minnesota Statutes, section 124A.03, subdivision 1i, a school district's unequalized referendum levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 60. [REFERENDUM LEVY.]

(a) Except as provided in paragraph (b) or (c), notwithstanding Minnesota Statutes, section 124A.03, subdivision 2 or 2b, or 124B.03, subdivision 2, no referendum conducted after March 30, 1995, under those sections may authorize a levy first becoming payable in 1996.

(b) A referendum may authorize such a levy if the referendum provides for continuation of a referendum levy that terminates beginning with taxes payable in 1996. If the terminated levy had been based on net tax capacity, the referendum relating to taxes payable in 1996 must be based on net tax capacity and the ballot shall state the estimated referendum tax rate based on net tax capacity for taxes levied in 1996, notwithstanding Minnesota Statutes, section 124A.03, subdivisions 2 and 2a. To the extent the referendum relates to taxes payable in 1997 and subsequent years, the levies for those years are subject to Minnesota Statutes, sections 124A.03, subdivision 2a, and 124A.0311, subdivision 3, and the ballot shall also state the estimated referendum tax rate as a percentage of market value for taxes levied in 1997.

(c) A referendum may authorize such a levy if the levy required under the referendum would not result in an increase for taxes payable in 1996 in the total levy for all purposes imposed by the school district over the total levy imposed by the district for taxes payable in 1995.

Sec. 61. [REFERENDUM AUTHORITY; CONVERSION.]

Notwithstanding Minnesota Statutes, section 124A.0311, subdivisions 2 and 3, no school district may convert its referendum authority currently authorized to be levied against net tax capacity to referendum authority authorized to be levied against referendum market value effective for taxes payable in 1996.

Sec. 62. [TRAINING AND EXPERIENCE LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 4a, a school district's training and experience levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 63. [SUPPLEMENTAL LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 8a, a school district's supplemental levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 64. [GENERAL EDUCATION LEVY; OFF-FORMULA DISTRICTS.]

Notwithstanding Minnesota Statutes, section 124A.23, subdivision 3, an off-formula school district's levy for general education for the 1996-1997 school year shall be no greater than it was for the prior year. An off-formula school district's aid reduction for general education levy equity under Minnesota Statutes, section 124A.24, shall be computed using the levy computed under this section. If an off-formula district payments pursuant to Minnesota Statutes, section 124A.035, subdivision 4, are reduced from that received in the prior school year, the district shall receive additional aid equal to the difference.

Sec. 65. [LEVY REDUCTION.]

Notwithstanding Minnesota Statutes, section 124A.26, subdivision 2, a district's levy reduction for the 1996-1997 school year under that subdivision shall be no less than it was in the prior year. To the extent that the resulting reduction is greater than the school district would have otherwise received under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 66. [STAFF DEVELOPMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124A.292, subdivision 3, a school district's levy for staff development for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 67. [SCHOOL RESTRUCTURING LEVIES.]

Notwithstanding Minnesota Statutes, section 126.019, a school district's levy under that section for taxes payable in 1996 shall be no greater than it was in the prior year. To the extent the resulting levy is less than the district would have otherwise been authorized to levy under that section, the district shall receive additional aid equal to the difference.

Sec. 68. [LEVY FOR LOCAL SHARE OF TECHNICAL COLLEGE CONSTRUCTION.]

Notwithstanding Minnesota Statutes, section 136C.411, the levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than is necessary for the district to pay its local share of the costs of construction in that year, the joint vocational technical district shall receive additional aid equal to the difference.

Sec. 69. [JOINT VOCATIONAL TECHNICAL DISTRICT TAX LEVY.]

Notwithstanding Minnesota Statutes, section 136C.67, a joint vocational technical district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 70. [LEVY ADJUSTMENT.]

Notwithstanding any other law to the contrary, any adjustment of a school district's levy authority other than for debt redemption fund excesses under Minnesota Statutes, section 475.61, for taxes payable in 1996 shall not result in a levy that is greater than it was in 1995. If the resulting levy adjustments reduce the district's revenues below that which the district would have otherwise received in the absence of this section, the district will receive additional aid equal to the difference.

Sec. 71. [OTHER LEVY AUTHORITY.]

A school district's levy under any special law or any authority other than that contained in Minnesota Statutes, chapters 124, 124A, and 136C, shall not be greater for taxes payable in 1996 than it was for taxes payable in 1995 except for any debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments issued prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995.

Sec. 72. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 1996 shall not be greater than that in effect for taxes payable in 1995.

Sec. 73. [PROHIBITION AGAINST INCURRING NEW DEBT.]

Subdivision 1. [GENERALLY.] (a) After March 30, 1995, no municipality as defined in Minnesota Statutes, section 475.51, or any special taxing district as defined under Minnesota Statutes, section 275.066, may sell obligations, certificates of indebtedness, or capital notes under Minnesota Statutes, chapter 475, section 412.301, or any other law authorizing obligations, certificates of indebtedness, capital notes, or other debt instruments or enter into installment purchase contracts or lease purchase agreements under Minnesota Statutes, section 465.71, or any other law authorizing installment purchase contracts or lease purchase agreements if issuing those debt instruments or entering into those contracts would require a levy first becoming due in 1996. This restriction does not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) obligations for which the amount of the levy first becoming due in 1996

would not exceed the amount by which the municipality's total debt service levy for taxes payable in 1996 prior to issuance of those obligations is less than the municipality's total debt service levy for taxes payable in 1995. As used in clause (2), "obligations" includes certificates of indebtedness, capital notes, or other debt instruments or installment purchase contracts or lease purchase agreements.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the municipality and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing municipality is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government or the state government that requires the municipality to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the municipality has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the municipality to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, certificates of indebtedness, capital notes, installment purchase contracts, lease purchase agreements or any other debt instruments, and the debt service levies for the obligations shall, for purposes of this act, be treated as if sold prior to March 30, 1995, if:

(a) The municipality or other governmental authority has satisfied any one of the following conditions prior to March 30, 1995:

(1) it has adopted a resolution or ordinance authorizing the issuance of the obligations;

(2) it has declared official intent to issue the obligations under federal tax laws and regulations;

or

(3) it has entered into a binding agreement to design or construct a project or acquire property to be financed with the obligations; and

(b) The municipality makes a finding at the time of the sale of the bonds that no levy will be required for taxes payable in 1996 to pay the debt service on the obligations because sufficient funds are available from nonproperty tax sources to pay the debt service.

#### Sec. 74. [ASSESSMENT LIMITATIONS.]

Subdivision 1. [1995 ASSESSMENT.] Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the value of property for the 1995 assessment shall not exceed the lesser of its limited market value determined for the 1994 assessment pursuant to Minnesota Statutes, section 273.11, subdivision 1a, or its market value as otherwise determined for the 1994 assessment provided that any value attributable to new construction or improvements to the extent it does not qualify for deferral under Minnesota Statutes, section 273.11, subdivision 16, shall be added to the prior year's value used to determine its tax capacity. It is further provided that previously tax exempt property that loses its tax exempt status pursuant to Minnesota Statutes, section 272.02, subdivision 4, shall not have its assessment limited in any way under this subdivision.

Subd. 2. [1996 ASSESSMENT.] The provisions of Minnesota Statutes, section 273.11, subdivision 1a, shall govern in determining the value of property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal residential for the 1996 assessment provided that "five percent" shall be substituted for "ten percent" in that section.

#### Sec. 75. [LEVY LIMITATION TAXES PAYABLE IN 1996.]

Subdivision 1. [TAXES PAYABLE IN 1996 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 3, 4, and 5.

Subd. 2. [TAXES PAYABLE IN 1996 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a property tax levy greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 4 to 6.

Subd. 3. [SCHOOL DISTRICTS.] School district levies shall be governed by sections 10 to 71.

Subd. 4. [DEBT SERVICE EXCEPTION.] If a payable 1996 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1995 for the same purpose, the excess may be levied notwithstanding the limitations of subdivisions 1 and 2.

Subd. 5. [ANNEXATION EXCEPTION.] The city tax rate for taxes payable in 1996 on any property annexed under chapter 414 may not be increased over the city or township tax rate in effect on the property in 1995, notwithstanding any law, municipal board order, or ordinance to the contrary. The limit on the annexing city's levy under subdivisions 1 and 2 may be increased in excess of that limit by an amount equal to the net tax capacity of the property annexed times the city or township tax rate in effect on that property for taxes payable in 1995. The levy limit of the city or township from which the property was annexed shall be reduced by the same amount.

Subd. 6. [INCREASE AUTHORIZED.] Notwithstanding the limitation of subdivision 1, a taxing authority other than a school district may increase its levy for taxes payable in 1996 over that certified to the county pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year by an amount equal to the taxing authority's net tax capacity pursuant to section 74, subdivision 1, times its tax rate for taxes payable in 1995 less the taxing authority's levy under subdivision 1.

#### Sec. 76. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

Notwithstanding any other law to the contrary, the local funding or local match required from any city, town, or county for any state grant or program shall not be increased for calendar year 1996 above the dollar amount of the local funding or local match required for the same grant or program in 1995, regardless of the level of state funding provided; and any new local match or local funding requirements for new or amended state grants or programs shall not be effective until calendar year 1997. Nothing in this section shall affect the eligibility of a city, town, or county, for the receipt of state grants or program funds in 1996 or reduce the amount of state funding a city, town, or county would otherwise receive in 1996 if the local match requirements of the state grant or program were met in 1996.

#### Sec. 77. [SUSPENSION OF SALARY AND BUDGET APPEAL AUTHORIZATION.]

After April 11, 1995, no county sheriff may exercise the authority granted under Minnesota Statutes, section 387.20, subdivision 7, and no county attorney may exercise the authority granted under Minnesota Statutes, section 388.18, subdivision 6, to the extent that the salary or budget increase sought in the appeal would result in an increase in county expenditures in calendar year 1996.

#### Sec. 78. [SUSPENSION OF PUBLICATION AND HEARING REQUIREMENTS.]

A local taxing authority is not required to comply with the public advertisement notice of Minnesota Statutes, section 275.065, subdivision 5a, or the public hearing requirement of

Minnesota Statutes, section 275.065, subdivision 6, with respect to taxes levied in 1995, payable in 1996, only.

**Sec. 79. [LEVY LIMITATION TAXES PAYABLE IN 1997.]**

Subdivision 1. [DEFINITION.] The "percentage increase in the implicit price deflator" means the percentage change in the implicit price deflator for state and local governments purchases of goods and services as calculated in Minnesota Statutes, section 477A.03, subdivision 3, provided that the 2.5 percent and five percent limits do not apply and that the increase can not be less than zero percent.

Subd. 2. [TAXES PAYABLE IN 1997 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4 and 5.

Subd. 3. [TAXES PAYABLE IN 1997 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a property tax levy that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4, 5, and 6.

Subd. 4. [REFERENDA.] (a) A taxing authority other than a school district or an education district may increase its levy above the limits provided in subdivisions 2 and 3, by the amount approved by the voters residing in the jurisdiction of the authority at a referendum called for the purpose. The referendum may be called by the governing body or shall be called by the governing body upon written petition of qualified voters of the jurisdiction. The referendum shall be conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy and the estimated referendum tax rate as a percentage of taxable net tax capacity in the year it is to be levied. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the governing body of ....., be approved?"

(b) The governing body shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed levy increase. The governing body need not mail more than once notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the jurisdiction of the taxing authority.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A petition authorized by paragraph (a) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the jurisdiction of the taxing authority on the day the petition is filed with the governing body. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) A bond authorization under Minnesota Statutes, section 475.59, shall be deemed to meet the requirements of this subdivision provided the ballot includes the information required in paragraph (a) and the notice required in paragraph (b) is distributed.

Subd. 5. [DEBT SERVICE EXCEPTION.] If a payable 1997 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1996 for the same purpose, or a payable 1997 levy for general obligations exceeds any payable 1997 levy required as a condition for the issuance of such general obligations, the excess may be levied notwithstanding the limitations of subdivisions 2 and 3.

Subd. 6. [LEVY OF TOWN BEING MERGED INTO CITY.] If a town has entered into an agreement to merge with a home rule charter or statutory city, and the merger has been approved by a referendum, the town's levy for taxes payable in 1997 shall not exceed the greater of (1) the amount determined under subdivisions 1 to 5, or (2) the amount established as a term of the merger agreement with the city.

#### Sec. 80. [FISCAL DISPARITIES FREEZE.]

Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (a), the amount to be deducted from a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the amount deducted for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (b), the amount to be added to a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the same amount added for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 3, the areawide portion of the levy for each governmental unit shall be determined using the local tax rate for the 1993 levy year. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 6, the portion of commercial-industrial property within a municipality subject to the areawide tax rate shall be computed using the amount determined under Minnesota Statutes, sections 473F.06 and 473F.07, for taxes payable in 1995.

#### Sec. 81. [TAX RATE FREEZE.]

Subdivision 1. [REDUCTION OF LEVY; PAYMENT.] If in the course of determining local tax rates for taxes payable in 1996 after reductions for disparity reduction aid under Minnesota Statutes, section 275.08, subdivisions 1c and 1d, the county auditor finds the local tax rate exceeds that in effect for taxes payable in 1995, the county auditor shall reduce the local government's levy so the local tax rate does not exceed that in effect for taxes payable in 1995. The difference between the levy as originally certified by the local government and the reduced levy shall be certified to the commissioner of revenue at the time the abstracts are submitted under Minnesota Statutes, section 275.29. That amount shall be paid to the local government on or before August 31.

Subd. 2. [APPROPRIATION.] An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of revenue for payment to counties, cities, townships, and special taxing districts. An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of education for payment to school districts.

Sec. 82. [PENSION LIABILITIES.]

Notwithstanding any other law or charter provision to the contrary, no levy for taxes payable in 1996 for a local police and fire relief association for the purpose of amortizing an unfunded pension liability may exceed the levy for that purpose for taxes payable in 1995.

Sec. 83. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

Notwithstanding Minnesota Statutes, section 365.10, in 1995 the township board of supervisors shall adjust the levy and in 1996 the township board of supervisors may adjust the expenditures of a township below the level authorized by the electors to adjust for any reduction in the previously authorized levy of the township pursuant to section 75.

Sec. 84. [PROPERTY TAX AND EDUCATION AIDS REFORM.]

Subdivision 1. [RECOMMENDED PROGRAM.] The legislative commission on planning and fiscal policy shall prepare and recommend to the legislature a property tax reform and education aids reform program that includes:

- (1) a property tax classification and class rate system;
- (2) elementary and secondary education aids and levies; and
- (3) aids to local government.

Subd. 2. [STANDARDS.] (a) The recommended program must provide for accountability, equity, revenue adequacy, and efficiency as provided in paragraphs (b) to (e).

(b) The recommended program must provide accountability by being understandable to the taxpayer, by linking the costs of services to the taxes paid for those services, and by correlating the responsibility for raising revenues with the ability to make spending decisions.

(c) The recommended program must provide equity by minimizing large, short-term shifts in tax burdens, and by ensuring that tax burdens and aids are progressive and related to the ability to pay or raise revenue.

(d) The recommended program must provide for adequate revenue by controlling costs and the need for increased revenue, minimizing reductions or shifts in revenues available to local governments to provide needed services, and directing aids to meet needs and fund services based on established funding priorities.

(e) The program must promote efficiency by providing stable predictable property taxes and local government revenues that are competitive with those of other states and areas so that property taxes and aids have minimal impact on the economic decisions of taxpayers.

Subd. 3. [TASK FORCE.] The commission may designate a task force to advise the commission in carrying out its duties under this section. The task force may include legislators, agency and legislative staff, state and local governmental officials, educators, and taxpayers and members of the public. The task force expires on January 1, 1997.

Subd. 4. [SERVICES.] The commission may enter into contracts for the professional and other services necessary to carry out its duties under this section.

Subd. 5. [REPORT.] The commission shall report its recommendations to the legislature on or before January 1, 1997. The report shall include proposed legislation to implement the recommendations of the commission.

Sec. 85. [UNFUNDED MANDATE PROHIBITION.]

Subdivision 1. [DEFINITION.] As used in this section, "state mandates" has the meaning given in Minnesota Statutes, section 3.881.

Subd. 2. [FUNDING OF THE COST OF MANDATES.] If the fiscal note prepared by the commissioner of finance under Minnesota Statutes, section 3.982, indicates that a new or



expanded mandate on a political subdivision in a bill introduced in the legislature will impose a statewide cost on counties in excess of \$500,000 or a statewide cost on cities or townships in excess of \$250,000, the political subdivisions are not required to implement the mandate unless the legislature, by appropriation enacted before the mandate is required to be implemented, provides reimbursement to the political subdivisions for the costs incurred.

Sec. 86. [SAVINGS CLAUSE.]

Notwithstanding the repealers in section 88 or any other provision in this act to the contrary, nothing in this act constitutes an impairment of any obligations, certificates of indebtedness, capital notes, or other debt instruments, including installment purchase contracts or lease purchase agreements, issued before the date of final enactment of this act, by a municipality as defined in Minnesota Statutes, section 469.174, subdivision 6, or a special taxing district as defined in Minnesota Statutes, section 275.066.

Sec. 87. [PIPESTONE COUNTY.]

