

FIFTY-SECOND DAY

St. Paul, Minnesota, Wednesday, May 3, 1995

The Senate met at 11:45 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold 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. James Baker.

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

| | | | | |
|-------------|---------------|-----------|-----------------|-------------|
| Anderson | Frederickson | Kroening | Neuville | Sams |
| Beckman | Hanson | Laidig | Novak | Samuelson |
| Belanger | Hottinger | Langseth | 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 | Pogemiller | Terwilliger |
| Chmielewski | Kelly | Merriam | Price | Vickerman |
| Cohen | Kiscaden | Metzen | Ranum | Wiener |
| Day | Kleis | Moe, R.D. | Reichgott Junge | |
| Dille | Knutson | Mondale | Riveness | |
| Finn | Kramer | Morse | Robertson | |
| Flynn | Krentz | Murphy | Runbeck | |

The President declared a quorum present.

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until immediately after the conclusion of the Joint Convention. The motion prevailed.

The Senate reconvened at the appropriate time.

CALL OF THE SENATE

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 1, 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. No. 830.

Warmest regards,
Arne H. Carlson, Governor

May 2, 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 |
|-------------|-------------|-----------------------------|-----------------------------------|--------------------|
| | 702 | 103 | 2:40 p.m. May 1 | May 1 |
| | 901 | 104 | 2:42 p.m. May 1 | May 1 |
| | 1641 | 105 | 2:45 p.m. May 1 | May 1 |
| | 529 | 106 | 2:48 p.m. May 1 | May 1 |
| | 340 | 107 | 2:50 p.m. May 1 | May 1 |
| 830 | | 108 | 2:55 p.m. May 1 | May 1 |

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. 1105:

H.F. No. 1105: A bill for an act relating to paternity; eliminating a presumption for husbands in certain cases; allowing husbands to join in a recognition of parentage; amending Minnesota Statutes 1994, sections 257.55, subdivision 1; 257.57, subdivision 2; and 257.75, subdivisions 1, 2, 4, and by adding a subdivision.

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

Leighton, Entenza and Bishop have been appointed as such committee on the part of the House.

House File No. 1105 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1995

Ms. Krentz moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1105, 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 has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 106: A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; establishing special critical habitat license plates; authorizing establishment of a shooting area in Sand Dunes State Forest; prohibiting the adoption or enforcement of water quality standards that are not necessary to comply with federal law; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 97A.531, subdivision 1; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103I.331, subdivision 4; 115.03, subdivision 5; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04, subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; and 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; and 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 97A.531, subdivisions 2, 3, 4, 5, and 6; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; and 446A.071, subdivision 7; Laws 1993, chapter 172, section 10.

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

Brown, Sarna, Trimble, Larsen and Johnson, V.

Senate File No. 106 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1844 and 1700.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1995

FIRST READING OF HOUSE BILLS

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

H.F. No. 1844: A bill for an act relating to taxation; proposing an amendment to the Minnesota Constitution, article XIII, section 1; prohibiting financing of certain education costs with property taxes; changing the date for certification and payment of certain costs for purposes of property tax levies; amending Minnesota Statutes 1994, section 270.52.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1700: A bill for an act relating to the organization and operation of state government; appropriating money for the judicial branch, public safety, public defense, corrections, and for other criminal justice agencies and purposes; making changes to various criminal laws and penalties; modifying juvenile justice provisions; amending Minnesota Statutes 1994, sections 2.722, subdivision 1; 3.732, subdivision 1; 16A.285; 43A.18, by adding a subdivision; 120.101, subdivision 1; 120.14; 120.17, subdivisions 5a, 6, and 7; 120.181; 120.73, by adding a subdivision; 124.18, by adding a subdivision; 124.32, subdivision 6; 125.05, by adding a subdivision; 125.09, subdivision 1; 127.20; 127.27, subdivision 10; 145A.05, subdivision 7a; 152.18, subdivision 1; 171.04, subdivision 1; 171.29, subdivision 2; 176.192; 179A.03, subdivision 7; 242.31, subdivision 1; 243.166; 243.23, subdivision 3; 243.51, subdivisions 1 and 3; 243.88, by adding a subdivision; 260.015, subdivision 21; 260.115, subdivision 1; 260.125; 260.126, subdivision 5; 260.131, subdivision 4, and by adding a subdivision; 260.132, subdivisions 1, 4, and by adding a subdivision; 260.155, subdivisions 2 and 4; 260.161, subdivision 3; 260.181, subdivision 4; 260.185, subdivision 6, and by adding subdivisions; 260.191, subdivision 1; 260.193, subdivision 4; 260.195, subdivision 3, and by adding a subdivision; 260.215, subdivision 1; 260.291, subdivision 1; 271.06, subdivision 4; 299A.33, subdivision 3; 299A.35, subdivision 1; 299A.51, subdivision 2; 299C.065, subdivisions 1a, 3, and 3a; 299C.10, subdivision 1, and by adding a subdivision; 299C.62, subdivision 4; 357.021, subdivision 2; 364.09; 388.24, subdivision 4; 401.065, subdivision 3a; 401.10; 466.03, by adding a subdivision; 480.30; 481.01; 494.03; 518.165, by adding subdivisions; 518B.01, subdivisions 2, 4, 8, 14, and by adding a subdivision; 609.055, subdivision 2; 609.101, subdivisions 1, 2, and 3; 609.115, by adding a subdivision; 609.135, by adding a subdivision; 609.1352, subdivisions 1, 3, and 5; 609.152, subdivision 1; 609.19; 609.3451, subdivision 1; 609.485, subdivisions 2 and 4; 609.605, subdivision 4; 609.746, subdivision 1; 609.748, subdivision 3a; 609.749, subdivision 5; 611.27, subdivision 4; 611A.01; 611A.04, subdivision 1; 611A.19, subdivision 1; 611A.31, subdivision 2; 611A.53, subdivision 2; 611A.71, subdivision 7; 611A.73, subdivision 3; 611A.74; 617.23; 624.22; 624.712, subdivision 5; 626.841; 626.843, subdivision 1; 626.861, subdivisions 1 and 4; 628.26; 629.341, subdivision 1; 629.715, subdivision 1; 629.72, subdivisions 1, 2, and 6; 641.14; and 641.15, subdivision 2; Laws 1993, chapter 255, sections 1, subdivisions 1 and 4; and 2; and Laws 1994, chapter 643, section 79, subdivisions 1, 2, and 4; proposing coding for new law in Minnesota Statutes, chapters 8; 16B; 120; 127; 243; 244; 257; 260; 299A; 299C; 299F; 401; 504; 563; 609; 611A; 626; and 629; proposing coding for new law as Minnesota Statutes, chapter 260A; repealing Minnesota Statutes 1994, sections 121.166; 126.25; and 611A.61, subdivision 3; Laws 1994, chapter 576, section 1.

Mr. Moe, R.D. moved that H.F. No. 1700 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS

SUSPENSION OF RULES

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

CALENDAR

H.F. No. 1678: A bill for an act relating to drainage; allowing an outlet fee to be charged for use of an established drainage system in Red Lake county as an outlet for drainage originating in Polk county.

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

So the bill passed and its title was agreed to.

H.F. No. 1371: A bill for an act relating to commerce; securities; regulating disclosure of payment received for directing order flow; amending Minnesota Statutes 1994, section 80A.06, subdivision 5.

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 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1173: A bill for an act relating to telecommunications; regulating the sale of local exchange service territory; proposing coding for new law in Minnesota Statutes, chapter 237.

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 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Kramer, Limmer, Ms. Robertson and Mr. Stevens voted in the negative.

So the bill passed and its title was agreed to.

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.

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

So the bill passed and its title was agreed to.

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.

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 | Frederickson | Krentz | Morse | Runbeck |
| Beckman | Hanson | Kroening | Murphy | Sams |
| Belanger | Hottinger | Laidig | Neuville | 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 | Pogemiller | Stumpf |
| Cohen | Kelly | Marty | Price | Terwilliger |
| Day | Kiscaden | Merriam | Ranum | Vickerman |
| Dille | Kleis | Metzen | Reichgott Junge | Wiener |
| Finn | Knutson | Moe, R.D. | Riveness | |
| Flynn | Kramer | Mondale | Robertson | |

So the bill passed and its title was agreed to.

S.F. No. 1362: A bill for an act relating to natural resources; providing for coordination of efforts of public and private sectors in the sustainable management, use, development, and protection of Minnesota's forest resources; establishing a forest resources council and regional forest resource committees; proposing coding for new law as Minnesota Statutes, chapter 89A.

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

So the bill passed and its title was agreed to.

S.F. No. 979: A bill for an act relating to motor carriers; regulating hazardous material transporters; requiring fingerprints of motor carrier managers for criminal background checks; making technical changes related to calculating proportional mileage under the international registration plan; specifying violations that may result in suspension or revocation of permit; making technical changes relating to hazardous waste transporter licenses; providing for disposition of fees collected for hazardous material registration, licensing, and permitting; amending Minnesota Statutes 1994, section 221.0355, subdivisions 3, 5, 6, 12, 15, and 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|---------------|-----------|-----------------|-------------|
| Anderson | Flynn | Krentz | Morse | Robertson |
| Beckman | Frederickson | Kroening | Murphy | Runbeck |
| Belanger | Hanson | Laidig | Neuville | 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 | Pogemiller | Stumpf |
| Cohen | Kelly | Merriam | Price | Terwilliger |
| Day | Kleis | Metzen | Ranum | Vickerman |
| Dille | Knutson | Moe, R.D. | Reichgott Junge | Wiener |
| Finn | Kramer | Mondale | Riveness | |

So the bill passed and its title was agreed to.

S.F. No. 877: A bill for an act relating to construction; changing and clarifying law relating to the building code and zoning law; amending the interstate compact on industrialized/modular buildings; appropriating money; amending Minnesota Statutes 1994, sections 16B.59; 16B.60, subdivisions 1 and 4; 16B.61, subdivisions 1, 2, and 5; 16B.63, subdivision 3, and by adding a

subdivision; 16B.65, subdivisions 1, 3, 4, and 7; 16B.67; 16B.70; 16B.75; 366.10; 366.12; 366.16; 394.33, subdivision 2; 394.361, subdivision 3; 462.358, subdivisions 2a and 9; and 462.359, 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 64 and nays 1, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|---------------|-----------|-----------------|-------------|
| Anderson | Frederickson | Krentz | Morse | Robertson |
| Beckman | Hanson | Kroening | Murphy | Runbeck |
| Belanger | Hottinger | Laidig | Neuville | 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 | Pogemiller | Stumpf |
| Cohen | Kiscaden | Merriam | Price | Terwilliger |
| Day | Kleis | Metzen | Ranum | Vickerman |
| Dille | Knutson | Moe, R.D. | Reichgott Junge | Wiener |
| Flynn | Kramer | Mondale | Riveness | |

Mr. Finn voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1122: A bill for an act relating to the environment; establishing a program for funding response actions to address environmental contamination from drycleaning facilities; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115B.

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 | Murphy | Runbeck |
| Berg | Hottinger | Laidig | Neuville | 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 | Pogemiller | Stumpf |
| Day | Kiscaden | Merriam | Price | Terwilliger |
| Dille | Kleis | Metzen | Ranum | Vickerman |
| Finn | Knutson | Moe, R.D. | Reichgott Junge | Wiener |

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 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.

Senate File No. 1051 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1995

CONCURRENCE AND REPASSAGE

Mr. Frederickson moved that the Senate concur in the amendments by the House to S.F. No. 1051 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1051 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

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

Mses. Krentz and Runbeck voted in the negative.

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 752: A bill for an act relating to telecommunications; allowing for alternative regulation of telephone companies for a limited period; authorizing rulemaking to promote fair and reasonable competition for local exchange service; making technical changes; amending Minnesota Statutes 1994, sections 237.01, subdivision 6; 237.035; 237.09; 237.16; and 237.461, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 237.

Senate File No. 752 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1995

CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 752 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 752 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Chandler moved that S.F. No. 588, No. 4 on General Orders, be stricken and re-referred to the Committee on Commerce and Consumer Protection. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1864 at 3:15 p.m.:

Messrs. Belanger; Hottinger; Johnson, D.J.; Mes. Flynn and Reichgott Junge. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 621 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 621: A bill for an act relating to game and fish; establishing hunting heritage week; designating mourning doves as game birds and mute swans as unprotected birds; clarifying terms of short-term angling licenses; removing certain requirements relating to fish taken in Canada; specifying the areas in which deer may be taken under a license to take antlered deer in more than one zone; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas; authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; amending Minnesota Statutes 1994, sections 97A.015, subdivisions 24, 28, and 52; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, subdivision 1; 97B.061;

97B.075; 97B.301, by adding a subdivision; 97B.931; 97C.025; 97C.305, subdivision 1; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivision 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.401, subdivision 2; 97C.605, subdivision 3; and 97C.821; proposing coding for new law in Minnesota Statutes, chapter 10; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 97B.301, subdivision 5; and 97B.731, subdivision 2.

Mr. Finn moved to amend S.F. No. 621 as follows:

Page 2, after line 25, insert:

"Sec. 5. Minnesota Statutes 1994, section 97A.221, is amended to read:

97A.221 [SEIZURE AND CONFISCATION OF PROPERTY.]

Subdivision 1. [PROPERTY SUBJECT TO CONFISCATION SEIZURE.] (a) An enforcement officer may ~~confiscate~~ seize:

(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and

(2) firearms, bows and arrows, nets, ~~boats~~, lines, poles, fishing rods and tackle, lights, lanterns, snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment that are used with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation.

(b) An enforcement officer must ~~confiscate~~ seize nets and equipment unlawfully possessed within ten miles of Lake of the Woods or Rainy Lake.

~~(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner.~~

Subd. 2. [CONFISCATION SEIZURE OF COMMINGLED SHIPMENTS.] A whole shipment or parcel is contraband if two or more wild animals are shipped or possessed in the same container, vehicle, or room, or in any way commingled, and any of the animals are contraband. Confiscation Seizure of any part of a shipment includes the entire shipment.

Subd. 3. [PROCEDURE FOR CONFISCATION OF PROPERTY SEIZED.] The enforcement officer must hold the seized property, subject to the order of the court having jurisdiction where the offense was committed. The property held is confiscated when the commissioner complies with this section and the person from whom it was seized is convicted of the offense.

Subd. 4. [COMPLAINT AGAINST PROPERTY.] The commissioner shall file with the court a separate complaint against the property held. The complaint must identify the property, describe its use in the violation, and specify the time and place of the violation. A copy of the complaint must be served upon the defendant or the owner of the property.

Subd. 5. [RELEASE OF PROPERTY AFTER POSTING BOND.] At any time after seizure of the property specified in this section, the property must be returned to the owner or person having the legal right to possession upon execution of a valid bond to the state with a corporate surety. The bond must be approved by a judge of the court of jurisdiction, conditioned to abide by an order and judgment of the court and to pay the full value of the property at the time of seizure. The bond must be for \$100 or for a greater amount not more than twice the value of the property seized.

Subd. 6. [COURT ORDER.] (a) If the person arrested is acquitted, the court shall dismiss the complaint against the property and order the property returned to the person legally entitled to it.

(b) Upon conviction of the person, the court shall issue an order directed to any person who may have any right, title, or interest in, or lien upon, the seized property. The order must describe the property and state that it was seized and that a complaint against it has been filed. The order shall require a person claiming right, title, or interest in, or lien upon, the property to file with the court administrator an answer to the complaint, stating the claim, within ten days after the service of the order. The order must contain a notice that if the person fails to file an answer within the time limit, the property may be ordered sold by the commissioner.

(c) The court order must be served upon any person known or believed to have any right, title, interest, or lien in the same manner as provided for service of a summons in a civil action, and upon unknown persons by publication, in the same manner as provided for publication of a summons in a civil action.

Subd. 7. [COURT-ORDERED SALE AFTER NO ANSWER.] If an answer is not filed within the time provided in subdivision 6, the court administrator shall notify the court and the court shall order the commissioner to sell the property. The net proceeds of the sale shall be deposited in the state treasury and credited to the game and fish fund.