Subdivision 1. [BOND AUTHORIZATION.] The county of Pipestone may issue its general obligation bonds in a principal amount of not to exceed \$598,000 to defray the expense of repair and renovation of the county courthouse and courthouse annex. The bonds shall be issued in accordance with Minnesota Statutes, chapter 475. No further election proceedings are required and Minnesota Statutes, section 275.61, shall not apply.

Subd. 2. [EFFECTIVE DATE.] This section takes effect the day after the county board of Pipestone county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 88. [REPEALER.]

Subdivision 1. Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; and 124A.29, subdivision 2, are repealed. Laws 1991, chapter 265, article 7, section 35, is repealed.

Subd. 2. Minnesota Statutes 1994, sections 273.13; 273.135; 273.136; 273.1391; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15, are repealed.

Subd. 3. [REPEALER.] Minnesota Statutes 1994, sections 245.48; and 256H.12, subdivision 3, are repealed.

Sec. 89. [EFFECTIVE DATE.]

Sections 2 to 5 and 85, subdivision 3, are effective July 1, 1995. Section 88, subdivision 2, is effective for taxes payable in 1998, and section 88, subdivision 1, is effective for the 1998-1999 school year, provided that if the legislature does not pass and the governor does not approve legislation by the conclusion of the 1997 session that states in its body that it is replacing the provisions of the repealed chapters and sections in section 88, the repealed chapters and sections are reenacted.

Sections 10 to 71, and section 75, subdivision 3, will not become effective if a bill styled as S.F. No. 944 is enacted during the 1995 session of the legislature and that bill provides for the imposition of levies by school districts for taxes payable in 1996.

ARTICLE 4  
PROPERTY TAXES

Section 1. Minnesota Statutes 1994, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 124.914, subdivision 1.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year plus ~~37.4~~ 44.4 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~37.4~~ 44.4 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 124.914, subdivision 1;

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, and Laws 1975, chapter 261, section 4;

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 136C.411; and

(v) amounts levied under section 124.755.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1994, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [~~PROPERTY TAX SHIFT REDUCTION CHANGE IN LEVY RECOGNITION PERCENT.~~] (a) Money appropriated under section 16A.152, subdivision 2, must be used to ~~reduce the~~ levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the succeeding calendar year.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) For fiscal years 1994 and 1995, When the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of education shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced as provided in this subdivision from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction under Laws 1991, chapter 265, article 1, section 31, or Laws 1992, chapter 499, article 1, section 22 when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of education such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3. An additional adjustment shall be made on June 30, 1995, for the final payment otherwise due July 1, 1995, under Minnesota Statutes 1992, section 136C.36.

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

Sec. 3. Minnesota Statutes 1994, section 216B.16, is amended by adding a subdivision to read:

Subd. 6d. [WIND ENERGY; PROPERTY TAX.] Contracts for the purchase of electric energy produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, between a public utility and the owner or developer of the system must provide for the public utility to be liable for property taxes imposed on the system. The commission shall permit a public utility that is purchasing electricity produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, to recover in its rates payments made by the public utility for property taxes paid on the system.

Sec. 4. Minnesota Statutes 1994, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds.
- (2) All public schoolhouses.
- (3) All public hospitals.
- (4) All academies, colleges, and universities, and all seminaries of learning.
- (5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), other than those that qualify for exemption under clause (25).

- (7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

- (c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

- (f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

- (10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section

103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written

comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source: are exempt to the extent provided in items (i) to (iii):

(i) systems installed after January 1, 1991, and before January 1, 1995, are exempt;

(ii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate two or less megawatts of electricity, as measured by the nameplate rating, are exempt;

(iii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate more than two megawatts of electricity, as measured by the nameplate rating, are taxable to the following extent:

(A) the foundation or pads are taxable upon installation; and

(B) the devices in such a system that convert wind energy to a form of usable energy and any supporting or protective structures are exempt.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of

the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

Sec. 5. Minnesota Statutes 1994, section 272.115, subdivision 1, is amended to read:

Subdivision 1. Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270.066, the certificate of value must include the social security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration.

Sec. 6. Minnesota Statutes 1994, 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 an amount equal to the value determined for the preceding assessment year, multiplied by the rate of increase in the consumer price index for all urban consumers as determined by the United States Bureau of Labor Statistics. 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.

For the first assessment year after the sale or conveyance of property for which the actual market value is less than the value determined under this subdivision, the market value of the property will be increased to its actual market value.

The provisions of this subdivision shall be in effect ~~only~~ for assessment years ~~1993 through 1997~~ 1996 and thereafter.

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. 7. Minnesota Statutes 1994, 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; or

(c) if the estimated market value of the house is over \$300,000 on January 2 of the current year, the property qualifies if:

(i) it meets the qualifications of paragraph (b), items (i) and (ii); and

(ii) it is located in a city of the first class within the metropolitan area defined in section 473.121, subdivision 2.

~~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 prior to commencement of the improvement. 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 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 property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, 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 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. 8. Minnesota Statutes 1994, 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 and paragraph (f), "relative" means a parent, stepparent, child, stepchild, 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 will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this delay prohibition 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, 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 must not 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.

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 qualifying 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. Homestead treatment, in whole or in part, shall not be denied to the spouse of an owner if he or she previously occupied the residence with the owner and the absence of the owner is due to one of the prior four exceptions.

(f) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification and extend full homestead credit. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 9. Minnesota Statutes 1994, 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 deed of record, 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 at a location distant from the other spouse's place of employment 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. Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and social security number of the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.~~

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, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(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, the spouse of the owner, 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, the spouse of 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. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(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 1994, 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;

(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 clause (1), (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1), (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.

(c) Structures which are (i) located on property classified as class 3a, (ii) constructed after January 2, 1995, and (iii) located in a transit zone as defined under section 473.3915, shall have a class rate of four percent on that portion of the market value in excess of \$100,000. The four percent rate shall also apply to that portion of any class 3a structure located in a transit zone constructed after January 2, 1995, even if the remainder of the structure was constructed prior to January 2, 1995. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone.

Sec. 11. Minnesota Statutes 1994, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

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

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

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

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

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

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years. The public financing received must be from at least one of the following sources: government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1993, the proceeds of which are used for the acquisition or rehabilitation of the building; programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act; rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building; public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from federal community development block grants, HOME block grants, or residential rental bonds issued under chapter 474A; or other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which

these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

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

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society,



association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

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

Class 4c property has a class rate of 2.3 percent of market value, except that (i) for each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) ~~has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter,~~ the first \$72,000 of market value on each parcel has a class rate of ~~two~~ 1.8 percent for taxes payable in 1997 and thereafter and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent ~~for taxes payable in 1993, 1994, and 1995 only.~~

(d) Class 4d property includes:

(1) a structure that is:

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

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

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

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993, and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage

Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 12. Minnesota Statutes 1994, section 273.37, is amended by adding a subdivision to read:

Subd. 3. [WIND ENERGY CONVERSION SYSTEMS.] Taxable wind energy conversion systems, situated upon land owned by another person, which are not in good faith owned, operated, and exclusively controlled by such other person, shall be listed and assessed as personal property in the town or district where situated, in the name of the owner.

Sec. 13. Minnesota Statutes 1994, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except in cities whose charters provide for a board of equalization. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting. If at least 25 percent of the net tax capacity of the city or town is noncommercial seasonal recreational residential property classified under section 273.13, subdivision 25, the meeting or, if more than one meeting is scheduled, at least one of the meetings must be held on a Saturday. The Saturday meeting date must be contained on the notice of valuation of real property under section 273.121. The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 14. Minnesota Statutes 1994, section 276.131, is amended to read:

**276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]**

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school district in which the property is located districts within the county. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 15. Minnesota Statutes 1994, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 or 4, on May 16 or 21 days after the

postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent shall accrue and on the first day of December following, an additional penalty of two percent shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

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

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

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

Sec. 16. Minnesota Statutes 1994, section 279.01, is amended by adding a subdivision to read:

Subd. 4. In the case of class 4c seasonal residential recreational property not used for commercial purposes, penalties shall accrue and be charged on unpaid taxes at the times and at the rates provided in subdivision 1 for homestead property.

Sec. 17. [473.3915] [TRANSIT ZONES.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms defined in subdivisions 2 and 3 have the meaning given them.

Subd. 2. [TRANSIT ROUTE.] "Transit route" means a route along which transportation of passengers is provided by a motor vehicle or other means of conveyance, including light rail

transit, by any person operating on a regular and continuing basis as a common carrier on fixed routes and schedules. "Transit route" does not include (1) a route along which transportation is provided for children to or from school or for passengers between a common carrier terminal station and a hotel or motel, (2) transportation by common carrier railroad or by taxi, (3) transportation furnished by a person solely for that person's employees or customers, or (4) paratransit.

Subd. 3. [TRANSIT ZONE.] "Transit zone" means the area within one-quarter of a mile of a transit route that is also within the metropolitan urban service area, as determined by the council. "Transit zone" includes any light rail transit route for which funds for construction have been committed.

Subd. 4. [TRANSIT ZONES; MAP AND PLAN.] For the purposes of section 273.13, subdivision 24, the council shall designate transit zones and identify them on a detailed map and in a plan. The council shall review the map and plan once a year and revise them as necessary to indicate the current transit zones. The council shall provide each county and city assessor in the metropolitan area a copy of the current map and plan.

Sec. 18. Minnesota Statutes 1994, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraph (b), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) A city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the amount the city was certified to receive in calendar year 1995 under section 477A.013.

Sec. 19. Laws 1992, chapter 511, article 2, section 45, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 20. Laws 1992, chapter 511, article 2, section 45, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 21. Laws 1992, chapter 511, article 2, section 46, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority or by a multicounty housing and redevelopment authority on land leased from a city or school district, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 22. Laws 1992, chapter 511, article 2, section 46, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 23. [HACA REDUCTION; HENNEPIN COUNTY COURT EMPLOYEES.]

There shall be deducted from the homestead and agricultural credit aid payments to Hennepin county under Minnesota Statutes, section 273.1398, an amount equal to \$180,000 which represents the cost to the state for the assumption of two Hennepin county staff attorneys whose job function is that of court referees and whose positions should have been transferred to the state as part of the court takeover in Laws 1989, First Special Session chapter 1, article 4. One-half of the total amount shall be deducted from each of the aid payments made in 1995 to Hennepin county under Minnesota Statutes, section 273.1398. The amount of reduction made under this section shall be a permanent aid reduction.

Sec. 24. [TRANSIT ZONE MAP; DATE FIRST PRODUCED.]

The metropolitan council shall produce an initial version of the transit zone map required under section 473.3915, subdivision 4, by January 1, 1996.

Sec. 25. [COMPUTATION OF TAX RATES.]

In computing the basic transportation tax rate under Minnesota Statutes, section 124.226, subdivision 1, and the general education tax rate under Minnesota Statutes, section 124A.23, subdivision 1, the commissioner shall, notwithstanding Minnesota Statutes, section 124.2131, subdivision 1, use adjusted net tax capacities that do not reflect the class rate reduction in section 11. Notwithstanding the dollar amounts specified in Minnesota Statutes, section 124.226, subdivision 1, and section 124A.23, subdivision 1, the resulting rate shall be applied to the adjusted net tax capacities as computed under Minnesota Statutes, section 124.2131, for purposes of determining the basic transportation levy under Minnesota Statutes, section 124.226, subdivision 1, and the general education levy under Minnesota Statutes, section 124A.23, subdivision 2. The equalization factor under Minnesota Statutes, section 124A.02, shall be computed using the tax rate computed under this section.

Sec. 26. [APPLICATION.]

Sections 17 and 24 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 27. [EFFECTIVE DATES.]

Section 3 is effective the day following final enactment.

Sections 4, 8, 9, and 12 are effective for taxes levied in 1995, payable in 1996, and thereafter, provided that the provisions of section 8 restricting homestead classification for seasonal recreational residential property applies to taxes payable in 1996 and thereafter regardless of the date of occupancy of the property or the date of filing of an application for homestead classification by the relative of the owner.

Section 7 is effective for improvements made in 1995 and subsequent years.

Sections 10 and 13 are effective for 1996 assessments for taxes payable in 1997 and subsequent years.

Sections 15 and 16 are effective for taxes levied in 1995, payable in 1996, and thereafter.

Section 18 is effective for aids paid in 1996 and thereafter.

Sections 19 and 20 are effective the day after the governing body of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 21 and 22 are effective the day after the governing body of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 23 is effective for aid payments made to Hennepin county in 1995 provided, however, that the aid reduction is contingent upon enactment of a law in 1995 which (i) transfers the Hennepin county positions, and (ii) provides from the general fund a funding to the state supreme court for the positions.

## PROPERTY TAX REFUND

## Section 1. [13.515] [PROPERTY TAX DATA.]

The following data calculated or maintained by political subdivisions and shown on property tax statements under section 276.09 are classified as private data on individuals, pursuant to section 13.02, subdivision 12: (1) property tax refund amounts under section 276.04, subdivision 2, paragraph (c), clause (8); and (2) the property tax after deduction of the property tax refunds under section 276.04, subdivision 2, paragraph (c), clause (9).

Sec. 2. Minnesota Statutes 1994, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290; or a property tax credit or refund, pursuant to chapter 290A, other than a refund which has been certified to or calculated by the county auditor under section 276.012.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 3. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 10. [PROPERTY TAX REFUNDS.] The commissioner may disclose to a county auditor and treasurer, and to their designated agents or employees, the property tax refund amounts for each parcel of homestead property in the county as determined by the commissioner under chapter 290A.

Sec. 4. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 11. [SOCIAL SECURITY NUMBERS.] For purposes of determining and administering homestead status and property tax refunds, the commissioner may disclose to a county auditor, county treasurer, county assessor, the county recorder or registrar of deeds, and their designated agents or employees, and those officials may disclose to each other and to the commissioner, the parcel identification number and the names and social security numbers of the owners of homestead property and their spouses.

Sec. 5. Minnesota Statutes 1994, 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 deed of record, 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, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(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, and the property tax refunds under chapter 290A deducted on the property tax statement.

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. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(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 property tax refunds reimbursed to the county by the state shall be paid to the commissioner of revenue for deposit in the fund from which it was paid. 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. 6. Minnesota Statutes 1994, 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, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h, and the actual tax for taxes payable the current year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. 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 and that these items may increase the proposed tax shown on the notice:

(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) the contamination tax imposed on properties which received market value reductions for contamination.

The notice must state that the deduction for a property tax refund under section 290A.04, subdivision 2h, is contingent upon continuity in ownership of the property.

(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, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) 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. 7. [276.012] [COMPUTATION AND ADMINISTRATION OF PROPERTY TAX REFUNDS.]

(a) On or before October 1 each year, the commissioner of revenue shall certify to the county auditor the property tax refund amount under section 290A.04, subdivision 2, for each parcel of homestead property as defined in section 290A.04, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund relating to taxes payable in the current year.

(b) The county auditor shall compute the refund for purposes of the proposed property tax notice for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that may qualify for a refund under section 290A.04, subdivision 2h, for taxes payable in the subsequent year.

(c) After certification of the levies by taxing districts under section 275.07, the county auditor shall compute the refund for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund under section 290A.04, subdivision 2h, for taxes payable in the current year.

(d) The county auditor shall separately certify the amounts in paragraphs (a) and (c) to the county treasurer who shall reflect the amounts as property tax deductions on the property tax statement under section 276.04 for taxes payable in the current year, provided that to receive the refunds, the property must be classified as homestead property under section 273.13 for taxes payable in the year the refund is payable.

(e) The county auditor shall annually separately certify the costs of the property tax refunds under section 290A.04, subdivisions 2 and 2h, to the department of revenue with the abstract of tax lists under section 275.29.

Sec. 8. Minnesota Statutes 1994, 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 the parcel identification number and a county identification number in the upper right corner of the statement. The statement must contain the qualifying tax amount to be used by the taxpayer in claiming a property tax refund under section 290A.04, subdivision 2, in the form and location determined by the commissioner of revenue. 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. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. 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 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);

(8) for eligible homestead properties, the property tax refunds under section 290A.04, subdivisions 2 and 2h, if any, shown separately as deductions on the statement; and

(9) the tax after deduction of the property tax refunds under clause (8).

(d) 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. 9. Minnesota Statutes 1994, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the later of May 20 of each year or 26 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

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

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date and all property tax refunds paid to the county treasurer under section 290A.07.

Sec. 10. Minnesota Statutes 1994, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within 14 business days after July 20, the county treasurer shall pay to each taxing district 100 percent of the estimated collections arising from taxes levied by and belonging to the taxing district from the settlement day determined in section 276.09 to July 25.

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~the settlement day determined in section 276.09~~ July 25 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~the settlement day determined in section 276.09~~ July 25 to November 20.

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

Sec. 11. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No property tax refund claim based on rent paid, or on property taxes payable in the case of a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

(f) Except as provided in paragraph (e), no property tax refund claim based on property taxes payable filed after the original due date for filing the claim may be paid. No extensions of time for filing may be granted.

Sec. 12. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead ~~before reductions made under section 273.13~~ but after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year other than property tax refunds determined under chapter 290A. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes ~~as defined in section 274.19, subdivision 8~~ assessed under section 273.125, subdivision 8, paragraph (c), "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year ~~in which the tax is payable~~ to which the "property taxes payable" used in computing the refund relate, and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before ~~December~~ August 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

No refunds under section 290A.04, subdivision 2 or 2h, may be deducted on the property tax statement unless the property is classified as homestead property for taxes payable in the year the property tax refund is paid.