Subd. 8. [HEARING AFTER ANSWER.] If an answer is filed within the time provided in subdivision 6, the court shall schedule a hearing within ten to 30 days after the time expired for filing the answer. The court, without a jury, shall determine whether any of the property was used in a violation specified in the complaint and whether the owner had knowledge or reason to believe that the property was being used, or intended to be used, in the violation. The court shall order the commissioner to sell the property that was unlawfully used with knowledge of the owner and to return to the owner property that was not unlawfully used with the knowledge of the owner. If the property is to be sold, the court shall determine the priority of liens against the property and whether the lienholders had knowledge that the property was being used or was intended to be used. Lienholders that had knowledge of the property's use in the violation are not to be paid. The court order must state the priority of the liens to be paid.

Subd. 9. [PROCEEDS OF SALE.] After determining the expense of seizing, keeping, and selling the property, the commissioner must pay the liens from the proceeds according to the court order. The remaining proceeds must be deposited in the state treasury and credited to the game and fish fund.

Subd. 10. [CANCELLATION OF SECURITY INTERESTS.] A sale under this section cancels all liens on and security interests in the property sold."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend S.F. No. 621 as follows:

Page 2, delete section 2

Page 9, after line 24, insert:

"Sec. 25. [TEMPORARY MOURNING DOVE SEASON AUTHORIZED.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 97B.731, subdivision 2, the commissioner of natural resources may establish an open season and restrictions for taking mourning doves in that part of the state lying south and west of a line running along U.S. Route 14 from the Wisconsin border west to Mankato, then following the Minnesota River to Morton, then along U.S. Route 71 north to Blackduck, then continuing north on Minnesota Route 72 to Baudette.

Subd. 2. [REPORT.] The commissioner of natural resources shall report by February 1, 1996, to the environment and natural resources committees of the senate and house of representatives on the results of the mourning dove season established under subdivision 1. The report must include a description of the impact of the season on the mourning dove population in the designated area.

Subd. 3. [REPEALER.] This section is repealed effective December 31, 1996."

Page 9, line 27, after the first semicolon, insert "and" and delete "; and 97B.731, subdivision"

Page 9, line 28, delete "2"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, lines 3 and 4, delete "mourning doves as game birds and"

Page 1, line 21, after the second semicolon, insert "authorizing a temporary mourning dove season;"

Page 1, line 23, delete "24, 28," and insert "28"

Page 1, line 33, after the first semicolon, insert "and" and delete "; and 97B.731, subdivision 2"

Mr. Berg then moved to amend the Berg amendment to S.F. No. 621 as follows:

Page 1, line 14, delete "1996" and insert "1997"

The motion prevailed. So the amendment to the amendment was adopted.

The question was taken on the Berg amendment, as amended.

The roll was called, and there were yeas 18 and nays 37, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|--------------|----------|----------|-----------|
| Berg | Frederickson | Lesewski | Ourada | Stumpf |
| Bertram | Johnston | Lessard | Pariseau | Vickerman |
| Chandler | Laidig | Merriam | Scheevel | |
| Dille | Larson | Morse | Stevens | |

Those who voted in the negative were:

| | | | | |
|----------|---------------|-----------|------------|-----------|
| Anderson | Janezich | Krentz | Neuville | Robertson |
| Beckman | Johnson, D.E. | Langseth | Novak | Runbeck |
| Berglin | Johnson, J.B. | Limmer | Oliver | Solon |
| Betzold | Kelly | Marty | Olson | Spear |
| Cohen | Kiscaden | Metzen | Pogemiller | Wiener |
| Day | Kleis | Moe, R.D. | Price | |
| Finn | Knutson | Mondale | Ranum | |
| Hanson | Kramer | Murphy | Riveness | |

The motion did not prevail. So the Berg amendment, as amended, was not adopted.

Mr. Murphy moved to amend S.F. No. 621 as follows:

Page 2, delete section 2

Page 9, line 27, after the first semicolon, insert "and" and delete "; and 97B.731, subdivision"

Page 9, line 28, delete "2"

Page 9, line 30, delete "2, 8, and 26" and insert "7 and 25"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 3, delete "mourning doves as game"

Page 1, line 4, delete "birds and"

Page 1, line 23, delete "24, 28," and insert "28"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 20, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|---------|--------|---------------|----------|
| Anderson | Berglin | Day | Janezich | Kelly |
| Beckman | Betzold | Finn | Johnson, D.E. | Kiscaden |
| Belanger | Cohen | Hanson | Johnson, J.B. | Kleis |

| | | | | |
|----------|-----------|------------|-----------|-----------|
| Kramer | Metzen | Novak | Ranum | Samuelson |
| Krentz | Moe, R.D. | Oliver | Riveness | Spear |
| Langseth | Mondale | Olson | Robertson | Wiener |
| Limmer | Murphy | Pogemiller | Runbeck | |
| Marty | Neuville | Price | Sams | |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|----------|----------|-----------|
| Berg | Dille | Laidig | Merriam | Scheevel |
| Bertram | Frederickson | Larson | Morse | Stevens |
| Chandler | Johnston | Lesewski | Ourada | Stumpf |
| Chmielewski | Knutson | Lessard | Pariseau | Vickerman |

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend S.F. No. 621 as follows:

Page 9, line 26, before "Minnesota" insert "(a)" and delete "sections" and insert "section"

Page 9, line 27, delete the first semicolon and insert ", are repealed."

(b) Minnesota Statutes 1994, sections"

Page 9, line 31, after the period, insert "Notwithstanding the date and time of day of final enactment, sections 8 and 26, paragraph (a), supersede any irreconcilable provisions of other laws passed during the 1995 legislative session."

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend S.F. No. 621 as follows:

Page 8, line 11, reinstate the stricken language and delete the new language

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

Mr. Finn moved to amend the first Finn amendment to S.F. No. 621, adopted by the Senate May 3, 1995, as follows:

Page 1, line 11, reinstate the stricken language

The motion prevailed. So the amendment to the amendment was adopted.

S.F. No. 621 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 | Frederickson | Laidig | Neuville | Sams |
| Beckman | Hanson | Langseth | Novak | Samuelson |
| Berg | Johnson, D.E. | Larson | Oliver | Scheevel |
| Berglin | Johnson, J.B. | Lesewski | Olson | Solon |
| Bertram | Johnston | Lessard | Ourada | Spear |
| Betzold | Kelly | Limmer | Pariseau | Stevens |
| Chandler | Kiscaden | Marty | Pogemiller | Stumpf |
| Chmielewski | Kleis | Merriam | Price | Terwilliger |
| Cohen | Knutson | Metzen | Ranum | Vickerman |
| Day | Kramer | Mondale | Riveness | Wiener |
| Dille | Krentz | Morse | Robertson | |
| Finn | Kroening | Murphy | Runbeck | |

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1037 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1037: A bill for an act relating to health; providing rulemaking authority; modifying enforcement and fee provisions; modifying the hearing instrument dispenser trainee period; providing penalties; amending Minnesota Statutes 1994, sections 144.414, subdivision 3; 144.417, subdivision 1; 144.99, subdivisions 1, 4, 6, 8, and 10; 144.991, subdivision 5; 326.71, subdivision 4; 326.75, subdivision 3a; and 326.78, subdivisions 2 and 9; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, sections 144.877, subdivision 5; and 144.8781, subdivision 4; Laws 1989, chapter 282, article 3, section 28; and Laws 1993, chapter 286, section 11; Minnesota Rules, part 4620.1500.

Mr. Oliver moved to amend H.F. No. 1037, the unofficial engrossment, as follows:

Page 3, after line 1, insert:

"Sec. 4. Minnesota Statutes 1994, section 144.98, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the annual biennial fee specified in this subdivision. The fees are for:

(1) base certification fee, ~~\$250~~ \$500; and

(2) test category certification fees:

| Test Category | Certification Fee | |
|---|-------------------|--------------|
| Bacteriology | \$100 | <u>\$200</u> |
| Inorganic chemistry, fewer than four constituents | \$50 | <u>\$100</u> |
| Inorganic chemistry, four or more constituents | \$150 | <u>\$300</u> |
| Chemistry metals, fewer than four constituents | \$100 | <u>\$200</u> |
| Chemistry metals, four or more constituents | \$250 | <u>\$500</u> |
| Volatile organic compounds | \$300 | <u>\$600</u> |
| Other organic compounds | \$300 | <u>\$600</u> |

(b) The total annual biennial certification fee is the base fee plus the applicable test category fees. The annual biennial certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional \$1,200 fee.

(d) The commissioner of health may adjust fees under section 16A.128, subdivision 2. Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function."

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. 1037 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 | Berglin | Chandler | Day | Frederickson |
| Beckman | Bertram | Chmielewski | Dille | Hanson |
| Berg | Betzold | Cohen | Finn | Johnson, D.E. |

| | | | | |
|---------------|----------|----------|------------|-------------|
| Johnson, J.B. | Laidig | Mondale | Pogemiller | Spear |
| Johnston | Langseth | Morse | Price | Stevens |
| Kelly | Larson | Murphy | Ranum | Stumpf |
| Kiscaden | Lesewski | Neuville | Riveness | Terwilliger |
| Kleis | Lessard | Novak | Robertson | Vickerman |
| Knutson | Limmer | Oliver | Runbeck | Wiener |
| Kramer | Marty | Olson | Samuelson | |
| Krentz | Merriam | Ourada | Scheevel | |
| Kroening | Metzen | Pariseau | Solon | |

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1551 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1551: A bill for an act relating to agricultural economics; providing loans and incentives for agricultural energy resources development for family farms and cooperatives; amending Minnesota Statutes 1994, sections 41B.02, subdivision 19; 41B.046, subdivision 1, and by adding a subdivision; and 216C.41, subdivisions 1, 2, 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1393 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1393: A bill for an act relating to public finance; providing conditions and requirements for the issuance of debt and use of the proceeds; authorizing use of capital improvement bonds for indoor ice arenas; exempting issuance of certain debt from election requirements; authorizing home rule charter cities to issue tax anticipation certificates; authorizing operation of certain recreational facilities; providing for the computation of tax increment from certain hazardous substance subdistricts; authorizing continuing disclosure agreements; providing for funding of self-insurance by political subdivisions; providing for the issuance of temporary obligations and modifying issuance procedures; amending Minnesota Statutes 1994, sections 373.40, subdivision 1; 447.46; 462C.05, subdivision 1; 469.041; 469.174, subdivision 4, and by adding subdivisions; 469.175, subdivision 1; 469.177, subdivisions 1, 1a, and 2; 471.16, subdivision 1; 471.191, subdivisions 1 and 2; 471.98, subdivision 3; 471.981, subdivisions 2, 4a, 4b, and 4c; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1, and by adding a subdivision; 475.60, by adding a subdivision; 475.61, by adding a subdivision; 475.63; and 475.79; Laws 1971, chapter 773, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 373; and 410.

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 2, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|---------------|-----------|------------|-------------|
| Anderson | Frederickson | Laidig | Neuville | Runbeck |
| Beckman | Hanson | Larson | Novak | Sams |
| Berg | Johnson, D.E. | Lesewski | Oliver | Scheevel |
| Berglin | Johnston | Lessard | Olson | Solon |
| Bertram | Kelly | Limmer | Ourada | Spear |
| Chandler | Kiscaden | Marty | Pariseau | Stevens |
| Chmielewski | Kleis | Metzen | Pogemiller | Stumpf |
| Cohen | Knutson | Moe, R.D. | Price | Terwilliger |
| Day | Kramer | Mondale | Ranum | Vickerman |
| Dille | Krentz | Morse | Riveness | Wiener |
| Finn | Kroening | Murphy | Robertson | |

Messrs. Betzold and Merriam voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1543 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1543: A bill for an act relating to public finance; changing procedures for allocating bonding authority; changing provisions relating to housing programs and plans; amending Minnesota Statutes 1994, sections 462C.01; 462C.02, subdivision 3; 462C.04, subdivisions 2 and 3; 462C.071, subdivision 2; 474A.03, subdivisions 1 and 4; 474A.061, subdivisions 2a, 2c, 4, and 6; 474A.091, subdivisions 3 and 5; and 474A.131, subdivision 2; repealing Minnesota Statutes 1994, sections 462C.02, subdivision 2; 462C.03, subdivisions 1 and 5; and 462C.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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 429 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 429: A bill for an act relating to agriculture; extending the sunset date for the farmer-lender mediation act; providing for a study of expansion of the mediation program; amending Laws 1986, chapter 398, article 1, section 18, as amended.

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 47 and nays 6, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|---------------|-----------|------------|-------------|
| Anderson | Finn | Kroening | Morse | Sams |
| Beckman | Frederickson | Laidig | Murphy | Solon |
| Berglin | Hanson | Langseth | Neuville | Spear |
| Bertram | Janezich | Larson | Novak | Stumpf |
| Betzold | Johnson, D.E. | Lesewski | Pariseau | Terwilliger |
| Chandler | Johnston | Lessard | Pogemiller | Vickerman |
| Chmielewski | Kelly | Limmer | Price | Wiener |
| Cohen | Kleis | Marty | Ranum | |
| Day | Knutson | Metzen | Robertson | |
| Dille | Krentz | Moe, R.D. | Runbeck | |

Those who voted in the negative were:

| | | | | |
|----------|--------|---------|----------|---------|
| Berg | Kramer | Merriam | Scheevel | Stevens |
| Kiscaden | | | | |

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 255 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 255: A bill for an act relating to elevators; regulating persons who may do elevator work; appropriating money; amending Minnesota Statutes 1994, sections 183.355, subdivision 3; 183.357, subdivisions 1, 2, and 4; and 183.358; proposing coding for new law in Minnesota Statutes, chapter 183.

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 48 and nays 9, as follows:

Those who voted in the affirmative were:

| | | | | |
|--------------|---------------|-----------|-----------|-------------|
| Anderson | Hanson | Langseth | Novak | Samuelson |
| Beckman | Janezich | Larson | Oliver | Solon |
| Bertram | Johnson, D.E. | Lessard | Ourada | Spear |
| Betzold | Johnston | Marty | Pariseau | Stevens |
| Chmielewski | Kelly | Metzen | Price | Stumpf |
| Cohen | Kiscaden | Moe, R.D. | Ranum | Terwilliger |
| Day | Kleis | Mondale | Riveness | Vickerman |
| Dille | Knutson | Morse | Robertson | Wiener |
| Finn | Kroening | Murphy | Runbeck | |
| Frederickson | Laidig | Neuville | Sams | |

Those who voted in the negative were:

| | | | | |
|---------|----------|----------|---------|----------|
| Berg | Chandler | Krentz | Limmer | Scheevel |
| Berglin | Kramer | Lesewski | Merriam | |

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 734 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 734: A bill for an act relating to telecommunications; regulating the 911 system; imposing requirements on private switch telephone service; imposing a civil penalty; amending Minnesota Statutes 1994, sections 403.02, by adding subdivisions; and 403.04.

Mr. Chandler moved to amend S.F. No. 734 as follows:

Page 1, line 22, delete the first comma and insert "and" and delete the second comma and delete "and other dispersed multiline"

Page 1, delete line 23

Page 1, line 24, delete "capabilities"

Page 2, line 27, delete "July 1" and insert "December 31"

Page 2, line 35, delete "July 1" and insert "December 31"

Page 3, line 4, delete "December 31, 1996" and insert "July 1, 1997"

Page 3, lines 10 and 11, delete "December 31, 1996" and insert "July 1, 1997"

Page 4, line 8, delete "may adopt rules" and insert "shall adopt rules by December 31, 1996,"

Page 4, after line 16, insert:

"Subd. 11. [IMMUNITY FROM LIABILITY.] An operator of a private switch telephone system involved in providing data to a public 911 system shall not be liable for any claim, damage, or loss arising from the provision or nonprovision of 911 service unless the act or omission of the operator proximately caused the damage or loss.

Subd. 12. [CONFIDENTIALITY.] All data provided by operators of private switch telephone service systems to the public 911 system shall be treated as private data on individuals or nonpublic data by the public 911 system pursuant to chapter 13."

The motion prevailed. So the amendment was adopted.

S.F. No. 734 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 47 and nays 11, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|---------------|-----------|------------|-------------|
| Anderson | Flynn | Kroening | Mondale | Solon |
| Beckman | Frederickson | Laidig | Morse | Spear |
| Belanger | Janezich | Langseth | Murphy | Stevens |
| Berg | Johnson, D.E. | Larson | Novak | Stumpf |
| Berglin | Johnston | Lessard | Oliver | Terwilliger |
| Bertram | Kelly | Limmer | Ourada | Vickerman |
| Betzold | Kleis | Marty | Pogemiller | Wiener |
| Chandler | Knutson | Merriam | Price | |
| Cohen | Kramer | Metzen | Ranum | |
| Finn | Krentz | Moe, R.D. | Sams | |

Those who voted in the negative were:

| | | | | |
|-------------|----------|----------|-----------|----------|
| Chmielewski | Hanson | Lesewski | Pariseau | Runbeck |
| Day | Kiscaden | Neuville | Robertson | Scheevel |
| Dille | | | | |

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1700 be taken from the table. The motion prevailed.