Sec. 13. Minnesota Statutes 1994, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned 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 1995 and 1996, a claimant who is, a homeowner shall be allowed an additional refund equal to 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 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 \$1,000.

(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.

~~(e) 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, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed \$5,500,000, the commissioner shall 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. 14. Minnesota Statutes 1994, section 290A.07, is amended to read:

#### 290A.07 [TIME FOR AND MANNER OF PAYMENT.]

Subdivision 1. [GENERAL FUND.] Allowable claims filed pursuant to the provisions of this chapter and the refund under section 290A.04, subdivision 2h, shall be paid by the commissioner from the general fund as provided in this section.

Subd. 2a. [PAYMENT TO CLAIMANT.] A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Subd. 3. [PAYMENT TO COUNTY TREASURER AS DEDUCTION ON PROPERTY TAX STATEMENT.] ~~A claimant In the case of property not included in subdivision 2a shall receive full payment after September 15 and before September 30, payment of a refund under section 290A.04, subdivision 2, is made as a deduction on the property tax statement for the homestead for taxes payable the following year, and payment of a refund under section 290A.04, subdivision 2h, is made as a deduction on the property tax statement for the homestead for taxes payable in the current year.~~

Subd. 4. [PAYMENT TO COUNTY TREASURER.] Annually on or before July 20, the commissioner shall pay the amount of the property tax refunds under section 290A.04, subdivisions 2 and 2h, certified by the county auditor under section 276.012, paragraph (e), to the county treasurer for settlement and distribution under sections 276.09 to 276.111.

Sec. 15. Minnesota Statutes 1994, section 290A.15, is amended to read:

**290A.15 [CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.]**

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue. This section does not apply to (1) refunds under section 290A.04, subdivision 2, that have been certified by the commissioner of revenue to the county auditor under section 276.012, or (2) refunds under section 290A.04, subdivision 2h, determined by the county auditor under section 276.012.

Sec. 16. Minnesota Statutes 1994, section 290A.18, is amended to read:

**290A.18 [RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.]**

Subdivision 1. [CLAIM BY SURVIVING SPOUSE OR DEPENDENT.] Except as provided in subdivision 3, if a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Subd. 2. [CLAIMANT CANNOT BE LOCATED.] Except as provided in subdivision 3, if the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, or if a claimant to whom a warrant has been issued does not cash that warrant within two years from the date the warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Subd. 3. [RIGHT TO RECEIVE REFUND NOT PERSONAL TO CLAIMANT.] Property tax refunds under section 290A.04, subdivisions 2 and 2h, are paid as a deduction on the property tax statement of the property as provided in section 290A.07, subdivision 3. The right to receive the deduction is not personal to the claimant or to a surviving spouse or dependent of the claimant.

**Sec. 17. [290A.26] [APPROPRIATION; COUNTY COSTS.]**

\$2,650,000 is appropriated for fiscal year 1997, and \$2,370,000 is appropriated for fiscal year 1998, and each year thereafter, to the commissioner of revenue to pay counties for the costs of implementing and administering the property tax refunds for homeowners. The commissioner shall make the payments annually, on July 20 of each year. Each county auditor shall determine the county's costs and certify the costs to the commissioner at the time and in the manner directed by the commissioner. The commissioner shall review the costs, and may limit or correct them, return them to the county for changes, or request additional information or documentation. The commissioner shall apportion the available appropriation to each county in the same proportion that the county's expenses as finally determined by the commissioner are to the sum of all the counties' expenses.

**Sec. 18. [1996 LEVY; TRUTH IN TAXATION NOTICE.]**

For taxes payable in 1997 only, the notice of proposed property taxes under Minnesota Statutes, section 275.065, subdivision 3, shall state that beginning with property taxes payable in 1997, the homestead property tax refund calculated under Minnesota Statutes, section 290A.04, subdivision 2, and the special refund for property tax increases under Minnesota Statutes, section 290A.04, subdivision 2h, shall be paid as a deduction from the net tax on the property for all qualifying properties other than manufactured homes assessed under Minnesota Statutes, section 273.125, subdivision 8, paragraph (c). The notice shall clearly notify the taxpayer that these deductions are shown on the notice of proposed taxes for taxes payable in 1997, and that the actual tax for taxes payable in 1997 may be greater than the amount shown on the notice if the ownership or classification of the property changes before the refunds are paid. The commissioner of revenue shall prescribe the form and wording of the statement required in this section. The commissioner may prescribe that the statement be included with the notice of proposed property taxes as a separate addendum. At least five working days before distribution to the counties, the notice prescribed by the commissioner of revenue under this section must be submitted to the chairs of the senate committee on taxes and tax laws and the house tax committee for their advice and approval.



Sec. 19. [PROPERTY TAX REFUNDS FOR TAXES PAYABLE IN 1997; TRANSITION PROVISION.]

Notwithstanding the provisions of Minnesota Statutes, chapter 290A, or any other law to the contrary, the property tax refund amounts under Minnesota Statutes, section 290A.04, subdivisions 2 and 2h, relating to property taxes payable in 1996, as paid by the commissioner to the claimants under Minnesota Statutes, section 290A.07, subdivision 3, shall be the amounts certified on October 1, 1996, by the commissioner of revenue to the county auditors. The refund amounts under Minnesota Statutes, section 290A.04, subdivision 2, are the amounts that the county auditor shall show as a deduction on the property tax statement for taxes payable in 1997. The county auditor shall calculate the amounts of the refund under Minnesota Statutes, section 290A.04, subdivision 2h, for taxes payable in 1997, and show that amount as a deduction on the 1997 property tax statement.

Sec. 20. [APPROPRIATION.]

\$95,000 is appropriated for the fiscal year ending June 30, 1997, from the general fund in the state treasury to the commissioner of revenue for purposes of implementing and administering this article.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 16 are effective for property tax refunds payable as deductions on property tax statements in 1997 and thereafter.

## ARTICLE 6

### ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1994, section 116J.556, is amended to read:

116J.556 [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, ~~the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict.~~ the district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 2. [270.0683] [REPORT ON THE EFFECT OF TAX INCENTIVES UPON THE NUMBER OF JOBS.]

On a biennial basis, the commissioner of trade and economic development shall analyze the effect of all business related tax reductions or waivers on the aggregate number of jobs created and wages paid in those new jobs. The commissioner of trade and economic development shall present the results of the analysis to the legislature.

Sec. 3. [270.0684] [GOALS FOR NEW TAX EXPENDITURES.]

Each newly enacted business related tax expenditure shall include measurable goals for jobs

and wages and require a biennial review conducted by the commissioner of trade and economic development for continuation based upon meeting those goals. The commissioner of trade and economic development shall report the results of the review to the legislature.

Sec. 4. Minnesota Statutes 1994, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [EXEMPTION; ETHANOL PROJECTS.] (a) The provisions of this section do not apply to a tax increment financing district that satisfies all of the following requirements:

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of revenue to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

~~(6) (b) The exemption provided by this subdivision does not apply beginning for the first year after the total amount of increment for the district does not exceed \$1,000,000 exceeds \$1,500,000. The county auditor shall notify the commissioners of revenue and education of the expiration of the exemption by June 1 of the year in which the revenues from increments will exceed \$1,500,000 if all the levied taxes for that year are paid when due.~~

Sec. 5. Minnesota Statutes 1994, section 273.1399, is amended by adding a subdivision to read:

Subd. 7. [EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.] The provisions of this section do not apply to a tax increment financing district that satisfies all of the following requirements:

(1) the district is established to construct or expand an agricultural processing facility;

(2) the construction or expansion of the facility creates, or upon completion will create, a minimum of five permanent full-time jobs;

(3) the district is located outside of the seven-county metropolitan area, as defined in section 473.121;

(4) the tax increment financing plan was approved by a resolution of the county board;

(5) the total amount of increment for the district does not exceed \$1,500,000; and

(6) the commissioner of agriculture has certified to the county auditor that the requirements of this subdivision have been met.

For purposes of this section, "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, and including livestock products, poultry products, and wood products, but not the raising of livestock or poultry.

Sec. 6. Minnesota Statutes 1994, section 375.83, is amended to read:

375.83 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate ~~not more than \$50,000 annually~~ money out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the

~~county. The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of \$50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed \$300,000.~~

Sec. 7. Minnesota Statutes 1994, section 469.169, subdivision 9, is amended to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994 1995.

Sec. 8. Minnesota Statutes 1994, section 469.169, is amended by adding a subdivision to read:

Subd. 10. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7, 8, and 9, the commissioner may allocate \$1,500,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 269.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1996.

Sec. 9. [CITY OF SPRINGFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] The city of Springfield may establish a tax increment financing district for the purpose of expanding an agricultural production facility. The expansion of the facility must create or preserve a minimum of 25 jobs. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective upon compliance by the governing body of the city of Springfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. [CITY OF ST. LOUIS PARK; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of St. Louis Park.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of St. Louis Park 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.

**Sec. 11. [TAX INCREMENT FINANCING DISTRICT EXTENSION.]**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the St. Louis Park economic development authority may collect and expend tax increments from the Excelsior Boulevard Redevelopment Project and Oak Park Village tax increment financing districts (Hennepin county project numbers 1300 and 1301, respectively) located within the city of St. Louis Park, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires August 1, 2009.

**Sec. 12. [EXEMPTION FROM LGA/HACA OFFSET.]**

The hazardous substance subdistrict created in the Excelsior Boulevard tax increment financing district in the city of St. Louis Park is exempt from Minnesota Statutes, section 273.1399.

**Sec. 13. [CITY OF COLUMBIA HEIGHTS; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXEMPTION.] The Sheffield tax increment financing district, including area added to its geographic area pursuant to Minnesota Statutes, section 469.175, subdivision 4, is exempt from the provisions of Minnesota Statutes, section 273.1399, provided that at least five percent of the district costs are paid by the city from its general fund, a property tax levy, or other unrestricted money not including tax increments.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Columbia Heights and compliance with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 14. [CITY OF HASTINGS; DISTRICT EXTENSION.]**

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, the Housing and Redevelopment Authority may collect and expend tax increments from the downtown redevelopment tax increment financing district, located within the city of Hastings, after April 1, 2001, for eligible activities within the district. The authority under this section expires December 31, 2006.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hastings with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 15. [CITY OF HOPKINS; TAX INCREMENT DISTRICT.]**

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, tax increment collected by the housing and redevelopment authority in and for the city of Hopkins from tax increment financing district no. 1-1 may be expended by the authority or the city of Hopkins to pay or defease (1) bonds or obligations issued within two years after the effective date of this section, or (2) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded. Tax increment from district no. 1-1 will not be paid to the authority after August 1, 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 16. [COTTONWOOD COUNTY; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXCEPTIONS.] The southwest Minnesota multicounty housing redevelopment authority may establish an economic development tax increment financing district in Cottonwood county under Minnesota Statutes, sections 469.174 to 469.179, for an ethanol facility that is certified by the commissioner of revenue to qualify for state payments for ethanol development under Minnesota Statutes, section 41A.09, to the extent funds are available.

Subd. 2. [SPECIAL RULES.] (a) The district established under the authority of subdivision 1 is subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(b) Minnesota Statutes, section 273.1399, does not apply.

(c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, tax increments from the district may be paid to the authority for up to 18 years from the date of the receipt of the first increment.

(d) The adjustment to original net tax capacity under Minnesota Statutes, section 469.177, subdivision 1, paragraph (f), does not apply.

(e) The tax rate used to determine the amount of revenues from tax increments is the sum of the local tax rates for the taxes payable year, notwithstanding contrary provisions of Minnesota Statutes, section 469.177, subdivision 1a, limiting increments to the original tax capacity rate.

(f) The county board in which the district is located shall approve, by resolution:

(1) the tax increment financing plan;

(2) amendments to the tax increment financing plan that require notice and a public hearing under Minnesota Statutes, section 469.175, subdivision 4; and

(3) any modifications, whether an amendment to the tax increment financing plan or otherwise, that change the distribution to or sharing of the revenues derived from increments with the county and school district under Minnesota Statutes, section 469.176, subdivision 2, or otherwise.

If the county board declines to approve the plan, or an amendment or a modification required to be approved under this paragraph, the action is not effective.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the southwest Minnesota multicounty housing redevelopment authority with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 17. [SWIFT COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Swift county board may, by adopting a written enabling resolution, establish a 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 sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the 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, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102. 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 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 county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time, 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 governing body of the municipality in which the project is to be located or the Swift county board, if the project is outside municipal corporate limits, shall by majority vote approve the project as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Swift county board. Each director shall be appointed to serve for three years or until a successor is appointed and qualified. No director may serve more than two consecutive terms. The initial appointment of directors must be made so that no more than one-third of the directors' positions will require appointment in any one year due to fulfillment of their three-year appointment. The appointment of directors must be made to reflect representation of the entire county by population, appointing one director to represent each of the five county commissioner districts. The other two directors must be representatives of various county-based economic development organizations or be directors at-large. No more than two directors may reside in any one county commissioner district.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term in the manner in which the original appointment was made. A vacancy occurs if a director no longer resides in the county. 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 county for the reasons and in the manner provided under Minnesota Statutes, section 469.010, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

Subd. 5. [EFFECTIVE DATE.] This section is effective upon compliance by the Swift county board with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 18. [CITY OF MORRIS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), the economic development authority of the city of Morris may, within one year after the effective date of this section, enlarge the geographic area of tax increment financing district No. 5 to include a parcel identified as lot 2, block 2, Morris industrial park. 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 to the enlarged geographic area of the district;

(2) the duration limit for the district and enlarged area is December 31, 2010; and

(3) the buildings to be constructed in the enlarged geographic area of the district may, notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 4c, include space necessary for and related to the manufacturing facility located on parcels contiguous to the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Morris under Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 19. [CITY OF BROOTEN; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] A tax increment financing district created by the city of Brooten for the purpose of financing the construction of an agricultural processing facility as defined in article 2, section 25, is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Brooten with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 20. [CITY OF MANKATO; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Mankato may establish economic development tax increment financing districts that include all properties in the Eastwood Industrial Centre Industrial Park. The districts are established subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 2. [EXEMPTION.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing district No. 19-2, located in the city of Mankato.

Subd. 3. [ESTABLISHMENT.] The city of Mankato may establish a redevelopment tax increment district that includes all properties in the area between Poplar Street and River Front Drive South. The district is subject to Minnesota Statutes, sections 469.174 to 469.178, except that Minnesota Statutes, section 273.1399, does not apply to this district.

Subd. 4. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 21. [CITY OF GLENVILLE; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTIONS.] The city of Glenville may establish an economic development tax increment financing district for the purpose of establishing an industrial park, including acquiring land, construction of rail services, construction of roads, extension of utilities, and the construction of a sewer collection line to carry effluent from one or more locations in Glenville to the city of Albert Lea sewage treatment plant. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; and

(2) the city 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 the city of Albert Lea.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Glenville with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 22. [CITY OF ALBERT LEA TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [INDUSTRIAL PROJECT; EXCEPTIONS.] The city of Albert Lea may establish economic development tax increment financing district 5-6 for industrial and manufacturing projects. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; 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. [TAX INCREMENT FINANCING DISTRICTS; EXCEPTIONS.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing districts 5-3, 5-4, and 5-5, located in the city of Albert Lea.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Albert Lea with Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 23. [CITY OF OAKDALE; TAX INCREMENT DISTRICTS.]

Subdivision 1. [DURATION.] (a) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 1-2 may be collected and expended by the authority through December 31, 2011.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 9 may be collected and expended by the authority through December 31, 2004.

Subd. 2. [TAX INCREMENT DISTRICT 1-2; EXEMPTIONS AND HOUSING ACTIVITIES.] (a) Minnesota Statutes, section 273.1399, shall not apply to the city of Oakdale tax increment financing district number 1-2 during any calendar year after adoption of an amendment to the tax increment financing plan for the district, provided 15 percent of the tax increments from the district in each such calendar year is deposited in the housing development account for expenditure on housing activities pursuant to the plan as provided in paragraphs (b) and (c). The amendment must be adopted within one year of the effective date of this section.

(b) The authority must identify in the amendment to the plan the housing activities that will be assisted by the housing development account. Housing activities may include, but are not limited to, 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 income requirements of a qualified housing district under Minnesota Statutes, section 469.1761, subdivisions 2 and 3.

(c) Tax increments to be expended for housing activities under this subdivision 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. The expenditure of tax increments from the account for housing activities is exempt from the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, and shall be disregarded for purposes of satisfying the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 3. [TAX INCREMENT DISTRICT 6; MODIFICATIONS; SPECIAL RULES.] (a) Notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (b), the city of Oakdale may, within one year after the effective date of this section, enlarge the geographic area of city of Oakdale tax increment financing district number 6 to include the southwest one-quarter of the southwest one-quarter of section 29, tract 29, range 21, that is also known as parcel number 57029-2001.

(b) The parcels included in the enlarged area described in paragraph (a) are subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(c) Minnesota Statutes, section 273.1399, does not apply to the district.

(d) Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, do not apply to the district.

(e) The enlarged area shall be treated as part of a redevelopment district.

(f) The governing body of the city of Oakdale, in addition to the findings required by section 469.175, subdivision 3, shall also find:

(1) that the parcels included in the enlarged area have an estimated market value for the year in which the area is certified that is at least 40 percent less than the estimated market value of three years earlier; and

(2) that the enlarged area is occupied by buildings that are functionally obsolete and underutilized. "Underutilized," for purposes of this subdivision, means that less than 60 percent of the useable square footage of the existing buildings are not leased.