H.F. No. 1700: A bill for an act relating to the organization and operation of state government; appropriating money for the judicial branch, public safety, public defense, corrections, and for other criminal justice agencies and purposes; making changes to various criminal laws and penalties; modifying juvenile justice provisions; amending Minnesota Statutes 1994, sections 2.722, subdivision 1; 3.732, subdivision 1; 16A.285; 43A.18, by adding a subdivision; 120.101, subdivision 1; 120.14; 120.17, subdivisions 5a, 6, and 7; 120.181; 120.73, by adding a subdivision; 124.18, by adding a subdivision; 124.32, subdivision 6; 125.05, by adding a subdivision; 125.09, subdivision 1; 127.20; 127.27, subdivision 10; 145A.05, subdivision 7a; 152.18, subdivision 1; 171.04, subdivision 1; 171.29, subdivision 2; 176.192; 179A.03, subdivision 7; 242.31, subdivision 1; 243.166; 243.23, subdivision 3; 243.51, subdivisions 1 and 3; 243.88, by adding a subdivision; 260.015, subdivision 21; 260.115, subdivision 1; 260.125; 260.126, subdivision 5; 260.131, subdivision 4, and by adding a subdivision; 260.132, subdivisions 1, 4, and by adding a subdivision; 260.155, subdivisions 2 and 4; 260.161, subdivision 3; 260.181, subdivision 4; 260.185, subdivision 6, and by adding subdivisions; 260.191, subdivision 1; 260.193, subdivision 4; 260.195, subdivision 3, and by adding a subdivision; 260.215, subdivision 1; 260.291, subdivision 1; 271.06, subdivision 4; 299A.33, subdivision 3; 299A.35, subdivision 1; 299A.51, subdivision 2; 299C.065, subdivisions 1a, 3, and 3a; 299C.10, subdivision 1, and by adding a subdivision; 299C.62, subdivision 4; 357.021, subdivision 2; 364.09; 388.24, subdivision 4; 401.065, subdivision 3a; 401.10; 466.03, by adding a subdivision; 480.30; 481.01; 494.03; 518.165, by adding subdivisions; 518B.01, subdivisions 2, 4, 8, 14, and by adding a subdivision; 609.055, subdivision 2; 609.101, subdivisions 1, 2, and 3; 609.115, by adding a subdivision; 609.135, by adding a subdivision; 609.1352, subdivisions 1, 3, and 5; 609.152, subdivision 1; 609.19; 609.3451, subdivision 1; 609.485, subdivisions 2 and 4; 609.605, subdivision 4; 609.746, subdivision 1; 609.748, subdivision 3a; 609.749, subdivision 5; 611.27, subdivision 4; 611A.01; 611A.04, subdivision 1; 611A.19, subdivision 1; 611A.31, subdivision 2; 611A.53, subdivision 2; 611A.71, subdivision 7; 611A.73, subdivision 3; 611A.74; 617.23; 624.22; 624.712, subdivision 5; 626.841; 626.843, subdivision 1; 626.861, subdivisions 1 and 4; 628.26; 629.341, subdivision 1; 629.715, subdivision 1; 629.72, subdivisions 1, 2, and 6; 641.14; and 641.15, subdivision 2; Laws 1993, chapter 255, sections 1, subdivisions 1 and 4; and 2; and Laws 1994, chapter 643, section 79, subdivisions 1, 2, and 4; proposing coding for new law in Minnesota Statutes, chapters 8; 16B; 120; 127; 243; 244; 257; 260; 299A; 299C; 299F; 401; 504; 563; 609; 611A; 626; and 629; proposing coding for new law as Minnesota Statutes, chapter 260A; repealing Minnesota Statutes 1994, sections 121.166; 126.25; and 611A.61, subdivision 3; Laws 1994, chapter 576, section 1.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1700 and that the rules of the Senate be so far suspended as to give H.F. No. 1700 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1700 was read the second time.

Mr. Beckman moved to amend H.F. No. 1700 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1700, and insert the language after the enacting clause, and the title, of S.F. No. 1653, the third engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 1700 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 54 and nays 7, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

| | | | | |
|--------------|----------|--------|--------|-----------|
| Belanger | Janezich | Larson | Murphy | Robertson |
| Frederickson | Kiscaden | | | |

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

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Berglin moved that S.F. No. 801 be taken from the table. The motion prevailed.

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.

Mr. Kramer moved to amend S.F. No. 801 as follows:

Page 10, after line 6, insert:

"The reporting requirements of this subdivision shall expire on December 31, 1997. Beginning January 1, 1998, every hospital, medical clinic, medical laboratory, or other facility performing blood lead analysis shall report the results within two working days by telephone, fax, or electronic transmission, with written or electronic confirmation within one month, for capillary or venous blood lead level equal to the level for which reporting is recommended by the Center for Disease Control."

The motion prevailed. So the amendment was adopted.

Mr. Kramer then moved to amend S.F. No. 801 as follows:

Page 9, line 27, after the comma, insert "for a venous blood level greater than five micrograms of lead per deciliter of whole blood,"

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

S.F. No. 801 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 | Finn | Kramer | Murphy | Runbeck |
| Beckman | Flynn | Krentz | Neuville | Sams |
| Belanger | Frederickson | Laidig | Oliver | Scheevel |
| Berg | Hanson | Larson | Olson | Solon |
| Berglin | Hottinger | Lesewski | Ourada | Spear |
| Bertram | Janezich | Lessard | Pariseau | Stevens |
| Betzold | Johnson, D.E. | Limmer | Pogemiller | Stumpf |
| Chandler | Johnson, D.J. | Marty | Price | Terwilliger |
| Chmielewski | Johnston | Merriam | Ranum | Vickerman |
| Cohen | Kiscaden | Metzen | Reichgott Junge | Wiener |
| Day | Kleis | Moe, R.D. | Riveness | |
| Dille | Knutson | Morse | Robertson | |

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, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

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

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1019: A bill for an act relating to metropolitan government; establishing the metropolitan livable communities fund and providing for fund distribution; reducing the levy authority of the metropolitan mosquito control commission; providing for certain revenue sharing; regulating employee layoffs by the metropolitan mosquito control district; amending Minnesota Statutes 1994, sections 116J.552, subdivision 2; 116J.555, subdivision 2; 116J.556; 473.167, subdivisions 2, 3, and by adding a subdivision; 473.711, subdivision 2; and 473F.08, subdivisions 3a, 5, 7a, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1994, sections 473.704, subdivision 15; 504.33; 504.34; and 504.35.

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

Page 20, after line 5, insert:

"Sec. 14. [ECONOMIC VITALITY AND HOUSING INITIATIVE.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota housing finance agency may establish an economic vitality and housing initiative to provide funds for affordable housing projects in connection with local communities' economic development and redevelopment efforts. The purpose of the economic vitality and housing initiative is to provide resources for affordable housing in communities throughout the state necessary to ensure the expansion and preservation of the economic base and employment opportunities. The agency must use the economic vitality and housing initiative to leverage to the extent possible private and other public funds for the purpose of this section.

Subd. 2. [GREATER MINNESOTA.] In Greater Minnesota, which is defined for this section as the area of the state not included in subdivision 3, the agency must work with groups in the McKnight initiative fund regions to assist the agency in identifying the affordable housing needed in each region in connection with economic development and redevelopment efforts and in establishing priorities for uses of economic vitality and housing funds. The groups must include the McKnight initiative funds, the regional development commissions, the private industry councils, units of local government, community action agencies, the Minnesota housing partnership network groups, local lenders, for-profit and nonprofit developers, and realtors. In

addition to priorities developed by the group, the agency must give a preference to viable projects in which area employers contribute financial assistance.

Subd. 3. [METROPOLITAN AREA.] In the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, the agency must confer with the metropolitan council to identify the priorities for use of the economic vitality and housing funds. The agency shall give preference to economically viable projects that:

(1) include a contribution of financial resources from units of local government and area employers;

(2) are located in areas accessible to public transportation or served by transportation programs or along arterial roadways;

(3) take into account the availability of job training efforts in the community; and

(4) address local and regional objectives for the development of affordable and life cycle housing and the redevelopment of neighborhoods and communities.

Subd. 4. [EXPIRATION.] This section expires June 30, 1997."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "authorizing an economic vitality and housing initiative;"

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. 230: A bill for an act relating to claims against governmental units; increasing tort liability limits; amending Minnesota Statutes 1994, sections 3.736, subdivision 4; and 466.04, subdivisions 1 and 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Merriam from the Committee on Finance, to which was referred

S.F. No. 1562: A bill for an act relating to government finance; limiting the time within which authorized bonds may be issued; proposing coding for new law in Minnesota Statutes, chapter 16A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

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

S.F. No. 10: A bill for an act relating to taxation; providing a property tax exemption for federal land used for cottage and camp purposes; amending Minnesota Statutes 1994, section 272.02, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

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

S.F. No. 467: A bill for an act relating to metropolitan government; providing for coordination and consolidation of public safety radio communications systems; providing governance and finance of the state and regional elements of a regionwide public safety radio communication system; extending the public safety channel moratorium; authorizing the use of 911 emergency telephone service fees for costs of the regionwide public safety radio communication system; authorizing the issuance of bonds by the metropolitan council; abolishing the metropolitan radio

board on a certain date and transferring its duties and responsibilities; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 473.

Reports the same back with the recommendation that the bill do pass. Report adopted.

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

S.F. No. 1319: A bill for an act relating to taxation; property tax; extending the availability of valuation exclusions for certain improvements made to property in 1992; amending Laws 1993, chapter 375, article 5, section 44.

Reports the same back with the recommendation that the bill do pass. Report adopted.

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

S.F. No. 1419: A bill for an act relating to taxation; corporate franchise tax; modifying the sales factor for leases of certain mobile equipment; amending Minnesota Statutes 1994, section 290.191, subdivisions 5 and 6.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 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.

(c) For purposes of this section, "commercial domicile" means the headquarters of the trade or business, that is, the place from which the trade or business is principally managed and directed. If a taxpayer is organized under the laws of a foreign country, or of the Commonwealth of Puerto Rico, or any territory or possession of the United States, the taxpayer's commercial domicile is the state that the taxpayer has declared to be its home state under the International Banking Act of 1978; or, if the taxpayer has not made such a declaration or is not required to make such a declaration, its commercial domicile for the purpose of this section is the state of the United States or the District of Columbia to which the greatest number of employees are regularly connected or out of which they are working, irrespective of where the services of the employees are performed, as of the last day of the taxable year.

Sec. 2. 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. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment is located in this state if are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) the operation of the property is entirely within this state; or A motor vehicle is used wholly in the state in which it is registered.

(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 The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(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. For the purposes of this section, 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 extent to which the benefits of services are consumed in this state in which the services are received is not readily determinable, 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.

Sec. 3. 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 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 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. Receipts from the lease or rental of tangible personal property that is characteristically moving property, such as including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment, and the like, is considered to be located in a state if are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) the operation of the property is entirely within the state; or A motor vehicle is used wholly in the state in which it is registered.

(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 The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(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~~ borrower's commercial domicile is located in this state.

(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) The receipts factor includes net gains (but not less than zero) from the sale of credit card receivables, the numerator of which is determined by multiplying the net gains by a fraction, the numerator of which is the amount in the numerator of the receipts factor under paragraph (j) and the denominator of which is the taxpayer's total amount of interest and fees or penalties in the nature of interest from credit card receivables and fees charged to cardholders.

(1) The receipts factor includes all credit card issuer's reimbursement fees, the numerator of which is determined by multiplying the reimbursement fees by a fraction, the numerator of which is the amount included in the numerator of the receipts factor under paragraph (j) and the denominator of which is the total amount of interest and fees or penalties in the nature of interest from credit card receivables and fees charged to cardholders.

(m) ~~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 of the merchant's commercial domicile.~~

(n) The receipts from the servicing of loans are included in the receipts factor and are attributed to this state as follows:

(1) The numerator of the receipts factor includes loan servicing fees derived from loans secured by real estate or tangible personal property multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor under paragraph (f) and the denominator of which is the total amount of interest and fees or penalties in the nature of interest from loans secured by real estate and tangible personal property.

(2) The numerator of the receipts factor includes loan servicing fees derived from consumer loans not secured by real estate or tangible personal property multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor under paragraph (g) and the denominator of which is the total amount of interest and fees or penalties in the nature of interest from loans not secured by real estate and tangible personal property.

(3) The numerator of the receipts factor includes loan servicing fees derived from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor under paragraph (h) and the denominator of which is the total amount of interest and fees or penalties in the nature of interest from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property.

(4) The numerator of the receipts factor includes loan servicing fees derived from financial institution credit card and travel and entertainment credit card receivables and credit cardholders' fees multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor under paragraph (j) and the denominator of which is the total amount of interest and fees or penalties in the nature of interest from financial institution credit card and travel and entertainment credit card receivables and credit cardholders' fees.

(5) If the taxpayer receives loan servicing fees for servicing either the secured or the unsecured loans of the unrelated third party, the receipts are attributed under the principles in paragraph (o).

~~(h)~~ (o) 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 may only be attributed to a state in which it has a fixed place of doing business. If the extent to which the benefits of services are consumed in this state where the services are received is not readily determinable, 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)~~ (p) 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)~~ (q) 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 are attributed to this state if the investments are properly assigned to a regular place of business of the taxpayer within this state.

The taxpayer has the burden of proving that investments of a financial institution in securities and from money market instruments are properly assigned to a regular place of business outside this state. Where the day-to-day decisions regarding an investment occur at more than one regular place of business, the investment is considered to be located at the regular place of business of the taxpayer where the investment or trading policies and guidelines with respect to the investment are established.

~~(o)~~ (r) 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)~~ (q).

Sec. 4. Minnesota Statutes 1994, section 290.191, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL INSTITUTIONS; PROPERTY FACTOR.] (a) For financial institutions, the property factor includes, as well as tangible property, intangible property as set forth in this subdivision.

(b) Intangible personal property must be included at its tax basis for federal income tax purposes.

(c) Goodwill must not be included in the property factor.

(d) ~~Coin and currency located in this state must be attributed to this state~~ must not be included in the property factor.

(e) ~~Lease financing receivables must be attributed to this state if and to the extent that the property is located~~ the receivables are properly assigned to a regular place of business of the taxpayer within this state.

(f) ~~Assets in the nature of loans that are secured by real or tangible personal property must be attributed to this state if and to the extent that the security property is located~~ the loans are properly assigned to a regular place of business of the taxpayer within this state.

(g) ~~Assets in the nature of consumer loans and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan was made to a resident of this state.~~

(h) ~~Assets in the nature of commercial loan 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 assets must be attributed to the state in which there is located the office of the borrower from which the application would be made in the regular course of business. If this cannot be determined, the transaction is disregarded in the apportionment formula.~~

(i) ~~A participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h) and (f).~~

(j) ~~(h) Financial institution credit card and travel and entertainment credit card receivables must be attributed to the state to which the credit card charges and fees are regularly billed if the receivables are properly assigned to a regular place of business of the taxpayer within the state.~~

(k) ~~(i) Receivables arising from merchant discount income derived from financial institution credit card holder transactions with a merchant are attributed to the state in which the merchant is located. In the case of merchants located within and without the state, only receivables 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 if the receivables are properly assigned to a regular place of business of the taxpayer within the state.~~

(l) ~~(j) Assets in the nature of securities and money market instruments are apportioned to this state based upon the ratio that total deposits from this state, its residents, 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, the assets are apportioned to this state based upon the ratio that its gross business income earned from sources within this state bears to gross business income earned from sources within all states. For purposes of this paragraph, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities are attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state~~ must not be included in the property factor.

(m) ~~(k) A financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is included in the property factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (l)~~ must not be included in the property factor.

(n) For the purposes of paragraphs (e) to (i), loan assets and receivables are properly assigned in this state if the preponderance of substantive contact occurred in this state. In determining where the preponderance of substantive contact occurred, the following consideration should be given:

(1) solicitation;

(2) investigation;

(3) negotiation;

(4) approval; and

(5) administration.