Subd. 4. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Oakdale with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. [CITY OF SAINT PAUL; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] Any tax increment financing districts located in the Phalen Corridor Project Area of the city of Saint Paul that are certified after the date of final enactment of this section are exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Saint Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [CITY OF LAKE CITY; TAX INCREMENT DISTRICT.]



Subdivision 1. [DURATION EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the duration of tax increment financing district number 3, located within the city of Lake City, may be extended to January 1, 2002, by resolution of the governing body of Lake City.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lake City with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 26. [CITY OF LAKEFIELD; TAX INCREMENT FINANCING DISTRICTS.]**

Subdivision 1. [REDEVELOPMENT DISTRICT.] (a) The governing body of the city of Lakefield may establish a tax increment financing district that is a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, for the purpose of developing the property previously used as the municipal hospital. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

(b) Notwithstanding Minnesota Statutes, section 469.177, subdivision 1, paragraph (d), for the district established under this subdivision, the original tax capacity of the previously tax exempt property comprising the municipal hospital equals the value of the land only, as determined by the assessor at the time of the transfer.

Subd. 2. [HOUSING DISTRICT.] The governing body of the city of Lakefield may also establish a tax increment financing district that is a housing district as defined in Minnesota Statutes, section 469.174, subdivision 11. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lakefield with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 27. [CITY OF CROOKSTON; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXCEPTION.] The provisions of Minnesota Statutes, section 273.1399, do not apply to an economic development tax increment financing district in the city of Crookston, if the city establishes the district by July 1, 1996, and the district is used solely to assist a manufacturer of passenger buses to locate a manufacturing facility in the city.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Crookston and compliance with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 28. [SWIFT COUNTY; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXCEPTION.] Swift county may establish a redevelopment tax increment financing district in Torming township to facilitate the location of a manufacturing facility in the district. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of Swift county with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 29. [CITY OF NORTHFIELD; TAX INCREMENT DISTRICT.]**

Subdivision 1. [EXEMPTIONS.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the duration of the tax increment districts within development district No. 2 and development district No. 3 are extended through December 31, 1999. Notwithstanding any limitation in law on use of increments, all additional tax increment generated by the extensions may be used by the Northfield city council to defray, whether directly or through the issuance of bonds or other obligations, the reasonable costs associated with making or financing building renovations and restorations, public improvements, or other property development and redevelopment activities for the benefit of the city's central business district.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Northfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 30. [NORTH ST. PAUL; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, the city of North St. Paul may elect to extend the duration of tax increment financing district No. 2-2. The city may extend the duration of the district No. 2-2 until the earlier of: (1) December 31, 2010; or (2) the date when it has collected total increments from the district equal to the city's cleanup and related expenditures for the district, less any reimbursement from private parties for these costs.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of North St. Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. [CITIES OF CRYSTAL, FRIDLEY, AND MINNEAPOLIS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.]

Subdivision 1. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity of the improvements to real property in a housing replacement district exceeds the original net tax capacity of improvements to property in the district, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity. No amount of net tax capacity attributable to land is included in captured net tax capacity.

Subd. 2. [ORIGINAL NET TAX CAPACITY.] "Original net tax capacity" means the tax capacity of all taxable real property within a housing replacement district as certified by the commissioner of revenue for the previous assessment year, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivisions 1 and 4. In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 3. [PARCEL.] "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 4. [AUTHORITY.] For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing development projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency.

Sec. 32. [ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.]

Subdivision 1. [CREATION OF PROJECTS.] (a) An authority may create a housing replacement project under sections 31 to 34, as provided in this section.

(b) For the cities of Crystal and Fridley, the authority may designate up to 50 parcels in the city to be included in a housing replacement district over the life of the district. No more than ten parcels may be included in the original district, with up to seven additional parcels added to the district in each of the following nine years. For the city of Minneapolis, the authority may designate up to 500 parcels in the city to be included in a housing replacement district over the life of the district.

(c) The city in which the authority is located must pay at least 25 percent of the project costs from its general fund, property tax levy, or other unrestricted money, not including tax increments.

(d) The project must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing"

means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

Subd. 2. [HOUSING REPLACEMENT DISTRICT PLAN.] To establish a housing replacement district under sections 31 to 34, an authority shall develop a housing replacement project plan which shall contain:

(1) a statement of the objectives and a description of the projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement project plan, demonstrating the coordination of that plan with the city's comprehensive plan;

(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the district is located in whole or in part. For purposes of one statement, the municipality shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the county shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district; and

(5) identification of all parcels to be included in the zone, to the extent known at the time the plan is prepared. At a minimum, the parcels that will be included in the district during its first year must be identified in the original plan. If parcels for subsequent years are not specifically identified, the plan must include the criteria that will be used by the authority to select parcels to be included in the later years.

Subd 3. [PROCEDURE.] The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the districts created under sections 31 to 34, except as follows:

(1) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required; and

(2) addition of parcels not identified in the original plan is not treated as a modification of a plan requiring an approval process provided that the parcels added are consistent with the criteria described in subdivision 2, clause (5).

### Sec. 33. [LIMITATIONS.]

Subdivision 1. [DURATION LIMITS.] No tax increment shall be paid to the authority on each parcel in a housing replacement district after 20 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. [LIMITATION ON USE OF TAX INCREMENTS.] All revenues derived from tax increments shall be used in accordance with the tax increment financing plan. The revenues shall be used solely to pay the costs of site acquisition, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the plan, as well as public improvements and administrative costs directly related to those parcels.

### Sec. 34. [APPLICATION OF OTHER LAWS.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] The provisions of Minnesota Statutes, section 469.177, apply to the computation of tax increment for the housing replacement districts created under sections 31 to 34.

Subd. 2. [OTHER PROVISIONS.] References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section 273.1399, shall include housing replacement districts and tax increments subject to sections 31 to 34, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 31 to 34.

**Sec. 35. [CITY OF FAIRMONT; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXEMPTION.] The provisions of Minnesota Statutes, section 273.1399, does not apply to the economic development tax increment financing district in the city of Fairmont designated "Weigh-tronix."

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Fairmont with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 36. [CITY OF BAYPORT; TAX INCREMENT FINANCING DISTRICT.]**

Subdivision 1. [EXEMPTION.] The economic tax increment financing district for the city of Bayport designated as economic development district No. 2 is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Bayport with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 37. [CITY OF ROSEVILLE; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]**

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of Roseville.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of Roseville 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.

**Sec. 38. [ROSEVILLE; EXEMPTION FROM LGA/HACA OFFSET.]**

The hazardous substance subdistrict (No. 11A) created in tax increment financing district No. 11 in the city of Roseville is exempt from Minnesota Statutes, section 273.1399.

**Sec. 39. [ROSEVILLE; COMPUTATION OF TAX INCREMENT.]**

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Roseville may change its election of a method for computing tax increment for the tax increment financing district number 11 certified on March 26, 1990, and known as the Twin Lakes redevelopment district and for Roseville hazardous substance district number 11A. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a).

**Sec. 40. [ROSEVILLE; ORIGINAL LOCAL TAX RATE.]**

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a, the

original local tax rate for Roseville hazardous substance subdistrict number 11A shall be the sum of all the local tax rates that apply to the property in the subdistrict at the time the subdistrict is certified by the county auditor. The resulting tax capacity rate is the original local tax rate for the life of the subdistrict. The original local tax rate shall revert to the original local tax rate of the overlying tax increment district number 11 once the subdistrict is decertified.

**Sec. 41. [FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY; EXEMPTIONS FROM TAX INCREMENT FINANCING RESTRICTIONS.]**

Subdivision 1. [AUTHORIZATION.] The Faribault economic development authority may create an economic development tax increment financing district as provided in this section.

Subd. 2. [SPECIAL RULES.] (a) The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(b) Minnesota Statutes, section 273.1399 does not apply.

(c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, tax increments from the district may be paid to the authority for up to 15 years from the date of the receipt of the first increment from the district.

(d) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4, the Faribault economic development authority may agree to pay revenues derived from the tax increments from the district for any costs provided in the tax increment plan for the district, including assistance to companies locating or expanding within the boundaries of the district for any costs related to the companies' operations, including the costs of acquiring, constructing, and equipping a new or expanded facility and financing costs and interest expenses associated with the location or expansion of the companies' operations within the district, as reasonably determined by the authority.

Revenues derived from tax increments from the district may also be used to provide improvements, loans, or interest rate subsidies, for a project which is established by a Faribault regional treatment center employee, or which gives hiring preference to displaced regional treatment center employees. No revenues may be used to subsidize the operating cost of any such enterprise.

(e) The limitations on expenditures of revenue outside districts under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, do not apply to this district or to tax increment district No. 3 Central.

Subd. 3. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Faribault with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 42. [REPEALER.]**

Minnesota Statutes 1994, sections 273.1399; and 469.175, subdivision 7a, are repealed.

**Sec. 43. [EFFECTIVE DATE.]**

Sections 1 and 42 are effective for districts for which certification is requested after April 30, 1990.

Sections 2 and 3 apply to state grants, state loans, and tax increment financing authorized on or after August 1, 1995.

Section 4 is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made.

Section 5 is effective for taxes payable in 1996, and thereafter, and applies to districts for which certification is requested after the date of final enactment.

Section 7 is effective January 1, 1995.

Sections 10 to 12 are effective the day following final enactment, after the governing body of the city of St. Louis Park complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 31 to 34 are effective, for the city of Crystal, upon compliance by the Crystal city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Fridley, upon compliance by the Fridley city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Minneapolis, upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Sections 37 to 40 are effective the day following final enactment, after the governing body of the city of Roseville complies with Minnesota Statutes, section 645.021, subdivision 3.

## ARTICLE 7

### TACONITE TAX

Section 1. Minnesota Statutes 1994, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore ~~or~~, taconite concentrates ~~or direct reduced ore~~ in this state shall pay an occupation tax to the state of Minnesota. The tax is ~~determined~~ in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

Sec. 2. Minnesota Statutes 1994, 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 and direct reduced ore 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 1994, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992, 1993, ~~and~~ 1994, and 1995 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 1995 ~~1996~~ 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) (1) Notwithstanding any other provision of this subdivision, for concentrates produced in 1994 through 1999 the first five years of a plant's production of direct reduced ore, 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.

(2) Production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 4. Minnesota Statutes 1994, section 298.25, is amended to read:

298.25 [TAXES ADDITIONAL TO OTHER TAXES.]

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite ~~and~~, iron sulphides, ~~and direct reduced ore~~ or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate or direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite ~~or the~~, concentrates or direct reduced ore produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying, or production of taconite ~~and~~, taconite concentrates or direct reduced ore within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or direct reduced ore or the transportation or loading of taconite ~~or~~, the concentrates thereof or direct reduced ore, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation, or concentration of such taconite ~~or~~, concentrates or direct reduced ore produced therefrom, shall be considered as used for

such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 5. Minnesota Statutes 1994, 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, and 1995, and 11.3 cents per ton for distributions in 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 5/16 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. 6. Minnesota Statutes 1994, section 298.296, subdivision 4, is amended 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 1997.

Sec. 7. [EFFECTIVE DATE.]

This article is effective for production years beginning after December 31, 1994.

## ARTICLE 8

### JUDGMENT BONDS

Section 1. [16A.67] [JUDGMENT BONDS.]

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and interest accrued thereon to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Subd. 2. [SECURITY; BONDS NOT PUBLIC DEBT.] The bonds and the interest thereon shall be payable solely from and secured by the revenues appropriated to the debt service fund established for this purpose in subdivision 3 and investment income thereon, and any bond reserve established for the bonds. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest thereon shall not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.



Subd. 3. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special debt service fund. There shall be credited to the fund net proceeds of the lottery in accordance with section 349A.10, subdivision 5, money received for payment or reimbursement of health care costs in accordance with section 246.18, subdivision 7, and investment income thereon. Money appropriated to the fund and investment income thereon on hand or required to be credited to the fund shall be used and are irrevocably appropriated for the payment of the principal of and interest on the bonds when due.

Subd. 4. [COVENANTS; AGREEMENTS.] The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 3 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants may include covenants to continue to operate the state lottery and to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds.

Subd. 5. [LIMITATION ON USE OF GENERAL FUND.] The amount of the refund, including accrued interest, to be paid on the judgment in fiscal year 1996 from the general fund not including the proceeds of these bonds shall not exceed \$66,000,000.

Sec. 2. Minnesota Statutes 1994, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN THE GENERAL FUND.] Except as provided in subdivisions 2 and 5, 6, and 7, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the general fund. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 3. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 6. [COLLECTIONS DEDICATED.] Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:

(1) community-based residential and day training and habilitation services for mentally retarded persons;

(2) community health clinic services;

(3) accredited hospital outpatient department services;

(4) certified rehabilitation agency and rehabilitation hospital services; or

(5) community-based transitional support services for adults with serious and persistent mental illness.

This money must be deposited in the state treasury in a revolving account and money in the revolving account is appropriated to the commissioner to operate the services authorized. Any unexpended balances do not cancel but are available until spent.

Sec. 4. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 7. [USE OF CERTAIN REIMBURSEMENT FUNDS.] Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, during any period in which bonds are issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section

246.50, subdivision 3, must be credited to a separate and special fund in the state treasury. Money credited to the special fund must be credited to the debt service fund established in section 16A.67 at the times and in the amounts determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or after the tenth day of each month, any money in the special fund not required to be credited to the debt service fund must be credited to the general fund.

Sec. 5. Minnesota Statutes 1994, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, (1) 40 percent must be credited to the Minnesota environment and natural resources trust fund, (2) an amount determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67 must be credited to the debt service fund established in section 16A.67, and (3) the remainder must be credited to the general fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

#### ARTICLE 9

#### BUDGET RESERVE

Section 1. Minnesota Statutes 1994, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] (a) A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on ~~June 30, 1993~~ July 1, 1995, to ~~\$360,000,000~~ \$350,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under subdivision 2.

#### ARTICLE 10

#### MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 60A.15, subdivision 1, is amended to read:

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

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

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

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

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

(d) (c) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is \$500 or less.

(e) (d) For health maintenance organizations, nonprofit health services plan corporations, integrated service networks, and community integrated service networks, the installments must be based on an amount equal to one percent of premiums described in paragraph (e) (b) that are paid after December 31, 1995.

(e) For insurance other than fire, lightning, sprinkler leakage and extended coverage insurance and automobile insurance written by town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets on December 31, 1989, exceeded \$1,600,000,000, the installments must be based on an amount equal to one-half of one percent of the percentages of the premiums described in paragraph (b).

(f) Premiums under medical assistance, the MinnesotaCare program, and the Minnesota comprehensive health insurance plan are not subject to tax under this section.

Sec. 2. Minnesota Statutes 1994, section 69.021, subdivision 2, is amended to read:

Subd. 2. [REPORT OF PREMIUMS.] Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f), ~~except that domestic mutual insurance companies must not file a report.~~

Sec. 3. Minnesota Statutes 1994, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO DEBTOR.] Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. If the debt, other than a debt based on child support under section 518.17 or medical support under section 518.171, is not satisfied by the debtor or decertified by the claimant agency, the claimant agency shall provide written notification to the debtor on an annual basis. If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the current address of the debtor from the commissioner and resend the corrected notice.

Sec. 4. [410.325] [TAX ANTICIPATION CERTIFICATES.]

Notwithstanding a contrary provision of other law or charter, a home rule charter city may issue tax anticipation certificates in the manner and subject to the limitations applicable to statutory cities under section 412.261. The certificates may also be issued in anticipation of federal and state aids, but the total amount of certificates issued against any fund for any year with interest on them must not exceed any limits in the charter relating to the total of the anticipated tax levy and the anticipated state aids for any fund not yet collected or received.

Sec. 5. Minnesota Statutes 1994, 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, a local unit of government acting in conjunction with 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. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. 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 may not exceed \$50,000.

Sec. 6. Minnesota Statutes 1994, 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 application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. 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 may not exceed \$50,000.

Sec. 7. Minnesota Statutes 1994, section 465.801, is amended to read:

## 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. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. 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. 8. Minnesota Statutes 1994, section 465.81, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial ~~two-year~~ cooperation period that may not exceed two years and then to merge into a single unit of government over the succeeding two-year period.

Sec. 9. Minnesota Statutes 1994, section 465.82, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] The plan shall must state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, ~~beginning in the third year of the process~~, with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created. ~~Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached;~~

(4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;

(7) ~~two-, five-, and ten-year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate; one- and two-year impact analysis, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate. This would also include an impact analysis, prepared by the department of revenue, of property tax revenue implications, if any, associated with tax increment financing districts and fiscal disparities resulting from the merger;~~

(8) procedures for a referendum to be held ~~prior to the year of~~ before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and

(9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local governmental units that propose to combine under sections 465.81 to

465.87 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

Sec. 10. Minnesota Statutes 1994, section 465.84, is amended to read:

**465.84 [REFERENDUM.]**

During the first or second year of cooperation, and after approval of the plan by the ~~department board~~ under section 465.83, a referendum on the question of combination ~~shall~~ must be conducted. The referendum ~~shall~~ must be on a date called by the governing bodies of the units that propose to combine. The referendum ~~shall~~ must be conducted according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

Sec. 11. Minnesota Statutes 1994, section 465.85, is amended to read:

**465.85 [COUNTY AUDITOR TO PREPARE PLAT.]**

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request ~~shall~~ must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

- (1) the boundaries of each of the present units;
- (2) the boundaries of the proposed unit;
- (3) the boundaries of proposed election districts, if requested; and
- (4) other information deemed pertinent by the governing bodies or the county auditor.

Sec. 12. Minnesota Statutes 1994, section 465.87, is amended to read:

**465.87 [AIDS TO COOPERATING AND COMBINING UNITS.]**

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if the board has approved its plan to cooperate and combine under section 465.83.

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if it has combined with another unit of government in accordance with any process within chapter 414 that results in the elimination of at least one local government unit and a copy of the municipal board's order combining the two units of government is forwarded to the board. If two units of government cooperate in the orderly annexation of the entire area of a third unit of government that has a population of at least 8,000, the two units of government are each eligible for the amount of aid specified in subdivision 2.

Subd. 1b. [APPLICATION PROCEDURES.] A local government unit covered by subdivision 1 may submit an application to the board along with the final plan for cooperation and combination required by section 465.83. A local government unit covered by subdivision 1a may submit an application to the board after the issuance of the municipal board's order combining the two units of government. The application must be on a form prescribed by the board and must specify the total amount of aid requested up to the maximum authorized by subdivision 2. The application must also include a detailed explanation of the need for the aid and provide a budget indicating how the requested aid would be used.

Subd. 1c. [AID AWARD.] The board may grant or deny an application for aid made by a local government under subdivision 1b. The board may also grant aid to an applicant in an amount that is less than the amount requested by the applicant. The board shall base its decision on the following criteria:

- (1) whether the local government unit has adequately demonstrated that the requested aid is essential to accomplishing the proposed combination;

(2) whether the activities to be funded by the requested aid are directly related to the combination;

(3) whether other sources of funding for the activities identified in the application, including short-term cost savings, are available to the applicant as a direct result of the combination; and

(4) whether there are competing needs for the funding available to the board that would provide a greater public benefit than would be realized by the combination or activities described in the application.

The board may award money to an applicant for a period not to exceed four years. Any funding awarded for a period beyond the biennium in which an award is made, however, is contingent on future appropriations to the board.

Subd. 2. [AMOUNT OF AID.] The annual amount of aid to be paid to each eligible local government unit ~~is equal to~~ may not exceed the following per capita amounts, based on the combined population of the units, ~~not to exceed \$100,000 per year for any unit as estimated by the state demographer, or \$100,000, whichever is less.~~

Combined Population after Combination	Aid Per Capita
0 - 2,500	\$25
2,500 - 5,000	20
5,000 - 20,000	15
over 20,000	10

Payments ~~shall~~ must be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which a combination in any form is expected to be ordered by the municipal board as evidenced in resolutions adopted by July 1 by the affected local government units declaring their intent to combine, or during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment ~~shall~~ must be made in the following calendar year. Payments to a local government unit that qualifies for aid pursuant to subdivision 1a must be made on the dates provided for payments of local government aids under section 477A.013, beginning in the calendar year during which a combination in any form is expected to be ordered by the Minnesota municipal board as evidenced in a resolution adopted by July 1 by the affected local government units declaring their intent to combine. The resolutions must certify that the combination agreement addressing all issues relative to the combination is substantially complete. The total amount of aid paid may not exceed the amount appropriated to the board for purposes of this section.

Subd. 3. [TERMINATION OF AID; RECAPTURE.] If a second referendum under section 465.84 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no additional aid ~~will~~ may be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under ~~subdivision~~ subdivisions 1c and 2, divided by the number of years when payments were made.

#### Sec. 13. [465.88] [CONSOLIDATION STUDY GRANTS.]

A local unit of government with a population no greater than 2,500 involved in a consolidation proceeding initiated by the municipal board on its own motion under section 414.041, subdivision 1, may apply to the board for a grant under this section. The grant may not exceed \$20,000. A grant under this section must be used to cover costs associated with the consolidation proceeding.

#### Sec. 14. [APPROPRIATION.]

\$2,000,000 is appropriated from the general fund to the board of government innovation and cooperation, \$1,000,000 to be available for the fiscal year ending June 30, 1996, and \$1,000,000 to be available for the fiscal year ending June 30, 1997. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 and 2 are effective retroactively to January 1, 1995.

Section 4 is effective the day following final enactment.

#### ARTICLE 11

#### DEPARTMENT INCOME BUSINESS TAXES

Section 1. Minnesota Statutes 1994, section 289A.18, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING RETURNS, ENTERTAINER WITHHOLDING RETURNS, RETURNS FOR WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING RETURNS FROM PARTNERSHIPS AND S CORPORATIONS.] Withholding returns are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the ~~return~~ returns for the first, second, and third quarters may be filed on or before the tenth day of the second calendar month following the period and the return for the fourth quarter may be filed on or before the 28th day of the second calendar month following the period. An employer, in preparing a quarterly return, may take credit for monthly deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by S corporations are due on or before the due date specified for filing corporate franchise tax returns.

Sec. 2. Minnesota Statutes 1994, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b) An employer who, during the previous quarter, withheld more than ~~\$500~~ \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.



(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~\$120,000~~ \$50,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

(f) Providers of payroll services who remit withholding deposits on behalf of 50 or more employers, or on behalf of any employer with aggregate amounts over the threshold in paragraph (e), must remit all deposits by means of a funds transfer as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

Sec. 3. Minnesota Statutes 1994, section 289A.38, subdivision 7, is amended to read:

Subd. 7. [FEDERAL TAX CHANGES.] If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, or credits, or, in the case of estate tax, where there are adjustments to the taxable estate resulting in a change to the credit for state death taxes, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner, ~~in the form required by the commissioner.~~ The report must be submitted within ~~90~~ 180 days after the final determination and must ~~concede the accuracy of the determination or state how it is wrong~~ be in the form of either an amended Minnesota return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within ~~90~~ 180 days after filing the amended return.

Sec. 4. Minnesota Statutes 1994, section 289A.55, subdivision 7, is amended to read:

Subd. 7. [INSTALLMENT PAYMENTS; ESTATE TAX.] Interest must be paid on unpaid installment payments of the tax authorized under section 289A.30, subdivision 2, beginning on the date the tax was due without regard to extensions allowed or extensions elected, at the rate of interest in effect under given in section 270.75, ~~nine months following the date of death.~~

Sec. 5. Minnesota Statutes 1994, section 289A.60, is amended by adding a subdivision to read:

Subd. 24. [PENALTY FOR FAILURE TO NOTIFY OF FEDERAL CHANGE.] If a person fails to report to the commissioner a change or correction of the person's federal return in the manner and time prescribed in section 289A.38, subdivision 7, there must be added to the tax an amount equal to ten percent of the amount of any underpayment of Minnesota tax attributable to the federal change.

Sec. 6. Minnesota Statutes 1994, section 290.01, subdivision 7b, is amended to read:

Subd. 7b. [RESIDENT TRUST.] Resident trust means a trust, except a grantor type trust, ~~which is administered in this state~~ either (1) was created by a will of a decedent who at his or her death was domiciled in this state or (2) is an irrevocable trust, the grantor of which was domiciled in this state at the time the trust became irrevocable. For the purpose of this subdivision, a trust is considered irrevocable to the extent the grantor is not treated as the owner thereof under sections 671 to 678 of the Internal Revenue Code. The term "grantor type trust" means a trust where the income or gains of the trust are taxable to the grantor or others treated as substantial owners under sections 671 to 678 of the Internal Revenue Code.

Sec. 7. Minnesota Statutes 1994, section 290.015, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases

real property located in this state or tangible personal property located in this state as defined in section 290.191, subdivision 6, paragraph (e), is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

(1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;

(2) sales of services which are performed from outside this state but the ~~benefits of which~~ services are consumed received in this state;

(3) transactions with customers in this state that involve intangible property and result in income flowing to the person from within this state as provided in section 290.191;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 6, paragraph (e);

(5) sales and leases of real property located in this state; and

(6) if a financial institution, deposits received from customers in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraph, telephone, computer database, cable, optic, microwave, or other communication system.

Sec. 8. Minnesota Statutes, 1994, section 290.067, subdivision 1, as amended by Laws 1995, chapter 1, section 4, 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 do not apply.

(b) If a child who ~~is six years of age or less~~ has not attained the age of six years 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~~ has not attained the age of six years 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 who has not attained the age of one year 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. 9. Minnesota Statutes 1994, section 290.191, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Except as otherwise provided in section 290.17, subdivision 5, the net income from a trade or business carried on partly within and partly without this state must be apportioned to this state as provided in this section.

(b) For purposes of this section, "state" means a state of the United States, the District of Columbia, the commonwealth of Puerto Rico, or any territory or possession of the United States or any foreign country.

Sec. 10. Minnesota Statutes 1994, section 290.191, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF SALES FACTOR.] For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased;

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock; and

(6) royalties, fees, or other like income of a type which qualify for a subtraction from federal taxable income under section 290.01, subdivision 19(d)(11).

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment is located in this state if:

(1) the operation of the property is entirely within this state; or

(2) the operation of the property is in two or more states and the principal base of operations from which the property is sent out is in this state.

(h) Royalties and other income not described in paragraph (a), clause (6), received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state in which the benefits of where the services are consumed received. ~~If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are~~

~~consumed in this state is not readily determinable, the benefits of the~~ For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be ~~consumed~~ received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the ~~benefits of the services shall be deemed to be consumed~~ received at the office of the customer to which the services are billed.

Sec. 11. Minnesota Statutes 1994, section 290.191, subdivision 6, is amended to read:

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.]

(a) For purposes of this section, the rules in this subdivision and ~~subdivisions 7 and subdivision 8~~ apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock, bonds, and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

- (1) the operation of the property is entirely within the state; or
- (2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan

is a loan transaction involving multiple financial institutions in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed received. ~~If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state.~~ For the purposes of this section, services provided to a corporation, partnership, or trust must be attributed to a state where it has a fixed place of doing business. ~~If the extent to which the benefits of state where the services are consumed in this state received is not readily determinable or is a state where the corporation, partnership, or trust does not have a fixed place of doing business, the benefits of the services shall be deemed to be consumed received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed received at the office of the customer to which the services are billed.~~

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities and from money market instruments must be apportioned to this state based on the ratio that total deposits from this state, its residents, including any business with an office or other place of business in this state, its political subdivisions, agencies, and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies, and instrumentalities. In the case of an unregulated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income, excluding such receipts, earned from sources within this state bears to gross business income, excluding such receipts, earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities must be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(o) A financial institution's interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included in paragraph (n).

Sec. 12. Minnesota Statutes 1994, section 290.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (1) [WAGES.] For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code, ~~except wages shall not include agricultural labor as defined in section 3121(g) of the Internal Revenue Code.~~

(2) [PAYROLL PERIOD.] For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) [EMPLOYEE.] For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the

state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) [EMPLOYER.] For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have legal control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having legal control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have legal control, either individually or jointly with another or others, of the payment of the wages.

(5) [NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.] For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

Sec. 13. Minnesota Statutes 1994, section 290.9201, subdivision 3, is amended to read:

Subd. 3. [CREDIT AGAINST TAX.] Each calendar year an entertainment entity may take a nonrefundable credit of ~~\$100~~ \$120 against the tax imposed by this section.

Sec. 14. [OMISSIONS FROM INHERITANCE OR ESTATE TAX RETURN.]

Effective for decedents dying before August 1, 1990, the provisions of Minnesota Statutes, section 289A.38, subdivision 6, apply to assets omitted from an inheritance tax return or estate tax return rather than the provisions of Minnesota Statutes 1988, section 291.11, subdivision 1, clause (2)(c).

Sec. 15. [EFFECTIVE DATE.]

Section 1 is effective for returns due after December 31, 1995. Section 2 as it relates to quarterly withholding deposits is effective for withholding done after December 31, 1995, and the remainder of section 2 is effective for payments due after December 31, 1995. Sections 3 and 5 are effective for federal determinations after December 31, 1995. Section 4 is effective for estates of decedents dying after the date of final enactment. Section 6 is effective for deaths after December 31, 1995, and trusts that become irrevocable after December 31, 1995. Sections 7 to 11 are effective for tax years beginning after December 31, 1995. Section 12 is effective for wages paid after December 31, 1995. Section 13 is effective for tax years beginning after December 31, 1994.

## ARTICLE 12

### DEPARTMENT PROPERTY TAX AND PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1994, section 168.012, subdivision 9, is amended to read:

Subd. 9. [MANUFACTURED HOMES.] Manufactured homes shall not be taxed as motor vehicles using the public streets and highways and shall be exempt from the motor vehicle tax provisions of this chapter. Except as provided in section 273.125, manufactured homes shall be taxed as personal property. The provisions of Minnesota Statutes 1957, section 272.02 or any other act providing for tax exemption shall be inapplicable to manufactured homes, except such manufactured homes as are held by a licensed dealer and exempted as inventory. Travel trailers not conspicuously displaying current registration plates on the property tax assessment date shall be taxed as manufactured homes if occupied as human dwelling places. ~~Park trailers not used on the highway during any calendar year~~ must be taxed as manufactured homes if occupied as human dwelling places, and in addition, park trailers used on the highway during any calendar year must be taxed under section 168.013, subdivision 1j.

Sec. 2. Minnesota Statutes 1994, 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. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

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, 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, 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 must not 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.

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 qualifying 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. 3. Minnesota Statutes 1994, section 273.124, subdivision 3, is amended to read:

Subd. 3. [COOPERATIVES AND CHARITABLE CORPORATIONS.] When one or more dwellings, or one or more buildings which each contain several dwelling units, are owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in case of a building containing several dwelling units, for the dwelling or for the part of the value of the building occupied by a shareholder. Each dwelling or unit must be designated by legal description or number, and the net tax capacity of each dwelling that qualifies for assessment under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net tax capacity of the building or buildings containing several dwelling units is the sum of the net tax capacities of each of the respective units comprising the building. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment with respect to member residents of the dwelling units who have purchased and hold residential participation warrants entitling them to occupy the units.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Sec. 4. Minnesota Statutes 1994, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to

the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Sec. 5. Minnesota Statutes 1994, section 273.124, subdivision 11, is amended to read:

Subd. 11. [LIMITATION ON HOMESTEAD CLASSIFICATION.] If the assessor has classified a property as both homestead and nonhomestead, the greater of the value attributable to the portion of the property classified as class 1 or class 2a or the value of the first tier of net class rates provided under section 273.13, subdivision 22, or 23, paragraph (a), is entitled to assessment as a homestead under section 273.13, subdivision 22 or 23. The limitation in this subdivision does not apply to buildings containing fewer than four residential units or to a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and nonhomestead, ~~the homestead credit provided in section 273.13, subdivisions 22 and 23, and the reductions in tax provided under sections 273.135 and 273.1391~~ apply to the value of both the homestead and the nonhomestead portions of the property.

Sec. 6. Minnesota Statutes 1994, 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 deed of record, 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, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(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, or transferred if no certificate of real estate value is filed under section 272.115, 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~~ persons who owned the affected property at the time the application related to the improperly allowed homestead was submitted, 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~~ serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. 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. ~~In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection~~ treasurer. The treasurer shall assess interest to the total of the homestead benefits and penalty according to the provisions of section 277.17, and shall have the powers enumerated in sections 277.20 and 277.21 to enforce payment of the benefits, penalty, interest, and costs as a delinquent personal property tax obligation of the owner of the affected property at the time the application related to the improperly allowed homestead was submitted.

(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. 7. Minnesota Statutes 1994, section 274.14, is amended to read:

274.14 [LENGTH OF SESSION; RECORD.]

The county board of equalization or the special board of equalization appointed by it shall meet during the last two weeks in June that contain the last ten meeting days, in June. For this purpose, "meeting days" are defined as any day of the week excluding Saturday and Sunday. The board may meet on any ten consecutive meeting days in June, after the second Friday in June, if the actual meeting dates are contained on the valuation notices mailed to each property owner in the county under section 273.121. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

Sec. 8. Minnesota Statutes 1994, section 275.07, subdivision 1, is amended to read:

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

Sec. 9. Minnesota Statutes 1994, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3, by an individual local government unit, except for any amounts certified under sections 124A.03, subdivision 2a, and 275.61, shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's tax for that local government unit before reduction by any credits.

Any amount certified to the county auditor under section 124A.03, subdivision 2a, or 275.61, after the dates given in those sections, shall be divided by the total estimated market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's estimated market value shall be each property's new referendum tax before reduction by any credits.

Sec. 10. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner ~~or managing agent~~ who knowingly without reasonable cause fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No claim is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

Sec. 11. Minnesota Statutes 1994, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 12. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made under section 273.13 but after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 274.19, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 13. Minnesota Statutes 1994, section 290A.04, subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in subdivision 2, except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner of revenue.

The commissioner shall include on the form an appropriate space or method for the claimant to identify if the property taxes paid are for a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9.

Sec. 14. Minnesota Statutes 1994, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Sec. 15. Minnesota Statutes 1994, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December 26 annually.

~~The commissioner may pay all or part of the payment due on December 26 at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.~~

Sec. 16. [EFFECTIVE DATE.]

Sections 1 and 7 are effective for taxes payable in 1997 and thereafter. Sections 3 to 6 are effective January 1, 1996, and thereafter. Section 10 is effective for certificates of rent paid required after the date of final enactment. Sections 11 to 14 are effective for refunds based on property taxes paid in 1997 and thereafter, and for rent paid in 1996 and thereafter. Section 15 is effective July 1, 1996, and thereafter.

## ARTICLE 13

### DEPARTMENT SALES AND SPECIAL TAXES

Section 1. Minnesota Statutes 1994, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which such unstamped packages as defined in item (i) are found, including all contents contained within the devices.

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.



(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

(6) All packages obtained in violation of section 297.11, subdivision 6.

(7) All packages offered for sale or held as inventory in violation of section 297.11, subdivision 7.

Sec. 2. Minnesota Statutes 1994, section 297.08, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within two days after the seizure of any alleged contraband, the person making the seizure shall deliver an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an ownership or security interest in the property may file with the commissioner a demand for a judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 30 days, shall institute an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The only issue to be decided by the court is whether the alleged contraband is contraband, as defined in subdivision 1. The action shall be brought in the name of the state and shall be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved. Whenever a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either (1) deliver the forfeited property to the commissioner of human services for use by patients in state institutions; (2) cause it to be destroyed; or (3) cause it to be sold at public auction as provided by law. If a demand for judicial determination is made and no action is commenced as provided in this subdivision, the property shall be released by the commissioner and redelivered to the person entitled to it. If no demand is made, the property seized shall be deemed forfeited to the state by operation of law and may be disposed of by the commissioner as provided where there has been a judgment of forfeiture. ~~Whenever the commissioner is satisfied that any person from whom property is seized under sections 297.01 to 297.13 was acting in good faith and without intent to evade the tax imposed by sections 297.01 to 297.13, the commissioner shall release the property seized, without further legal proceedings.~~

Sec. 3. Minnesota Statutes 1994, section 297C.02, subdivision 2, is amended to read:

Subd. 2. [FERMENTED MALT BEVERAGES.] There is imposed on ~~the direct or indirect sale of fermented malt beverages~~ all fermented malt beverages that are imported, directly or indirectly sold, or possessed in this state the following excise tax:

(1) on fermented malt beverages containing not more than 3.2 percent alcohol by weight, \$2.40 per barrel of 31 gallons;

(2) on fermented malt beverages containing more than 3.2 percent alcohol by weight, \$4.60 per barrel of 31 gallons.

The tax is at a proportional rate for fractions of a barrel of 31 gallons.

Sec. 4. Minnesota Statutes 1994, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

- (2) Sales of wine for sacramental purposes under section 340A.316.
- (3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.
- (4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.
- (5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.
- (6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.
- (7) Alcoholic beverages sold or transferred between Minnesota wholesalers.
- (8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.
- (9) Shipments of wine to Minnesota residents under section 340A.417.
- (10) One liter of intoxicating liquor or 288 ounces of malt liquor per calendar month imported or possessed by a person entering Minnesota from another state, provided the alcoholic beverages accompany the person into this state and will not be offered for sale or used for any commercial purpose.
- (11) Four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor per calendar month imported or possessed by a person entering Minnesota from a foreign country, provided the alcoholic beverages accompany the person into this state and will not be offered for sale or used for any commercial purpose.
- (12) The alcoholic beverage contained in 12 or fewer commemorative bottles per calendar month imported into this state.

Sec. 5. [REPEALER.]

Minnesota Statutes 1994, section 297A.212, is repealed.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5, are effective the day following final enactment.

ARTICLE 14

DEPARTMENT COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1994, section 60A.15, subdivision 12, is amended to read:

Subd. 12. [OVERPAYMENTS, CLAIMS FOR REFUND.] (1) [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company who has paid, voluntarily or otherwise, or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 11, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company~~ the period prescribed in section 289A.40, subdivision 1. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim, the commissioner shall examine it, shall make and file written findings denying or allowing the claim in whole or in part, and shall mail a notice thereof to the company at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue a certificate for the refundment of the excess paid by the company, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax

until the date the refund is paid or the credit is made to the company. The commissioner of finance shall pay the refund out of the proceeds of the taxes imposed by this section, as other state moneys are expended. As much of the proceeds of the taxes as necessary are appropriated for that purpose.

(2) [DENIAL OF CLAIM, COURT PROCEEDINGS.] If the claim is denied in whole or in part, the commissioner shall mail an order of denial to the company in the manner prescribed in subdivision 8. An appeal from this order may be taken to the Minnesota tax court in the manner prescribed in section 271.06, or the company may commence an action against the commissioner to recover the denied overpayment. The action may be brought in the district court of the district in the county of its principal place of business, or in the district court for Ramsey county. The action in the district court must be commenced within 18 months following the mailing of the order of denial to the company. If a claim for refund is filed by a company and no order of denial is issued within six months of the filing, the company may commence an action in the district court as in the case of a denial, but the action must be commenced within two years of the date that the claim for refund was filed.

(3) [CONSENT TO EXTEND TIME.] If the commissioner and the company have, within the periods prescribed in clause (1), consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the company have consented to an extension for the assessment of the tax and six months thereafter. ~~The period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.~~

(4) [OVERPAYMENTS; REFUNDS.] If the amount determined to be an overpayment exceeds the taxes imposed by this section, the amount of excess shall be considered an overpayment. An amount paid as tax constitutes an overpayment even if in fact there was no tax liability with respect to which the amount was paid.

Notwithstanding any other provision of law to the contrary, in the case of any overpayment, the commissioner, within the applicable period of limitations, shall refund any balance of more than one dollar to the company if the company requests the refund.

Sec. 2. Minnesota Statutes 1994, section 60A.199, subdivision 8, is amended to read:

Subd. 8. [REFUND PROCEDURE; TIME LIMIT; APPROPRIATION.] A licensee which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 3, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the licensee the period prescribed in section 289A.40, subdivision 1.~~ For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine it, shall make written findings thereon denying or allowing the claim in whole or in part, and shall mail a notice thereof to the licensee at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue a certificate for a refund of the excess paid by the licensee, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or credit is made to the licensee. The commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 3. Minnesota Statutes 1994, section 60A.199, subdivision 10, is amended to read:

Subd. 10. [CONSENT TO EXTEND TIME.] If the commissioner and the licensee have, within the periods prescribed by this section, consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, is the period within which the commissioner and the licensee have consented to an extension for the assessment of the tax and six months thereafter, ~~the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.~~

Sec. 4. [270.7002] [PERSONAL LIABILITY FOR FAILURE TO HONOR A LEVY.]

Subdivision 1. [SURRENDER OF PROPERTY SUBJECT TO LEVY.] A person who fails or refuses to surrender property or rights to property subject to a levy served on the person under section 270.70, 270.7001, or 290.92, subdivision 23, is liable in an amount equal to the value of the property or rights not surrendered, or the amount of taxes, penalties, and interest for the collection of which the levy was made, whichever is less. A financial institution need not surrender funds on deposit until ten days after service of the levy.

Subd. 2. [PENALTY.] In addition to the personal liability imposed by subdivision 1, if a person required to surrender property or rights to property fails to do so without reasonable cause, the person is liable for a penalty equal to 25 percent of the amount under subdivision 1.

Subd. 3. [PERSON DEFINED.] The term "person" as used in this section includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to surrender the property or rights to property or to respond to the levy.

Subd. 4. [ORDER ASSESSING LIABILITY.] The liability imposed by this section may, after demand to honor a levy has been made, be assessed by the commissioner within 60 days after service of the demand. The assessment may be based on information available to the commissioner. The assessment is presumed to be valid, and the burden is on the person assessed to show it is incorrect or invalid. An order assessing liability for failure to honor a levy is reviewable administratively under section 289A.65, and is appealable to tax court under chapter 271. The amount assessed, plus interest at the rate specified in section 270.75, may be collected by any remedy available to the commissioner for the collection of taxes. The proceeds collected are applied first to the liability of the original taxpayer to the extent of the liability under subdivision 1 plus interest, and then to the penalty under subdivision 2.

Sec. 5. Minnesota Statutes 1994, section 270.72, subdivision 1, is amended to read:

Subdivision 1. [TAX CLEARANCE REQUIRED.] The state or a political subdivision of the state may not issue, transfer, or renew, and must revoke, a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$500 or more in delinquent taxes or has not filed returns. If the applicant taxpayer does not owe delinquent taxes but has not filed returns, the commissioner may not notify the licensing authority unless the taxpayer has been given 90 days' written notice to file the returns or show that the returns are not required to be filed. A licensing authority that has received a notice from the commissioner may issue, transfer, or renew, or not revoke the applicant's license only if (a) the commissioner issues a tax clearance certificate and (b) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest and has filed all required returns.

Sec. 6. Minnesota Statutes 1994, section 270.72, subdivision 2, is amended to read:

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

(a) "Taxes" are all taxes payable to the commissioner including penalties and interest due on the taxes.

(b) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) "Applicant" means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership. "Applicant" also means an officer of a corporation, a member of a partnership, or an individual who is liable for delinquent taxes, either for the entity for which the license is at issue or

for another entity for which the liability was incurred, or personally as a licensee. In the case of a license transfer, "applicant" also means both the transferor and the transferee of the license. "Applicant" also means any holder of a license.

(d) "License" includes a contract for space rental at the Minnesota state fair.

(e) "Licensing authority" includes the Minnesota state fair board.

Sec. 7. Minnesota Statutes 1994, section 270.72, subdivision 3, is amended to read:

Subd. 3. [NOTICE AND HEARING.] (a) The commissioner, on notifying a licensing authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a copy of the notice to the applicant. If the applicant requests, in writing, within 30 days of the date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.

(b) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the applicant of the commissioner's intent to require revocation of the license and of the applicant's right to a hearing under paragraph (a). A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the applicant requesting a hearing, or, if a hearing is timely requested, upon final determination of the hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing authority within 30 days after receiving notice from the commissioner to revoke.

(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.

Sec. 8. [270.721] [REVOCATION OF CORPORATE CERTIFICATES OF AUTHORITY TO DO BUSINESS IN THIS STATE.]

When a foreign corporation authorized to do business in this state under chapter 303 fails to comply with any tax laws administered by the commissioner of revenue, the commissioner may serve the secretary of state with a certified copy of an order finding such failure to comply. The secretary of state, upon receipt of the order, shall revoke the certificate of authority of the corporation to do business in this state, and shall reinstate the certificate under section 303.19 only when the corporation has obtained from the commissioner an order finding that the corporation is in compliance with state tax law. An order requiring revocation of a certificate shall not be issued unless the commissioner gives the corporation 30 days' written notice of the proposed order, specifying the violations of state tax law, and affording the corporation an opportunity to request a contested case hearing under chapter 14.

Sec. 9. Minnesota Statutes 1994, section 270.79, subdivision 4, is amended to read:

Subd. 4. [REFUND PROCEDURES.] (a) If the commissioner determines that the cumulative refunds due all affected taxpayers will exceed \$50,000,000, the refund procedures in this subdivision apply.

(b) The refunds due shall be paid in five installments beginning after July 1 of . The first installment will be paid during the calendar year following the later of the filing of the refund claim or the final judicial determination and ending in the fifth calendar year or at the time that the return for that calendar year is filed subsequent installments will be paid at any time during each of the four succeeding calendar years.

(c) The refunds shall be paid in the form of refundable credits claimed on the tax return for the tax type giving rise to the refund.

(d) In the case of annual returns the credit allowable must be claimed on the annual return. When returns are filed on other than an annual basis, the allowable credit must be claimed on the first return due after July 1 of a calendar year. The commissioner shall compute the annual refund installment due under this subdivision, and notify the taxpayer of the total amount of the claim for refund which has been allowed.

~~(e)~~ (d) The ~~credit allowed for~~ installment paid each year equals 20 percent of the ~~claimed~~ refund ~~allowed~~ unless the commissioner determines that the cumulative refunds due for a particular year under this section will exceed \$150,000,000. If the refunds payable will exceed that amount, ~~the claimed refunds they~~ will be reduced pro rata with any balance remaining due payable with the final refund installment.

~~(f)~~ (e) Unless contrary to the provisions in this section, the provisions for refunds in the various tax types, including provisions related to the payment of interest, apply to the refunds subject to these provisions.

~~(g)~~ (f) The commissioner may establish a de minimis individual refund amount below which the installment provisions do not apply. The amount established under this paragraph is not subject to the provisions of chapter 14.

(g) If the commissioner of finance determines that it is in the best interest of the state, refunds payable under this section may be paid in fewer than five installments.

Sec. 10. Minnesota Statutes 1994, section 289A.25, is amended by adding a subdivision to read:

Subd. 3a. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] (a) If the aggregate amount of estimated tax payments made during a calendar year is equal to or exceeds \$10,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

(b) All trust companies required to pay tax under section 295.37 who remit estimated tax payments on behalf of trusts must remit those payments by means of a funds transfer as provided in paragraph (a), regardless of the aggregate amount of estimated tax payments made during a calendar year for a trust.

Sec. 11. Minnesota Statutes 1994, section 289A.26, subdivision 2a, is amended to read:

Subd. 2a. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] If the aggregate amount of estimated tax payments made during a calendar year is equal to or exceeds ~~\$80,000~~ \$20,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 12. Minnesota Statutes 1994, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT; GENERALLY.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years one year from the time date of an order assessing tax under section 289A.37, subdivision 1, upon payment in full of the tax is paid in full, penalties, and interest shown on the order, whichever period expires later. Claims for refund filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order and to issues determined by the order.

Sec. 13. Minnesota Statutes 1994, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, a withholding return, or sales or use tax return, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than 30 days, with an

additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

~~If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.~~

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 14. Minnesota Statutes 1994, section 290.92, subdivision 23, is amended to read:

Subd. 23. [WITHHOLDING BY EMPLOYER OF DELINQUENT TAXES.] (1) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any state taxes, including penalties, interest, and costs. The commissioner can proceed under this subdivision only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this subdivision until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (a) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (b) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this subdivision. The effect of the notice shall expire 180 days after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this subdivision. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this subdivision. The notice to the taxpayer's employer may be served by mail or by delivery by an employee of the department of revenue and shall be in substantially the same form as provided in section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270.709. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

The "compensation due" any employee is defined in accordance with the provisions of section 571.921. The maximum withholding allowed under this subdivision for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the department of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the department of revenue as noted in this subdivision.

(2) If the employee ceases to be employed by the employer before the full amount set forth in a notice of delinquency plus accrued interest has been withheld, the employer shall immediately notify the commissioner in writing of the termination date of the employee and the total amount withheld. No employer may discharge any employee by reason of the fact that the commissioner

has proceeded under this subdivision. If an employer discharges an employee in violation of this provision, the employee shall have the same remedy as provided in section 571.927, subdivision 2.

(3) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during each pay period under this subdivision. ~~Should any employer, after notice, willfully fail to withhold in accordance with the notice and this subdivision, or willfully fail to remit any amount withheld as required by this subdivision, the employer shall be liable for the total amount set forth in the notice together with accrued interest which may be collected by any means provided by law relating to taxation. Any amount collected from the employer for failure to withhold or for failure to remit under this subdivision shall be credited to the employee's account in the following manner: penalties, interest, tax, and costs.~~

(4) Clauses (1), (2), and (3), except provisions imposing a liability on the employer for failure to withhold or remit, shall apply to cases in which the employer is the United States or any instrumentality thereof or this state or any municipality or other subordinate unit thereof.

(5) The commissioner shall refund to the employee excess amounts withheld from the employee under this subdivision. If any excess results from payments by the employer because of willful failure to withhold or remit as prescribed in clause (3), the excess attributable to the employer's payment shall be refunded to the employer.

(6) Employers required to withhold delinquent taxes, penalties, interest, and costs under this subdivision shall not be required to compute any additional interest, costs or other charges to be withheld.

(7) The collection remedy provided to the commissioner by this subdivision shall have the same legal effect as if it were a levy made pursuant to section 270.70.

Sec. 15. Minnesota Statutes 1994, section 294.09, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURES; TIME LIMIT.] A company, joint stock association, copartnership, corporation, or individual who has paid, voluntarily or otherwise, or from whom there has been collected (other than by proceedings instituted by the attorney general under sections 294.06 and 294.08, subdivision 3) an amount of gross earnings tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of such excess. Except as provided in subdivision 4, no such claim shall be entertained unless filed within ~~two years after such tax was paid or collected, or within 3 1/2 years from the filing of the return, whichever period is the longer~~ the period prescribed in section 289A.40, subdivision 1. Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such company, joint stock association, copartnership, corporation, or individual at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any tax due the state from the claimant and for the balance of said allowance, if any, the commissioner shall issue a certificate for the refundment of the excess paid. The commissioner of finance shall cause such refund to be paid out of the proceeds of the gross earnings taxes imposed by Minnesota Statutes 1967, chapters 294 and 295 as other state moneys are expended. So much of the proceeds as may be necessary are hereby appropriated for that purpose. Any allowance so made by the commissioner shall include interest at the rate specified in section 270.76 computed from the date of payment or collection of the tax until the date the refund is paid to the claimant.

Sec. 16. Minnesota Statutes 1994, section 294.09, subdivision 4, is amended to read:

Subd. 4. [CONSENT TO EXTEND TIME.] If the commissioner and the taxpayer have within the periods prescribed in subdivision 1 consented in writing to any extension of time for the assessment of the tax under the provisions of section 294.08, subdivision 4, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the taxpayer have consented to an extension for the assessment of the tax and six months thereafter, ~~provided, however, that the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.~~



Sec. 17. Minnesota Statutes 1994, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A distributor having a liability of \$120,000 or more during a calendar fiscal year ending June 30 must remit all liabilities in the subsequent fiscal calendar year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 18. Minnesota Statutes 1994, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax five percent of the amount of tax not paid on or before the date prescribed for payment of the tax. The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

~~In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.~~

Sec. 19. Minnesota Statutes 1994, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax five percent of the amount of tax not paid on or before the date prescribed for payment of the tax. The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

~~In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.~~

Sec. 20. Minnesota Statutes 1994, section 297E.11, subdivision 4, is amended to read:

Subd. 4. [TIME LIMIT FOR REFUNDS.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of tax must be filed within 3-1/2 years from the date prescribed for

~~filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years from the time the tax is paid, whichever period expires later the period prescribed in section 289A.40, subdivision 1. Interest on refunds must be computed at the rate specified in section 270.76 from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.~~

Sec. 21. Minnesota Statutes 1994, section 297E.12, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is five percent of the amount of tax not paid on or before the date prescribed for payment of the tax.

~~If a taxpayer fails to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must be at least the lesser of: (1) \$200; or (2) the greater of (i) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (ii) \$50.~~

Sec. 22. Minnesota Statutes 1994, section 299F.26, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 4, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company the period prescribed in section 289A.40, subdivision 1.~~ For this purpose a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to the company at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall issue a certificate for the refundment of the excess paid by the company, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or the credit is made to the company, and the commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 23. Minnesota Statutes 1994, section 299F.26, subdivision 4, is amended to read:

Subd. 4. [CONSENT TO EXTEND TIME.] If the commissioner and the company have within the periods prescribed in subdivision 1, consented in writing to any extension of time for the assessment of the tax, the period within a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the company have consented to an extension for the assessment of the tax and six months thereafter; ~~provided, however, that the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.~~

Sec. 24. [REPEALER.]

Minnesota Statutes 1994, sections 270.70, subdivisions 8, 9, and 10; and 297A.38, are repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 2, 12, 15, 20, and 22 are effective for claims for refund which have not been filed as of the day following final enactment and in which the time period for filing the claim has not expired under the provisions in effect prior to the day following final enactment. The time period for filing such claims is the time period prescribed in the enacted sections, or one year after the day following final enactment, whichever is greater.

Sections 3, 16, and 23, and the provisions in section 1 pertaining to consents to extend time, are effective for consents to extend time for filing claims for refund entered into on or after the day following final enactment.

Sections 4, 8, 13, 14, 17 to 19, 21, and 24 are effective the day following final enactment.

Sections 5 to 7 are effective July 1, 1995.

Section 9 is effective for payments of refunds resulting from final determinations made on or after April 26, 1994, including refunds resulting from appeals filed before that date but finally determined after that date.

Sections 10 and 11 are effective for payments due for tax years beginning after December 31, 1995.

## ARTICLE 15

### DEPARTMENT MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 289A.43, is amended to read:

#### 289A.43 [PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.]

Except for the express procedures in this chapter, chapters 270 and 271, and any other tax statutes for contesting the assessment or collection of taxes, penalties, or interest administered by the commissioner of revenue, and except for an action challenging the constitutionality of a tax statute on its face, if it is demonstrated to the court by clear and convincing evidence that under no circumstances would the commissioner ultimately prevail and that the taxpayer will suffer irreparable harm if the relief sought is not granted, no suit to restrain assessment or collection, including a declaratory judgment action, can be maintained in any court by any person.

#### Sec. 2. [296.041] [ELECTRONICALLY FILED RETURNS OR REPORTS; SIGNATURES.]

For purposes of this chapter, the name of the taxpayer, the name of the taxpayer's authorized agent, or the taxpayer's identification number constitutes a signature when transmitted as part of the information on returns or reports filed by electronic means by the taxpayer or at the taxpayer's direction. "Electronic means" includes, but is not limited to, the use of a touch-tone telephone to transmit return or report information in a manner prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1994, section 296.12, subdivision 3, is amended to read:

Subd. 3. [TAX COLLECTION, REPORTING AND PAYMENT.] (a) For clear diesel fuel, the tax is imposed on the distributor who receives the fuel.

(b) For all other special fuels, the tax is imposed on the distributor, bulk purchaser, or special fuel dealer. The tax may be paid upon receipt or sale as follows:

(1) Distributors and special fuel dealers may, subject to the approval of the commissioner, elect to pay to the commissioner the special fuel excise tax on all special fuel delivered or sold into the supply tank of an aircraft or a licensed motor vehicle. Under this option an invoice must be issued at the time of each delivery showing the name and address of the purchaser, date of sale, number of gallons, price per gallon and total amount of sale. A separate sales ticket book shall be maintained for special fuel sales; and

(2) Bulk purchasers shall report and pay the excise tax on all special fuel purchased by them for storage, to the commissioner in the form and manner prescribed by the commissioner.

(c) Any person delivering special fuel on which the excise tax has not previously been paid, into the supply tank of an aircraft or a licensed motor vehicle shall report such delivery and pay the excise tax on the special fuel so delivered, to the commissioner.

Sec. 4. Minnesota Statutes 1994, section 296.12, subdivision 4, is amended to read:

Subd. 4. [MONTHLY REPORTS; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, the persons subject to the provisions of this section shall file ~~in the office of the~~

commissioner at St. Paul, Minnesota, a report in the following manner form and manner prescribed by the commissioner. Reports shall contain information as follows:

(1) Distributors of clear diesel fuel must file a monthly tax return with the department listing all purchases or receipts of clear diesel fuel. Distributors may be allowed to take a credit or credits under section 296.14, subdivision 2.

(2) Distributors and dealers of special fuel other than clear diesel fuel shall report the total number of gallons delivered to them during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner. The invoice must show the true and correct name and address of the purchaser, and the purchaser's signature. The report shall contain such other information as the commissioner may require.

(3) Distributors and dealers of special fuel other than clear diesel fuel who have elected to pay the special fuel excise tax on all special fuel delivered into the supply tank of an aircraft or licensed motor vehicle as provided in subdivision 3, shall report the total number of gallons delivered into the supply tank of an aircraft or licensed motor vehicle during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner.

(4) Bulk purchasers shall report and pay the special fuel excise tax on all special fuel except clear diesel fuel purchased by them for storage, during the preceding calendar month. In such cases as the commissioner may permit, credit for the excise tax due or previously paid on special fuel not used in aircraft or licensed motor vehicles, may be allowed in computing tax liability. The report shall contain such other information as the commissioner may require.

(5) In computing the special fuel excise tax due, a deduction of one percent of the quantity of special fuel on which tax is due shall be made for evaporation and loss.

(6) Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 5. Minnesota Statutes 1994, section 296.12, subdivision 11, is amended to read:

Subd. 11. [QUALIFIED BULK PURCHASERS.] Notwithstanding any other provision of law to the contrary, the commissioner of revenue may allow any bulk purchaser who receives special fuel other than clear diesel fuel in bulk storage for subsequent delivery into the supply tank of licensed motor vehicles or aircraft operated by the bulk purchaser to purchase bulk special fuel on a tax paid basis from any consenting supplier licensed as a distributor or special fuel dealer under this section or section 296.06. Bulk purchasers qualifying under this provision must become registered in a manner approved by the commissioner but shall be exempt from the bulk purchaser license requirements. Every licensed distributor or special fuel dealer who sells or delivers special fuel other than clear diesel fuel on a tax paid basis to persons registered under this provision must report on or before the 23rd day of each month sales made during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner. The report shall be in the form and manner prescribed by the commissioner, and shall contain information as the commissioner may require.

Sec. 6. Minnesota Statutes 1994, section 296.141, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF GASOLINE TAX AND PETROLEUM TANK RELEASE CLEANUP FEE; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay a gasoline tax shall file ~~in the office of~~ with the commissioner at ~~St. Paul, Minnesota,~~ a report, in a the form and manner approved by the commissioner, showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and other information the commissioner may require. The number of gallons of gasoline must be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application and for cause shown permit the distributor to report the number of gallons of gasoline as corrected to a 60 degree Fahrenheit temperature. If the application is granted, all gasoline covered in the application and allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline must be reported as originally invoiced.

Each report must show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report must include the amount of gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing the tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of reporting, the distributor shall submit satisfactory evidence that one-third of the three percent deduction has been credited or paid to dealers on quantities sold to them. ~~The~~ A written report is deemed to have been filed as required in this subdivision if postmarked on or before the 23rd day of the month in which payable.

Sec. 7. Minnesota Statutes 1994, section 296.141, subdivision 2, is amended to read:

Subd. 2. [INSPECTION FEES.] Persons required to pay an inspection fee under section 239.101 must file a report. Each report must include the amount of inspection fees due on petroleum products. The Reports must be filed with the commissioner in the form and manner the commissioner prescribes. A written report is considered filed as required if postmarked on or before the 23rd day of the month in which payable.

Sec. 8. Minnesota Statutes 1994, section 296.141, subdivision 6, is amended to read:

Subd. 6. [ON-FARM BULK STORAGE OF GASOLINE OR SPECIAL FUEL; ETHYL ALCOHOL FOR PERSONAL USE.] Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business and a farmer who uses gasoline or any special fuel on which a tax has not been paid shall report and pay the tax on all ethyl alcohol, gasoline, or special fuel delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax must be reported in the form and manner prescribed by the commissioner and paid together with any refund claim filed by the taxpayer under section 296.18. If no refund claim is filed, the tax must be reported and paid annually by March 15 or more frequently, as the commissioner may prescribe. Any producer qualifying under this subdivision is exempt from the licensing requirements contained in section 296.06, subdivision 1.

Sec. 9. Minnesota Statutes 1994, section 296.17, subdivision 1, is amended to read:

Subdivision 1. [UNREPORTED FUEL.] It shall be the duty of every distributor, dealer, and person who sells or uses gasoline manufactured, produced, received, or stored by the distributor, dealer, or person, and of every person using gasoline in motor vehicles or special fuel in licensed motor vehicles, if the same has not been reported or if the tax on account thereof has not been paid to the commissioner, to report to the commissioner in the form and manner prescribed by the commissioner, the quantity of such gasoline so sold or used or such special fuel used, and such person shall become liable for the payment of the tax. All provisions of sections 296.01 to 296.421 relating to the calculation, collection and payment of the tax shall be applicable to any such person, dealer or distributor.

Sec. 10. Minnesota Statutes 1994, section 296.17, subdivision 3, is amended to read:

Subd. 3. [REFUNDS ON FUEL USED IN OTHER STATES.] Every person regularly or habitually operating motor vehicles upon the public highways of any other state or states and using in said motor vehicles gasoline or special fuel purchased or obtained in this state, shall be allowed a credit or refund equal to the tax on said gasoline or special fuel paid to this state on the gasoline or special fuel actually used in the other state or states. No credit or refund shall be allowed under this subdivision for taxes paid to any state which imposes a tax upon gasoline or special fuel purchased or obtained in this state and used on the highways of such other state, and which does not allow a similar credit or refund for the tax paid to this state on gasoline or special fuel purchased or acquired in such other state and used on the highways of this state. Every person claiming a credit or refund under this subdivision shall file a claim on a ~~a claim on a~~ in the form and manner prescribed by the commissioner or take the credit on a subsequent tax return within one year of the last day of the month following the end of the quarter when the overpayment occurred.

Sec. 11. Minnesota Statutes 1994, section 296.17, subdivision 5, is amended to read:

Subd. 5. [UNREPORTED AVIATION GASOLINE.] The provisions of subdivision 1 do not apply to aviation gasoline. It shall be the duty of every distributor, dealer, and person who receives, sells, stores, or withdraws from storage in this state aviation gasoline manufactured, produced, received, or stored by the distributor, dealer, or person, if the same has not been reported or if a tax provided for in section 296.02 on account thereof, has not been paid to the commissioner, to report to the commissioner, in the form and manner prescribed by the commissioner, the quantity of such gasoline so received, sold, stored, or withdrawn from storage, and such person shall become liable for the payment of the tax.

All provisions of sections 296.01 to 296.421 relating to the calculation, collections, and payment of the tax shall be applicable to any such person, dealer, or distributor.

Sec. 12. Minnesota Statutes 1994, section 296.17, subdivision 11, is amended to read:

Subd. 11. [MOTOR CARRIER REPORTS.] Every motor carrier subject to the road tax shall, on or before the last day of April, July, October, and January, file with the commissioner ~~such in the form and manner prescribed by the commissioner~~, reports of operations during the previous ~~three months as the commissioner may require~~, and such other reports from time to time as the commissioner may deem necessary. The commissioner by rule may exempt from the quarterly reporting requirements of this section those motor carriers whose mileage is all or substantially all and those motor carriers whose mileage is minimal within this state, or states with which Minnesota has reciprocity and require in such instances an annual report reflecting the operations of the carrier during the previous year along with payment of any taxes due.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 13. Minnesota Statutes 1994, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and manner prescribed by the commissioner, and containing the information the commissioner shall require ~~and accompanied by the original invoice thereof~~. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the a written claim is mailed shall determine ~~the its date of filing~~. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of

use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 14. Minnesota Statutes 1994, section 296.18, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO USE OR SELL FOR INTENDED PURPOSE; REPORTS REQUIRED.] (1) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes due thereon directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, and shall use said gasoline or special fuel in motor vehicles or shall knowingly sell it to any person for use in motor vehicles shall, on or before the twenty-third day of the month following that in which such gasoline or special fuel was so used or sold, report the fact of such use or sale to the commissioner in such form and manner as the commissioner may prescribe.

(2) Any person who shall buy gasoline other than aviation gasoline and who shall have paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who shall knowingly sell such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who shall receive, store, or withdraw from storage such gasoline to be used for that purpose, shall, on or before the 23rd day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of such sale, storage, or withdrawal from storage to the commissioner in such form and manner as the commissioner may prescribe.

(3) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, who shall not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in such form and ~~containing such information as the commissioner shall require and accompanied by the original invoice thereof~~ manner as the commissioner may prescribe. By ~~signing any such filing~~ filing a claim which is false or fraudulent, the applicant shall be subject to the penalties provided in section 296.25 for knowingly or willfully making a false claim. The claim shall set forth the total amount of the aviation gasoline or special fuel for aircraft use so purchased and used by the applicant, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to payment, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the a written claim is mailed shall determine the ~~its~~ date of filing.

Sec. 15. Minnesota Statutes 1994, section 296.18, subdivision 5, is amended to read:

Subd. 5. [GRADUATED REDUCTION-BASIS REFUND CLAIM, REQUIREMENTS.] Any distributor or other person claiming to be entitled to any refund provided for in subdivision 4 shall receive such refund upon filing with the commissioner a verified claim in such form and manner, and, containing such information, and accompanied by such invoices or other proof as the commissioner shall require. The claim shall set forth, among other things, the total number of gallons of aviation gasoline or special fuel for aircraft use upon which the claimant has directly or indirectly paid the excise tax provided for in sections 296.02, subdivision 2, or 296.025, subdivision 2, during the calendar year, which has been received, stored, or withdrawn from storage by the claimant in this state and not sold or otherwise disposed of to others. The commissioner, on being satisfied that the claimant is entitled to the refund, shall approve the claim and transmit it to the commissioner of finance, and it shall be paid as provided for in section 296.421, subdivision 2. All claims for refunds under this subdivision shall be made on or before April 15 following the end of the calendar year for which the refund is claimed. Claims for aviation gasoline and special fuel tax refund filed within 15 days beyond the due date prescribed

by this subdivision shall be honored by the commissioner less a penalty of 25 percent of the amount of the approved claim.

Sec. 16. [EFFECTIVE DATE.]

Sections 2 to 15 are effective the day following final enactment.

Section 1 is effective for lawsuits initiated on or after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to taxation; adopting federal income tax law changes; modifying certain tax rates, bases, and exemptions; modifying provisions relating to local excise taxes; restricting property tax levies; changing school district levy recognition; modifying certain duties imposed on local units of government and the department of revenue; modifying property tax exemption, valuation, and classification provisions; adjusting certain state aid distribution provisions; providing for deduction of property tax refunds from property taxes; authorizing certain exceptions to tax increment financing provisions; providing for establishment of special service districts; authorizing issuance of bonds and tax anticipation certificates; modifying certain taconite occupation and production provisions; adjusting the amount of the budget reserve; modifying the duties of the board of government innovation and cooperation; making tax policy, collection, and administrative changes; imposing penalties; appropriating money; amending Minnesota Statutes 1994, sections 6.745, subdivision 1; 16A.152, subdivision 1; 60A.15, subdivisions 1 and 12; 60A.199, subdivisions 8 and 10; 69.021, subdivision 2; 116J.556; 121.904, subdivisions 4a and 4c; 134.34, subdivision 4a; 168.012, subdivision 9; 216B.16, by adding a subdivision; 216C.01, subdivisions 1a and 1b; 246.18, subdivision 4, and by adding subdivisions; 254B.02, subdivision 3; 256H.09, subdivision 3; 270.72, subdivisions 1, 2, and 3; 270.79, subdivision 4; 270A.03, subdivision 7; 270A.08, subdivision 1; 270B.12, by adding subdivisions; 272.02, subdivision 1; 272.115, subdivision 1; 273.11, subdivisions 1a and 16; 273.124, subdivisions 1, 3, 6, 11, and 13; 273.13, subdivisions 24 and 25; 273.1399, subdivision 6, and by adding a subdivision; 273.37, by adding a subdivision; 274.01, subdivision 1; 274.14; 275.065, subdivision 3; 275.07, subdivision 1; 275.08, subdivision 1b; 276.04, subdivision 2; 276.09; 276.111; 276.131; 279.01, subdivision 1, and by adding a subdivision; 279.09; 279.10; 281.23, subdivision 3; 289A.18, subdivision 2; 289A.20, subdivision 2; 289A.25, by adding a subdivision; 289A.26, subdivision 2a; 289A.38, subdivision 7; 289A.40, subdivision 1; 289A.43; 289A.55, subdivision 7; 289A.60, subdivisions 2, 12, and by adding a subdivision; 290.01, subdivisions 7b and 19; 290.015, subdivision 1; 290.067, subdivision 1, as amended; 290.191, subdivisions 1, 5, and 6; 290.92, subdivisions 1 and 23; 290.9201, subdivision 3; 290A.03, subdivisions 6 and 13; 290A.04, subdivisions 2h and 3; 290A.07; 290A.15; 290A.18; 294.09, subdivisions 1 and 4; 296.01, subdivisions 30, 34, and by adding subdivisions; 296.02, subdivisions 1, 1a, and 1b; 296.025, subdivisions 1, 1a, and by adding a subdivision; 296.0261, by adding a subdivision; 296.12, subdivisions 3, 4, and 11; 296.141, subdivisions 1, 2, and 6; 296.17, subdivisions 1, 3, 5, and 11; 296.18, subdivisions 1, 2, and 5; 297.08, subdivisions 1 and 3; 297.35, subdivision 1; 297.43, subdivision 2; 297A.01, subdivision 3, and by adding a subdivision; 297A.135, subdivision 1; 297A.15, by adding a subdivision; 297A.25, subdivisions 9, 11, and 59; 297A.45; 297C.02, subdivision 2; 297C.07; 297C.14, subdivision 2; 297E.11, subdivision 4; 297E.12, subdivision 2; 298.01, subdivision 4; 298.227; 298.24, subdivision 1; 298.25; 298.28, subdivision 9a; 298.296, subdivision 4; 299F.26, subdivisions 1 and 4; 349A.10, subdivision 5; 375.169; 375.83; 465.798; 465.799; 465.801; 465.81, subdivision 1; 465.82, subdivision 2; 465.84; 465.85; 465.87; 469.169, subdivision 9, and by adding a subdivision; 471.6965; 477A.011, subdivision 36; 477A.015; Laws 1986, chapter 400, section 44; Laws 1991, chapter 291, article 8, section 28, subdivision 1; Laws 1992, chapter 511, article 2, sections 45, subdivision 7, and by adding a subdivision; and 46, subdivision 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13; 16A; 270; 276; 290A; 296; 297A; 410; 465; 473; repealing Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 245.48; 256H.12, subdivision 3; 270.70, subdivisions 8, 9, and 10; 273.13; 273.135; 273.136; 273.1391; 273.1399; 296.0261; 297A.136; 297A.212; 297A.38;



469.175, subdivision 7a; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; 477A.15; Laws 1991, chapter 265, article 7, section 35."

The motion prevailed. So the amendment was adopted.

H.F. No. 1864 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 16, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Morse	Reichgott Junge
Beckman	Frederickson	Laidig	Murphy	Riveness
Belanger	Hanson	Langseth	Neuville	Sams
Berg	Hottinger	Larson	Pappas	Samuelson
Bertram	Janezich	Lesewski	Pariseau	Spear
Betzold	Johnson, D.J.	Lessard	Piper	Stumpf
Chandler	Johnson, J.B.	Metzen	Pogemiller	Vickerman
Dille	Kelly	Moe, R.D.	Price	Wiener
Finn	Krentz	Mondale	Ranum	

Those who voted in the negative were:

Day	Kleis	Limmer	Oliver	Runbeck
Johnson, D.E.	Knutson	Marty	Ourada	Scheevel
Johnston	Kramer	Merriam	Robertson	Stevens
Kiscaden				

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 Reports of Committees and Second Reading of Senate Bills.

## REPORTS OF COMMITTEES

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

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 1089:** A bill for an act relating to traffic regulations; exempting highways, freeways, and expressways from noise limits; requiring noise abatement study and measures for freeways and expressways contingent on available funding; requiring annual noise abatement report; providing for disposition of proceeds of fines collected for violation of work zone speed limits; amending Minnesota Statutes 1994, sections 116.07, subdivision 2a; 160.02, by adding a subdivision; 161.125, subdivision 1; and 169.14, subdivision 5d.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for April 20, 1995, be adopted; that committee recommendation being:

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

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35 and Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 1103:** A bill for an act relating to children's services; establishing the department of children, families, and learning; making related changes; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 121.02, subdivisions 1, 2a, and 3; 121.03; and 121.04, subdivision 2.

Reports the same back with the recommendation that the report from the Committee on Education, shown in the Journal for April 10, 1995, be amended to read:

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

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 897:** A bill for an act relating to waters; planning, development, review, reporting, and coordination of surface and groundwater management in the metropolitan area; amending Minnesota Statutes 1994, sections 103B.205, by adding a subdivision; 103B.211, subdivision 1; 103B.231, subdivisions 3, 4, 6, 7, 8, 9, 11, and by adding a subdivision; 103B.235, subdivision 3; 103B.241, subdivision 1; 103B.245, subdivisions 1 and 4; 103B.251, subdivisions 3 and 7; 103B.255, subdivisions 6, 7, 8, 9, 10, and 12; 103B.311, subdivisions 4 and 6; 103B.3369, subdivisions 5 and 6; and 103B.355; proposing coding for new law in Minnesota Statutes, chapter 103B; repealing Minnesota Statutes 1994, sections 103B.211, subdivision 4; 103B.227, subdivision 6; 103B.231, subdivisions 5 and 12; and 103B.3365.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for April 12, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 885:** A bill for an act relating to public nuisance; modifying the grounds and procedure for proving a nuisance; providing for a meeting to attempt resolution of the issue; amending Minnesota Statutes 1994, sections 617.80, subdivisions 2, 4, 5, and 8, and by adding a subdivision; 617.81, subdivisions 1, 2, and 3; 617.82; 617.83; 617.84; 617.85; and 617.87; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1994, section 617.81, subdivisions 2a and 3.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for April 13, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 882:** A bill for an act relating to crime; expanding the scope of the patterned sex offender sentencing law; requiring training for judges, prosecutors, peace officers, and sex offender assessors on sentencing laws applicable to repeat and patterned sex offenders; amending Minnesota Statutes 1994, sections 480.30; and 609.1352, subdivisions 1, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 388.

Reports the same back with the recommendation that the report from the Committee on Crime Prevention, shown in the Journal for April 12, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 166:** A bill for an act relating to public administration; providing oversight of certain state and metropolitan government contracts; amending Minnesota Statutes 1994, sections 15.061; 16A.11, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; and 473.129, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 12, 1995, be adopted; that committee recommendation being:

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

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 1135:** A bill for an act relating to ice arenas; providing the Minnesota amateur sports commission with additional authority; authorizing use of county capital improvement bonds; exempting issuance of certain debt from the election requirements; providing a sales tax exemption; authorizing use of subdivision dedication for certain facilities; appropriating money; amending Minnesota Statutes 1994, sections 240A.09; 240A.10; 297A.25, by adding a subdivision; 373.40, subdivision 1; 462.358, subdivision 2b; 471.16, subdivision 1; and 475.58, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 373.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 10, 1995, be adopted; that committee recommendation being:

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

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 1221:** A bill for an act relating to veterans; appropriating money for assistance in making certain claims.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 5, 1995, be adopted; that committee recommendation being:

"the bill do pass and be re-referred to the Committee on Finance". Report adopted.

**Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 1186:** A bill for an act relating to housing; changing age limitations under the family homeless prevention and assistance program; modifying the rental housing program; correcting references to municipal housing plan reporting requirements; amending Minnesota Statutes 1994, sections 462A.204, subdivision 1; 462A.205, subdivision 4; 462A.21, by adding a subdivision; and 469.0171; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 1994, section 462A.21, subdivision 8c.

Reports the same back with the recommendation that the report from the Committee on Jobs,

Energy and Community Development, shown in the Journal for April 13, 1995, be amended to read:

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

**Mr. Merriam from the Committee on Finance, to which was re-referred**

**S.F. No. 273:** A bill for an act relating to water; providing for the classification of water supply systems and wastewater treatment facilities and certification of operators by the department of health and the pollution control agency; appropriating money; amending Minnesota Statutes 1994, sections 115.71, subdivisions 1, 4, 8, 10, and by adding subdivisions; 115.72; 115.73; 115.75; 115.76; 115.77; and 144.99, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115; repealing Minnesota Statutes 1994, sections 115.71, subdivisions 2, 3, and 3a; 115.74; 115.78; 115.79; 115.80; and 115.82.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Merriam from the Committee on Finance, to which was re-referred**

**S.F. No. 677:** A bill for an act relating to motor vehicles; authorizing suspension of a vehicle's registration in certain circumstances; requiring a form to be provided in a vehicle's certificate of title and completed under certain circumstances; amending Minnesota Statutes 1994, sections 168.11, subdivision 3; 168.17; 168A.05, subdivision 5; and 168A.10, subdivisions 1 and 2.

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

Page 3, after line 35, insert:

"Sec. 6. [APPROPRIATION.]

\$343,000 is appropriated from the general fund to the commissioner of public safety to pay the cost of the notices required by this act, to be available until June 30, 1997."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "appropriating money;"

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

**Mr. Merriam from the Committee on Finance, to which was re-referred**

**S.F. No. 399:** A bill for an act relating to recreational vehicles; driving while intoxicated; providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; amending Minnesota Statutes 1994, sections 84.83, subdivision 2; 84.927, subdivision 1; and 169.1217, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B.

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

Page 5, line 14, delete "forwarded" and insert "deposited in the state treasury and credited"

Page 9, line 17, delete "forwarded" and insert "deposited in the state treasury and credited"

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

**Mr. Merriam from the Committee on Finance, to which was re-referred**

**S.F. No. 1503:** A bill for an act relating to public safety; requiring fireworks display operators

to be certified by state fire marshal; setting fees; appropriating money; amending Minnesota Statutes 1994, section 624.22.

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

Page 3, line 31, delete "\$....." and insert "\$100"

Page 4, line 33, delete "\$....." and insert "\$100"

Page 5, line 25, delete "\$....." and insert "\$14,000"

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

#### **Mr. Merriam from the Committee on Finance, to which was referred**

**S.F. No. 1079:** A bill for an act relating to financing of government of this state; reducing 1995 appropriations; providing supplemental 1995 appropriations for certain purposes.

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

Page 1, line 14, delete "(10,863,787)" and insert "(10,864,000)"

Page 1, delete lines 15 to 25

Page 1, line 27, delete "(152,901)" and insert "(665,000)"

Page 1, line 31, before the period, insert ", and shall be allocated by the legislative coordinating commission among the senate, the house of representatives, and the legislative commissions"

Renumber the subdivisions in sequence

Pages 4 and 5, delete section 3 and insert:

#### **"Sec. 3. [APPROPRIATIONS SUMMARY.]**

The sums set forth in columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other named fund, to the agencies and for the purposes specified in the following subdivisions of this section to be available for the fiscal year ending June 30, 1995, unless otherwise indicated.

#### **SUMMARY BY FUND**

	<b>APPROPRIATIONS</b>
General Fund	\$ 835,000
Workers' Compensation	407,000
Subdivision 1. Peace Officers Standards and Training Board	20,000
This appropriation is added to the appropriation in Laws 1993, chapter 146, article 2, section 2, to provide for staffing and general operating costs of the board, including legal fees.	
Subd. 2. Ethical Practices Board	308,000
\$291,000 is for litigation expenses and \$17,000 is for severance costs.	
Subd. 3. Department of Labor and Industry	407,000
This appropriation is for litigation expenses and is from the special compensation fund.	
Subd. 4. Board of Architecture, Engineering,	

Land Surveying, Landscape Architecture, and  
Interior Design

100,000

This appropriation is for legal fees and is  
available until June 30, 1997."

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

**Ms. Piper from the Committee on Family Services**, to which was referred the following  
appointment as reported in the Journal for February 21, 1995:

**DEPARTMENT OF HUMAN SERVICES  
COMMISSIONER**

Maria R. Gomez

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

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

**SECOND READING OF SENATE BILLS**

S.F. Nos. 897, 885, 882, 273, 677, 399, 1503 and 1079 were read the second time.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Metzen moved that the name of Mr. Stevens be added as a co-author to S.F. No. 973.

**Mr. Johnson, D.E. introduced--**

**Senate Resolution No. 58:** A Senate resolution congratulating the New London-Spicer High  
School Girls basketball team as consolation champions in the 1995 State High School Girls  
Basketball Tournament.

Referred to the Committee on Rules and Administration.

**Mr. Johnson, D.E. introduced--**

**Senate Resolution No. 59:** A Senate resolution congratulating the New London-Spicer High  
School Boys basketball team as consolation champions in the 1995 State High School Boys  
Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Frederickson moved that the names of Messrs. Merriam and Riveness be added as  
co-authors to S.F. No. 1310. The motion prevailed.

Mr. Solon moved that his name be stricken as chief author, shown as a co-author and the name  
of Mr. Johnson, D.J. be added as chief author to S.F. No. 1681. The motion prevailed.

Mr. Finn moved that his name be stricken as chief author, and the name of Mr. Bertram be  
added as chief author to S.F. No. 475. The motion prevailed.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

**Mr. Janezich introduced--**

**S.F. No. 1682:** A bill for an act relating to taxation; increasing income tax rates on the income of certain individuals, estates, and trusts; abolishing the tax on hospitals and health care providers; depositing the revenue from the rate increase to the health care access fund; amending Minnesota Statutes 1994, sections 60A.02, subdivision 3; 62D.02, subdivision 4; 62N.02, subdivision 4a; 62P.04, subdivision 1; 214.16, subdivision 3; 270B.01, subdivision 8; 290.06, subdivisions 2c and 2d; and 290.62; repealing Minnesota Statutes 1994, sections 144.1484, subdivision 2; 295.50; 295.51, subdivision 1; 295.52; 295.53; 295.54; 295.55; 295.57; 295.58; 295.582; and 295.59.

Referred to the Committee on Taxes and Tax Laws.

**Messrs. Murphy, Novak, Ms. Wiener, Messrs. Dille and Metzen introduced--**

**S.F. No. 1683:** A resolution supporting comprehensive federal legislation to establish an integrated spent fuel management storage facility.

Referred to the Committee on Jobs, Energy and Community Development.

**MEMBERS EXCUSED**

Mr. Kelly was excused from the Session of today from 9:00 to 10:00 a.m. Mr. Hottinger was excused from the Session of today from 9:45 to 10:00 a.m. Mr. Murphy was excused from the Session of today from 9:00 to 9:50 a.m. and 11:10 to 11:45 a.m. and 2:45 to 3:15 p.m. Ms. Wiener was excused from the Session of today from 9:00 to 10:05 a.m. Ms. Ranum was excused from the Session of today from 9:55 to 10:15 a.m. and 2:00 to 2:30 p.m. and 3:00 to 3:20 p.m. Mr. Limmer was excused from the Session of today from 10:46 to 11:00 a.m. Mr. Pogemiller was excused from the Session of today from 10:30 to 11:15 a.m. Mr. Sams was excused from the Session of today from 10:45 to 11:30 a.m. Ms. Runbeck was excused from the Session of today from 10:25 to 11:35 a.m. Mr. Terwilliger was excused from the Session of today from 11:00 to 11:40 a.m. and 12:45 to 1:00 p.m. Mr. Chandler was excused from the Session of today from 11:00 a.m. to 12:00 noon and 1:15 to 1:45 p.m. Mr. Langseth was excused from the Session of today from 10:45 to 11:30 a.m. and 12:00 noon to 12:30 p.m. Mr. Johnson, D.J. was excused from the Session of today from 12:00 noon to 12:30 p.m. and 1:20 to 2:50 p.m. and 3:00 to 3:45 p.m. Mr. Moe, R.D. was excused from the Session of today from 10:15 to 11:00 a.m. and 11:30 a.m. to 12:45 p.m. and 1:35 to 2:15 p.m. Ms. Berglin was excused from the Session of today at 1:00 p.m. Ms. Olson was excused from the Session of today at 1:45 p.m. Mr. Cohen was excused from the Session of today from 2:20 to 3:20 p.m. Mr. Novak was excused from the Session of today from 12:00 noon to 12:30 and at 2:20 p.m. Ms. Reichgott Junge was excused from the Session of today from 1:00 to 2:00 p.m. Ms. Johnson, J.B. was excused from the Session of today from 10:05 to 10:13 a.m. and 12:45 to 1:15 p.m. Mr. Lessard was excused from the Session of today from 3:00 to 3:15 p.m. Mr. Johnson, D.E. was excused from the Session of today from 11:15 to 11:45 a.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Thursday, April 27, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