Sec. 5. [REPEALER.]

Minnesota Statutes 1994, section 290.191, subdivision 8, is repealed.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective for taxable years beginning after December 31, 1994."

Delete the title and insert:

"A bill for an act relating to corporate franchise taxation; modifying the definition of apportionment factors; amending Minnesota Statutes 1994, section 290.191, subdivisions 1, 5, 6, and 11; repealing Minnesota Statutes 1994, section 290.191, subdivision 8."

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

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

H.F. No. 1567: A bill for an act relating to public funds; regulating the deposit and investment of these funds, and agreements related to these funds; requiring a study; amending Minnesota Statutes 1994, section 6.745; proposing coding for new law as Minnesota Statutes, chapter 118A; repealing Minnesota Statutes 1994, sections 118.005; 118.01; 118.02; 118.08; 118.09; 118.10; 118.11; 118.12; 118.13; 118.14; 118.16; 124.05; 471.56; 475.66; and 475.76.

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

Page 8, after line 23, insert:

"Sec. 8. [118A.07] [ADDITIONAL INVESTMENT AUTHORITY.]

Subdivision 1. [AUTHORITY PROVIDED.] As used in this section, "governmental entity" means a city with a population in excess of 200,000 or a county that contains a city of that size. If a governmental entity meets the requirements of subdivisions 2 and 3, it may exercise additional investment authority under subdivisions 4, 5, and 6.

Subd. 2. [WRITTEN POLICIES AND PROCEDURES.] Prior to exercising any additional authority under subdivisions 4, 5, and 6, the governmental entity must have written investment policies and procedures governing the following:

(1) the use of or limitation on mutual bond funds or other securities authorized or permitted investments under law;

(2) specifications for and limitations on the use of derivatives;

(3) the final maturity of any individual security;

(4) the maximum average weighted life of the portfolio;

(5) the use of and limitations on reverse repurchase agreements;

(6) credit standards for financial institutions with which the government entity deals; and

(7) credit standards for investments made by the government entity.

Subd. 3. [OVERSIGHT PROCESS.] Prior to exercising any authority under subdivisions 4, 5, and 6, the governmental entity must establish an oversight process that provides for review of the government entity's investment strategy and the composition of the financial portfolio. This process shall include one or more of the following:

- (1) audit reviews;
- (2) internal or external investment committee reviews; and
- (3) internal management control.

Additionally, the governing body of the governmental entity must, by resolution, authorize its treasurer to utilize the additional authorities under this section within their prescribed limits, and in conformance with the written limitations, policies, and procedures of the governmental entity.

If the governing body of a governmental entity exercises the authority provided in this section, the treasurer of the governmental entity must annually report to the governing body on the findings of the oversight process required under this subdivision. If the governing body intends to continue to exercise the authority provided in this section for the following calendar year, it must adopt a resolution affirming that intention by December 1.

Subd. 4. [REPURCHASE AGREEMENTS.] A government entity may enter into repurchase agreements as authorized under section 118A.05, provided that the exclusion of mortgage-backed securities defined as "high risk mortgage-backed securities" under section 118A.04, subdivision 6, shall not apply to repurchase agreements under this authority if the margin requirements is 101 percent or more.

Subd. 5. [REVERSE REPURCHASE AGREEMENTS.] Notwithstanding the limitations contained in section 118A.05, subdivision 2, the county may enter into reverse repurchase agreements to:

- (1) meet cash flow needs; or
- (2) generate cash for investments, provided that the total securities owned shall be limited to an amount not to exceed 120 percent of the annual daily average of general investable monies for the fiscal year as disclosed in the most recently available audited financial report. Excluded from this limit are:
 - (i) securities with maturities of one year or less; and
 - (ii) securities that have been reversed to maturity.

There shall be no limit on the term of a reverse repurchase agreement. Reverse repurchase agreements shall not be included in computing the net debt of the governmental entity, and may be made without an election or public sale, and the interest payable thereon shall not be subject to the limitation in section 475.55. The interest shall not be deducted or excluded from gross income of the recipient for the purpose of state income, corporate franchise, or bank excise taxes, or if so provided by federal law, for the purpose of federal income tax.

Subd. 6. [OPTIONS.] A government entity may enter into option agreements to buy or sell securities authorized under law as legal investments for counties, but only with respect to securities owned by the governmental entity, including securities that are the subject of reverse repurchase agreements under this section that expire at or before the due date of the option agreement.

Sec. 9. Minnesota Statutes 1994, section 356A.06, is amended by adding a subdivision to read:

Subd. 8a. [COLLATERALIZATION REQUIREMENT.] (a) The governing board of a covered pension plan shall designate a national bank, an insured state bank, an insured credit union, or an insured thrift institution as the depository for the pension plan for assets not held by the pension plan's custodian bank.

(b) Unless collateralized as provided under paragraph (c), a covered pension plan may not deposit in a designated depository an amount in excess of the insurance held by the depository in the federal deposit insurance corporation, the federal savings and loan insurance corporation, or the national credit union administration, whichever applies.

(c) For an amount greater than the insurance under paragraph (b), the depository must provide collateral in compliance with section 118A.03.

Sec. 10. Minnesota Statutes 1994, section 356A.06, is amended by adding a subdivision to read:

Subd. 8b. [DISCLOSURE OF INVESTMENT AUTHORITY; RECEIPT OF STATEMENT.]

(a) For this subdivision, the term "broker" means a broker, broker-dealer, investment advisor, investment manager or third party agent who transfers, purchases, sells, or obtains investment securities for, or on behalf of, a covered pension plan.

(b) Before a covered pension plan may complete an investment transaction with or in accord with the advice of a broker, the covered pension plan shall provide annually to the broker a written statement of investment restrictions applicable under state law to the covered pension plan or applicable under pension plan governing board investment policy.

(c) A broker must acknowledge in writing annually the receipt of the statement of investment restrictions and must agree to handle the covered pension plan's investments and assets in accord with the provided investment restrictions. A covered pension plan may not enter into or continue a business arrangement with a broker until the broker has provided this written acknowledgment to the chief administrative officer of the covered pension plan."

Page 8, line 25, delete "10" and insert "13"

Page 9, line 9, delete "10" and insert "13"

Page 9, line 10, delete "9" and insert "12"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections" and before the semicolon, insert "; and 356A.06, by adding subdivisions"

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

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

S.F. No. 277: A bill for an act relating to property taxes; providing for the equalization of tax bases for governmental units throughout the metropolitan area; amending Minnesota Statutes 1994, sections 469.177, subdivision 3; 473F.02, subdivisions 7, 8, 13, 14, and 15; 473F.07; and 473F.08, subdivisions 2, 3, 4, 5, and 6; repealing Minnesota Statutes 1994, sections 473F.02, subdivision 12; 473F.06; and 473F.08, subdivision 8a.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 473F.02, subdivision 8, is amended to read:

Subd. 8. [MUNICIPALITY.] "Municipality" means a city, town, or township located in whole or part within the area, but not the cities of New Prague or Northfield. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

~~A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial industrial development, for reasons other than preserving an agricultural use. The metropolitan council and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.~~

Sec. 2. Minnesota Statutes 1994, section 473F.02, is amended by adding a subdivision to read:

Subd. 25. [EXCESS HOMESTEAD NET TAX CAPACITY.] "Excess homestead net tax capacity" is the net tax capacity on that portion of class 1 or class 2a property over \$200,000 market value. In the case of class 2a property, only the net tax capacity of the house, garage, and one acre of land over \$200,000 market value is considered excess homestead net tax capacity.

Sec. 3. Minnesota Statutes 1994, section 473F.02, is amended by adding a subdivision to read:

Subd. 26. [CONTRIBUTION NET TAX CAPACITY.] Each municipality's "contribution net tax capacity" is equal to 40 percent of the increase in net capacity as certified under section 473F.06, plus the amount of excess homestead growth net tax capacity certified under section 473F.05.

Sec. 4. Minnesota Statutes 1994, section 473F.02, is amended by adding a subdivision to read:

Subd. 27. [CONTRIBUTION PERCENTAGE.] Each municipality's "contribution percentage" is that portion of its contribution net tax capacity attributable to commercial-industrial property divided by the municipality's total preceding year's net tax capacity of commercial-industrial property, determined without regard to section 469.177, subdivision 3.

Sec. 5. Minnesota Statutes 1994, section 473F.02, is amended by adding a subdivision to read:

Subd. 28. [EXCESS HOMESTEAD GROWTH NET TAX CAPACITY.] "Excess homestead growth net tax capacity" for a municipality is its excess homestead net tax capacity for the current year minus its excess homestead net tax capacity for taxes assessed in 1994, payable in 1995. A municipality's excess homestead growth net tax capacity cannot be less than zero.

Sec. 6. Minnesota Statutes 1994, section 473F.05, is amended to read:

473F.05 [NET TAX CAPACITY.]

On or before August 5 of each year, the assessors within each county in the area shall determine and certify to the county auditor the excess homestead net tax capacity, the excess homestead growth net tax capacity, and the net tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

Sec. 7. Minnesota Statutes 1994, section 473F.07, subdivision 1, is amended to read:

Subdivision 1. [AREAWIDE NET TAX CAPACITY.] Each county auditor shall certify the determinations under sections 473F.05 and 473F.06 to the administrative auditor on or before August 1 of each year.

~~The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified under section 473F.06 contribution net tax capacities for all municipalities in the area.~~ The resulting amount shall be known as the "areawide net tax capacity for(year)."

Sec. 8. Minnesota Statutes 1994, section 473F.08, subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF NET TAX CAPACITY.] The net tax capacity of a governmental unit is its net tax capacity, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) ~~There shall be subtracted from its net tax capacity its excess homestead growth net tax capacity, plus, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year under sections 473F.06 and 473F.07 for the municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to equal to the municipality's contribution percentage times the total preceding year's net tax capacity of commercial-industrial property within the jurisdiction and within the municipality, determined without regard to section 469.177, subdivision 3;~~

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Sec. 9. Minnesota Statutes 1994, section 473F.08, subdivision 6, is amended to read:

Subd. 6. [APPLICATION TO COMMERCIAL-INDUSTRIAL PROPERTY.] The areawide tax rate determined in accordance with subdivision 5 shall apply to that portion of the net tax capacity of each commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined under sections 473F.06 and 473F.07 is to the amount determined under section 473F.05 equal to the municipality's contribution percentage. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the item property.

Sec. 10. Minnesota Statutes 1994, section 473F.08, is amended by adding a subdivision to read:

Subd. 6a. [APPLICATION TO HOMESTEAD PROPERTY.] Each county assessor shall determine each municipality's "excess homestead areawide ratio" as the excess homestead growth net tax capacity reported under section 473F.05 divided by the excess homestead net tax capacity for the current year. The areawide tax rate determined under subdivision 5 shall apply to that portion of the excess homestead net tax capacity of each homestead property in the municipality equal to the excess homestead areawide ratio. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the property.

Sec. 11. Minnesota Statutes 1994, section 473F.08, subdivision 8a, is amended to read:

Subd. 8a. [FISCAL DISPARITIES ADJUSTMENT.] In any year in which the highest class rate for class 3a property changes from the rate in the previous year, the following adjustments shall be made to the procedures described in sections 473F.06 to 473F.08.

(1) An initial contribution tax capacity shall be determined for each municipality based on the previous year's class rates.

(2) Each jurisdiction's distribution tax capacity shall be determined based upon the areawide tax base determined by summing the tax capacities computed under clause (1) for all municipalities and apportioning the resulting sum pursuant to section 473F.07, subdivision 5.

(3) Each jurisdiction's distribution levy shall be determined by applying the procedures described in subdivision 3, clause (a), to the distribution tax capacity determined pursuant to clause (2).

(4) Each municipality's final contribution tax capacity shall be determined equal to as its excess homestead growth net tax capacity plus that portion of its initial contribution tax capacity attributable to commercial-industrial property multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(5) For the purposes of computing education aids and any other state aids requiring the addition of the fiscal disparities distribution tax capacity to the local tax capacity, each municipality's final distribution tax capacity shall be determined equal to its initial distribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property areawide total final contribution tax capacity to the areawide total initial contribution net tax capacity.

(6) The areawide tax rate shall be determined by dividing the sum of the amounts determined in clause (3) by the sum of the values determined in clause (4).

(7) The final contribution tax capacity determined in clause (4) shall also be used to determine the portion of each commercial/industrial property's tax capacity subject to the areawide tax rate pursuant to subdivision 6.

Sec. 12. [CONFLICTING PROVISIONS.]

If a bill designated as H.F. No. 1156 is enacted into law, and if that bill dedicates a portion of a municipality's net tax capacity to providing revenues for specific purposes, then "excess homestead growth net tax capacity," as defined in section 5, must exclude any net tax capacity dedicated to a specific purpose by H.F. No. 1156.

Sec. 13. [PROPERTY TAX RELIEF REQUIREMENT.]

Subdivision 1. For the purposes of this section, "net distribution net tax capacity" means a jurisdiction's distribution net tax capacity minus its contribution net tax capacity, determined under Minnesota Statutes, section 473F.07.

Subd. 2. For purposes of this section, "tax rate reduction percentage" means 50 percent of (a) the difference between its net distribution net tax capacity for taxes payable in 1997 compared to taxes payable in 1996, (b) divided by its net tax capacity for taxes payable in 1996, after adjustment for its contribution and distribution net tax capacities under Minnesota Statutes, section 473F.07, and for the captured value of tax increment financing districts as defined in Minnesota Statutes, section 469.177, subdivision 2.

Subd. 3. For taxes payable in 1997 only, any county, city, or town which has a net distribution net tax capacity which is both greater than zero and greater than its net distribution net tax capacity for taxes payable in 1996 may not certify a levy for taxes payable in 1997 that causes its tax rate to exceed its tax rate for taxes payable in 1996, reduced by its tax rate reduction percentage.

Sec. 14. [APPLICATION.]

Sections 1 to 11 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 15. [EFFECTIVE DATE.]

This act is effective for taxes payable in 1997 and subsequent years."

Delete the title and insert:

"A bill for an act relating to property taxation; including certain homestead property value in the areawide tax base; subjecting certain homestead property value to the areawide tax rate; amending Minnesota Statutes 1994, sections 473F.02, subdivision 8, and by adding subdivisions; 473F.05; 473F.07, subdivision 1; and 473F.08, subdivisions 2, 6, 8a, and by adding a subdivision."

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

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

H.F. No. 980 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.

S.F. No.

CONSENT CALENDAR

H.F. No.

S.F. No.

CALENDAR

H.F. No.

S.F. No.

980

1564

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 980 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 980 and insert the language after the enacting clause of S.F. No. 1564, the second engrossment; further, delete the title of H.F. No. 980 and insert the title of S.F. No. 1564, the second engrossment.

And when so amended H.F. No. 980 will be identical to S.F. No. 1564, and further recommends that H.F. No. 980 be given its second reading and substituted for S.F. No. 1564, and that the Senate File be indefinitely postponed.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1019, 230, 1562, 10, 467, 1319, 1419 and 277 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1567 and 980 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Frederickson moved that the name of Mr. Merriam be added as a co-author to S.F. No. 875. The motion prevailed.

Mr. Mondale moved that the name of Mr. Metzen be added as a co-author to S.F. No. 1170. The motion prevailed.

Ms. Reichgott Junge, Mr. Kramer and Ms. Robertson introduced--

Senate Resolution No. 63: A Senate resolution honoring Robbinsdale District 281 Drama Department as a recipient of the Children's Theatre Foundation of America Medallion Award.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Ms. Piper was excused from the Session of today. Mr. Novak was excused from the Session of today from 2:15 to 2:40 p.m. Ms. Pappas was excused from the Session of today from 2:15 to 2:35 and at 3:00 p.m. Mrs. Pariseau was excused from the Session of today from 2:15 to 2:35 p.m. Mr. Janezich was excused from the Session of today from 3:30 to 4:15 p.m. Ms. Johnson, J.B. was excused from the Session of today at 4:45 p.m. Mr. Samuelson was excused from the Session of today at 5:00 p.m. Mr. Sams was excused from the Session of today from 2:20 to 2:30 p.m. Ms. Olson was excused from the Session of today from 4:15 to 5:20 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Thursday, May 4, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate