

1 ARTICLE 1

2 INDIVIDUAL INCOME TAX

3 Section 1. Minnesota Statutes 2004, section 16A.152,
4 subdivision 2, is amended to read:

5 Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] (a) If on the
6 basis of a forecast of general fund revenues and expenditures,
7 the commissioner of finance determines that there will be a
8 positive unrestricted budgetary general fund balance at the
9 close of the biennium, the commissioner of finance must allocate
10 money to the following accounts and purposes in priority order:

11 (1) the cash flow account established in subdivision 1
12 until that account reaches \$350,000,000;

13 (2) the budget reserve account established in subdivision
14 1a until that account reaches \$653,000,000;

15 (3) the amount necessary to increase the aid payment
16 schedule for school district aids and credits payments in
17 section 127A.45 to not more than 90 percent; and

18 (4) the amount necessary to restore all or a portion of the
19 net aid reductions under section 127A.441 and to reduce the
20 property tax revenue recognition shift under section 123B.75,
21 subdivision 5, paragraph (c), and Laws 2003, First Special
22 Session chapter 9, article 5, section 34, as amended by Laws
23 2003, First Special Session chapter 23, section 20, by the same
24 amount; and

1 (5) the amount necessary to eliminate requirements for
2 accelerated payments of June tax liabilities under sections
3 287.12; 287.29; 289A.20, subdivision 4; 297F.09, subdivision 10,
4 and 297G.09, subdivision 9;

5 (6) the amount necessary to provide that interest is
6 payable on claims for refunds of the sales tax paid on exempt
7 capital equipment from the date the claim is filed with the
8 commissioner and on other exempt items as provided in Minnesota
9 Statutes 2002, section 297A.75, subdivision 4; and

10 (7) the amount necessary to make payments of local
11 government aids and taconite aid reimbursements in four
12 installments in each of the months of March, July, September,
13 and November as provided in Minnesota Statutes 1980, section
14 477A.01.

15 (b) The amounts necessary to meet the requirements of this
16 section are appropriated from the general fund within two weeks
17 after the forecast is released or, in the case of transfers
18 under paragraph (a), clauses (3) and (4), as necessary to meet
19 the appropriations schedules otherwise established in statute.

20 (c) To the extent that a positive unrestricted budgetary
21 general fund balance is projected, appropriations under this
22 section must be made before any transfer is made under section
23 16A.1522.

24 (d) The commissioner of finance shall certify the total
25 dollar amount of the reductions under paragraph (a), clauses (3)
26 and (4), to the commissioner of education. The commissioner of
27 education shall increase the aid payment percentage and reduce
28 the property tax shift percentage by these amounts and apply
29 those reductions to the current fiscal year and thereafter.

30 Sec. 2. Minnesota Statutes 2004, section 290.01,
31 subdivision 7b, is amended to read:

32 Subd. 7b. [RESIDENT TRUST.] (a) Resident trust means a
33 trust, except a grantor type trust, which either (1) was created
34 by a will of a decedent who at death was domiciled in this state
35 or (2) is an irrevocable trust, the grantor of which was
36 domiciled in this state at the time the trust became

1 irrevocable. For the purpose of this subdivision, a trust is
2 considered irrevocable to the extent the grantor is not treated
3 as the owner thereof under sections 671 to 678 of the Internal
4 Revenue Code. The term "grantor type trust" means a trust where
5 the income or gains of the trust are taxable to the grantor or
6 others treated as substantial owners under sections 671 to 678
7 of the Internal Revenue Code.

8 (b)(1) A trust, other than a grantor type trust, that
9 became irrevocable before January 1, 1996, or that was
10 administered in Minnesota before January 1, 1996, is a resident
11 trust only if two or more of the following conditions are
12 satisfied:

13 (i) a majority of the discretionary decisions of the
14 trustees relative to the investment of trust assets are made in
15 Minnesota;

16 (ii) a majority of the discretionary decisions of the
17 trustees relative to the distributions of trust income and
18 principal are made in Minnesota;

19 (iii) the official books and records of the trust,
20 consisting of the original minutes of trustee meetings and the
21 original trust instruments, are located in Minnesota.

22 (2) For purposes of this paragraph, if the trustees
23 delegate decisions and actions to an agent or custodian, the
24 actions and decisions of the agent or custodian must not be
25 taken into account in determining whether the trust is
26 administered in Minnesota, if:

27 (i) the delegation was permitted under the trust agreement;

28 (ii) the trustees retain the power to revoke the delegation
29 on reasonable notice; and

30 (iii) the trustees monitor and evaluate the performance of
31 the agent or custodian on a regular basis as is reasonably
32 determined by the trustees.

33 [EFFECTIVE DATE.] This section is effective the day
34 following final enactment.

35 Sec. 3. Minnesota Statutes 2004, section 290.01,
36 subdivision 19a, as amended by S.F. No. 1683, is amended to read:

1 Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For
2 individuals, estates, and trusts, there shall be added to
3 federal taxable income:

4 (1)(i) interest income on obligations of any state other
5 than Minnesota or a political or governmental subdivision,
6 municipality, or governmental agency or instrumentality of any
7 state other than Minnesota exempt from federal income taxes
8 under the Internal Revenue Code or any other federal statute;
9 and

10 (ii) exempt-interest dividends as defined in section
11 852(b)(5) of the Internal Revenue Code, except the portion of
12 the exempt-interest dividends derived from interest income on
13 obligations of the state of Minnesota or its political or
14 governmental subdivisions, municipalities, governmental agencies
15 or instrumentalities, but only if the portion of the
16 exempt-interest dividends from such Minnesota sources paid to
17 all shareholders represents 95 percent or more of the
18 exempt-interest dividends that are paid by the regulated
19 investment company as defined in section 851(a) of the Internal
20 Revenue Code, or the fund of the regulated investment company as
21 defined in section 851(g) of the Internal Revenue Code, making
22 the payment; and

23 (iii) for the purposes of items (i) and (ii), interest on
24 obligations of an Indian tribal government described in section
25 7871(c) of the Internal Revenue Code shall be treated as
26 interest income on obligations of the state in which the tribe
27 is located;

28 (2) the amount of income or sales and use taxes paid or
29 accrued within the taxable year under this chapter and income or
30 sales and use taxes paid to any other state or to any province
31 or territory of Canada, to the extent allowed as a deduction
32 under section 63(d) of the Internal Revenue Code, but the
33 addition may not be more than the amount by which the itemized
34 deductions as allowed under section 63(d) of the Internal
35 Revenue Code exceeds the amount of the standard deduction as
36 defined in section 63(c) of the Internal Revenue Code of 1986,

1 as amended through June 15, 2003. For the purpose of this
2 paragraph, the disallowance of itemized deductions under section
3 68 of the Internal Revenue Code of 1986, income or sales and use
4 tax is the last itemized deduction disallowed;

5 (3) the capital gain amount of a lump sum distribution to
6 which the special tax under section 1122(h)(3)(B)(ii) of the Tax
7 Reform Act of 1986, Public Law 99-514, applies;

8 (4) the amount of income taxes paid or accrued within the
9 taxable year under this chapter and income taxes paid to any
10 other state or any province or territory of Canada, to the
11 extent allowed as a deduction in determining federal adjusted
12 gross income. For the purpose of this paragraph, income taxes
13 do not include the taxes imposed by sections 290.0922,
14 subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

15 (5) the amount of expense, interest, or taxes disallowed
16 pursuant to section 290.10;

17 (6) the amount of a partner's pro rata share of net income
18 which does not flow through to the partner because the
19 partnership elected to pay the tax on the income under section
20 6242(a)(2) of the Internal Revenue Code; and

21 (7) 80 percent of the depreciation deduction allowed under
22 section 168(k) of the Internal Revenue Code. For purposes of
23 this clause, if the taxpayer has an activity that in the taxable
24 year generates a deduction for depreciation under section 168(k)
25 and the activity generates a loss for the taxable year that the
26 taxpayer is not allowed to claim for the taxable year, "the
27 depreciation allowed under section 168(k)" for the taxable year
28 is limited to excess of the depreciation claimed by the activity
29 under section 168(k) over the amount of the loss from the
30 activity that is not allowed in the taxable year. In succeeding
31 taxable years when the losses not allowed in the taxable year
32 are allowed, the depreciation under section 168(k) is allowed;

33 (8) 80 percent of the amount by which the deduction allowed
34 by section 179 of the Internal Revenue Code exceeds the
35 deduction allowable by section 179 of the Internal Revenue Code
36 of 1986, as amended through December 31, 2003;

1 (9) to the extent deducted in computing federal taxable
2 income, the amount of the deduction allowable under section 199
3 of the Internal Revenue Code;

4 ~~(10) to the extent deducted in computing federal taxable~~
5 ~~income, the amount by which the standard deduction allowed under~~
6 ~~section 63(e) of the Internal Revenue Code exceeds the standard~~
7 ~~deduction allowable under section 63(e) of the Internal Revenue~~
8 ~~Code of 1986, as amended through December 31, 2003;~~

9 ~~{11}~~ the exclusion allowed under section 139A of the
10 Internal Revenue Code for federal subsidies for prescription
11 drug plans; and

12 (12) (11) the deduction or exclusion allowed under section
13 223 of the Internal Revenue Code for contributions to health
14 savings accounts.

15 **[EFFECTIVE DATE.]** This section is effective for tax years
16 beginning after December 31, 2004.

17 Sec. 4. Minnesota Statutes 2004, section 290.06,
18 subdivision 2c, is amended to read:

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

25 (1) On the first ~~\$25,680~~ \$29,070, 5.35 percent;

26 (2) On all over ~~\$25,680~~ \$29,070, but not
27 over ~~\$102,030~~ \$115,510, 7.05 percent;

28 (3) On all over ~~\$102,030~~ \$115,510, but not over \$250,000,
29 7.85 percent; and

30 (4) On all over \$250,000, 11 percent for taxable years
31 beginning after December 31, 2004, and before the fourth bracket
32 termination year as defined in paragraph (f). For the fourth
33 bracket termination year and subsequent taxable years, the
34 income included in this clause will be subject to the rate in
35 clause (3).

36 Married individuals filing separate returns, estates, and

1 trusts must compute their income tax by applying the above rates
2 to their taxable income, except that the income brackets will be
3 one-half of the above amounts.

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

7 (1) On the first ~~\$17,570~~ \$19,890, 5.35 percent;

8 (2) On all over ~~\$17,570~~ \$19,890, but not
9 over ~~\$57,710~~ \$65,330, 7.05 percent;

10 (3) On all over ~~\$57,710~~ \$65,330, but not over \$166,665,
11 7.85 percent; and

12 (4) On all over \$166,665, 11 percent for taxable years
13 beginning after December 31, 2004, and before the fourth bracket
14 termination year as defined in paragraph (f). For the fourth
15 bracket termination year and subsequent taxable years, the
16 income included in this clause will be subject to the rate in
17 clause (3).

18 (c) The income taxes imposed by this chapter upon unmarried
19 individuals qualifying as a head of household as defined in
20 section 2(b) of the Internal Revenue Code must be computed by
21 applying to taxable net income the following schedule of rates:

22 (1) On the first ~~\$21,630~~ \$24,490, 5.35 percent;

23 (2) On all over ~~\$21,630~~ \$24,490, but not
24 over ~~\$86,910~~ \$98,390, 7.05 percent;

25 (3) On all over ~~\$86,910~~ \$98,390, but not over \$208,330,
26 7.85 percent; and

27 (4) On all over \$208,330, 11 percent for taxable years
28 beginning after December 31, 2004, and before the fourth bracket
29 termination year as defined in paragraph (f). For the fourth
30 bracket termination year and subsequent taxable years, the
31 income included in this clause will be subject to the rate in
32 clause (3).

33 (d) In lieu of a tax computed according to the rates set
34 forth in this subdivision, the tax of any individual taxpayer
35 whose taxable net income for the taxable year is less than an
36 amount determined by the commissioner must be computed in

1 accordance with tables prepared and issued by the commissioner
2 of revenue based on income brackets of not more than \$100. The
3 amount of tax for each bracket shall be computed at the rates
4 set forth in this subdivision, provided that the commissioner
5 may disregard a fractional part of a dollar unless it amounts to
6 50 cents or more, in which case it may be increased to \$1.

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

12 (1) the numerator is the individual's Minnesota source
13 federal adjusted gross income as defined in section 62 of the
14 Internal Revenue Code and increased by the additions required
15 under section 290.01, subdivision 19a, clauses (1), (5), and
16 (6), and reduced by the subtraction under section 290.01,
17 subdivision 19b, clause (11), and the Minnesota assignable
18 portion of the subtraction for United States government interest
19 under section 290.01, subdivision 19b, clause (1), after
20 applying the allocation and assignability provisions of section
21 290.081, clause (a), or 290.17; and

22 (2) the denominator is the individual's federal adjusted
23 gross income as defined in section 62 of the Internal Revenue
24 Code of 1986, increased by the amounts specified in section
25 290.01, subdivision 19a, clauses (1), (5), and (6), and reduced
26 by the amounts specified in section 290.01, subdivision 19b,
27 clauses (1) and (11).

28 (f) In this subdivision, the fourth bracket termination
29 year is the first taxable year beginning after the commissioner
30 of finance has determined that there will be a positive
31 unrestricted budgeting general fund balance at the close of the
32 biennium that is sufficient to complete the allocations required
33 under section 16A.152, subdivision 2.

34 **[EFFECTIVE DATE.]** This section is effective for taxable
35 years beginning after December 31, 2004.

36 Sec. 5. Minnesota Statutes 2004, section 290.06,

1 subdivision 2d, is amended to read:

2 Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For
3 taxable years beginning after December 31, ~~2000~~ 2005, the
4 minimum and maximum dollar amounts for each rate bracket for
5 which a tax is imposed in subdivision 2c shall be adjusted for
6 inflation by the percentage determined under paragraph (b). For
7 the purpose of making the adjustment as provided in this
8 subdivision all of the rate brackets provided in subdivision 2c
9 shall be the rate brackets as they existed for taxable years
10 beginning after December 31, ~~1999~~ 2004, and before January
11 1, ~~2001~~ 2006. The rate applicable to any rate bracket must not
12 be changed. The dollar amounts setting forth the tax shall be
13 adjusted to reflect the changes in the rate brackets. The rate
14 brackets as adjusted must be rounded to the nearest \$10 amount.
15 If the rate bracket ends in \$5, it must be rounded up to the
16 nearest \$10 amount.

17 (b) The commissioner shall adjust the rate brackets and by
18 the percentage determined pursuant to the provisions of section
19 1(f) of the Internal Revenue Code, except that in section
20 1(f)(3)(B) the word "~~1999~~ 2004" shall be substituted for the
21 word "1992." For ~~2001~~ 2006, the commissioner shall then
22 determine the percent change from the 12 months ending on August
23 31, ~~1999~~ 2004, to the 12 months ending on August 31, ~~2000~~ 2005,
24 and in each subsequent year, from the 12 months ending on August
25 31, ~~1999~~ 2004, to the 12 months ending on August 31 of the year
26 preceding the taxable year. The determination of the
27 commissioner pursuant to this subdivision shall not be
28 considered a "rule" and shall not be subject to the
29 Administrative Procedure Act contained in chapter 14.

30 No later than December 15 of each year, the commissioner
31 shall announce the specific percentage that will be used to
32 adjust the tax rate brackets.

33 Sec. 6. Minnesota Statutes 2004, section 290.06, is
34 amended by adding a subdivision to read:

35 Subd. 32. [DAIRY INVESTMENT CREDIT.] (a) A dairy
36 investment credit is allowed against the tax computed under this

1 chapter equal to the credit amount in the table, based on the
 2 amount paid or incurred by the taxpayer in the tax year and
 3 certified by the commissioner of agriculture under paragraph
 4 (f), for qualifying expenditures:

<u>Amount of qualifying expenditures</u>	<u>Credit amount</u>
up to \$500,000	ten percent of <u>qualifying expenditures</u>
over \$500,000, but not more than \$600,000	\$50,000, plus nine percent of the amount of qualified <u>expenditures in excess of</u> <u>\$500,000</u>
over \$600,000, but not more than \$700,000	\$59,000, plus seven percent of the amount of qualified <u>expenditures in excess of</u> <u>\$600,000</u>
over \$700,000, but not more than \$800,000	\$66,000, plus five percent of the amount of qualified <u>expenditures in excess of</u> <u>\$700,000</u>
over \$800,000, but not more than \$900,000	\$71,000, plus three percent of the amount of qualified <u>expenditures in excess of</u> <u>\$800,000</u>
over \$900,000, but not more than \$1,000,000	\$74,000, plus one percent of the amount of qualified <u>expenditures in excess of</u> <u>\$900,000</u>
\$1,000,000 or more	\$75,000

30 (b) "Qualifying expenditures," for purposes of this
 31 subdivision, means the expenses incurred for dairy animals for
 32 the construction or improvement of buildings or facilities, or
 33 the acquisition of equipment, for dairy animal housing,
 34 confinement, animal feeding, milk production, and waste
 35 management, including, but not limited to, the following:

- 36 (1) freestall barns;
- 37 (2) fences;
- 38 (3) watering facilities;
- 39 (4) feed storage and handling equipment;
- 40 (5) milking parlors;
- 41 (6) robotic equipment;
- 42 (7) scales;
- 43 (8) milk storage and cooling facilities;
- 44 (9) bulk tanks;

- 1 (10) manure handling equipment and storage facilities;
2 (11) digesters;
3 (12) equipment used to produce energy; and
4 (13) on-farm processing.

5 Qualifying expenditures only include amounts that are
6 capitalized and deducted under either section 167 or 179 of the
7 Internal Revenue Code in computing federal taxable income.

8 (c) The credit is limited to the liability for tax, as
9 computed under this section for the taxable year for which the
10 credit certificate is issued. If the amount of the credit
11 determined under this section for any taxable year exceeds this
12 limitation, the excess is a dairy investment credit carryover to
13 each of the 15 succeeding taxable years. The entire amount of
14 the excess unused credit for the taxable year is carried first
15 to the earliest of the taxable years to which the credit may be
16 carried and then to each successive year to which the credit may
17 be carried. The amount of the unused credit which may be added
18 under this paragraph shall not exceed the taxpayer's liability
19 for tax less the dairy investment credit for the taxable year.

20 (d) For a partnership or S corporation, the maximum amount
21 of the credit applies to the entity, not the individual partner
22 or shareholder.

23 (e) To be eligible for the dairy investment credit in this
24 subdivision, a taxpayer must apply to the commissioner of
25 agriculture for a tax credit certificate. The application must
26 be made on forms prescribed by the commissioner of agriculture
27 and must include a statement of the qualifying expenditures by
28 the taxpayer.

29 (f) The commissioner of agriculture shall certify credits
30 in the order the forms required under paragraph (e) are received
31 and approved by the commissioner of agriculture, until the
32 maximum credit amount for the taxable year has been reached.
33 The maximum credit amount is \$900,000 for tax years beginning
34 after December 31, 2004, and before January 1, 2006; \$2,000,000
35 for tax years beginning after December 31, 2005, and before
36 January 1, 2007; \$3,500,000 for tax years beginning after

1 December 31, 2006, and before January 1, 2008; and \$4,000,000
2 per year for tax years beginning after December 31, 2007.

3 Any eligible applications for which certificates are not
4 issued in a tax year because the commissioner of agriculture has
5 issued certificates totaling the maximum credit amount for that
6 tax year remain eligible for a credit certificate in subsequent
7 tax years, in the order in which the forms were received by the
8 commissioner of agriculture.

9 [EFFECTIVE DATE.] This section is effective for assets
10 placed in service in taxable years beginning after December 31,
11 2004.

12 Sec. 7. Minnesota Statutes 2004, section 290.06, is
13 amended by adding a subdivision to read:

14 Subd. 34. [HIGHER EDUCATION TUITION TAX CREDIT.] (a) In
15 this subdivision, the following terms have the meanings given in
16 this paragraph.

17 (1) "Eligible student" includes the taxpayer, spouse, or
18 person claimed as a dependent of the taxpayer under section 151
19 of the Internal Revenue Code. An eligible student must be:

20 (i) a resident of Minnesota;

21 (ii) a graduate of a Minnesota high school or recipient of
22 a Minnesota general education development diploma in 2005 or
23 later; and

24 (iii) an enrolled full-time student at an eligible
25 Minnesota postsecondary institution.

26 (2) An "eligible institution" has the meaning given in
27 section 136A.101, subdivision 4, provided that the institution
28 has a physical presence in Minnesota.

29 (3) "Qualifying higher education expenses" means tuition
30 and fees actually paid during the taxable year to an eligible
31 institution by a taxpayer on behalf of an eligible student for
32 the student's first two years of postsecondary education,
33 reduced by:

34 (i) refunds of tuition and fees received from the
35 institution;

36 (ii) the amount of any Hope Scholarship Credit or Lifetime

1 Learning Credit received with respect to the student under
2 section 25A of the Internal Revenue Code for the same taxable
3 year; and

4 (iii) the amount of any tuition paid for remedial courses.

5 (b) An individual is allowed a credit against the tax
6 imposed by this chapter equal to the amount of qualified higher
7 education expenses for an eligible student. The maximum credit
8 allowed for each eligible student is \$500 in each of the first
9 two years of postsecondary education.

10 (c) The amount of the credit otherwise payable under this
11 subdivision must be reduced as follows:

12 (1) for single taxpayers, by ten percent for every \$500 by
13 which the taxpayer's federal adjusted gross income exceeds
14 \$25,000; and

15 (2) for married taxpayers, by ten percent for every \$1,000
16 by which the taxpayer's federal adjusted gross income exceeds
17 \$50,000.

18 (d) If the amount of the credit exceeds the taxpayer's
19 liability under this chapter, the excess is refundable. The
20 amount necessary to pay the refunds is appropriated annually
21 from the general fund to the commissioner.

22 [EFFECTIVE DATE.] This section is effective for taxable
23 years beginning after December 31, 2004.

24 Sec. 8. Minnesota Statutes 2004, section 290.0674,
25 subdivision 1, is amended to read:

26 Subdivision 1. [CREDIT ALLOWED.] An individual is allowed
27 a credit against the tax imposed by this chapter in an amount
28 equal to 75 percent of the amount paid for education-related
29 expenses for a qualifying child in kindergarten through grade
30 12. For purposes of this section, "education-related expenses"
31 means:

32 (1) fees or tuition for instruction by an instructor under
33 section 120A.22, subdivision 10, clause (1), (2), (3), (4), or
34 (5), or a member of the Minnesota Music Teachers Association,
35 and who is not a lineal ancestor or sibling of the dependent for
36 instruction outside the regular school day or school year,

1 including tutoring, driver's education offered as part of school
2 curriculum, regardless of whether it is taken from a public or
3 private entity or summer camps, in grade or age appropriate
4 curricula that supplement curricula and instruction available
5 during the regular school year, that assists a dependent to
6 improve knowledge of core curriculum areas or to expand
7 knowledge and skills under the graduation rule under section
8 120B.02, paragraph (e), clauses (1) to (7), (9), and (10), and
9 that do not include the teaching of religious tenets, doctrines,
10 or worship, the purpose of which is to instill such tenets,
11 doctrines, or worship;

12 (2) expenses for textbooks, including books and other
13 instructional materials and equipment purchased or leased for
14 use in elementary and secondary schools in teaching only those
15 subjects legally and commonly taught in public elementary and
16 secondary schools in this state. "Textbooks" does not include
17 instructional books and materials used in the teaching of
18 religious tenets, doctrines, or worship, the purpose of which is
19 to instill such tenets, doctrines, or worship, nor does it
20 include books or materials for extracurricular activities
21 including sporting events, musical or dramatic events, speech
22 activities, driver's education, or similar programs;

23 (3) a maximum expense of \$200 per family for personal
24 computer hardware, excluding single purpose processors, and
25 educational software that assists a dependent to improve
26 knowledge of core curriculum areas or to expand knowledge and
27 skills under the graduation rule under section 120B.02 purchased
28 for use in the taxpayer's home and not used in a trade or
29 business regardless of whether the computer is required by the
30 dependent's school; and

31 (4) the amount paid to others for tuition and
32 transportation of a qualifying child attending an elementary or
33 secondary school situated in Minnesota, North Dakota, South
34 Dakota, Iowa, or Wisconsin, wherein a resident of this state may
35 legally fulfill the state's compulsory attendance laws, which is
36 not operated for profit, and which adheres to the provisions of

1 the Civil Rights Act of 1964 and chapter 363A.

2 For purposes of this section, "qualifying child" has the
3 meaning given in section 32(c)(3) of the Internal Revenue Code.

4 [EFFECTIVE DATE.] This section is effective for taxable
5 years beginning after December 31, 2004.

6 Sec. 9. Minnesota Statutes 2004, section 290.17,
7 subdivision 2, is amended to read:

8 Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR
9 BUSINESS.] The income of a taxpayer subject to the allocation
10 rules that is not derived from the conduct of a trade or
11 business must be assigned in accordance with paragraphs (a) to
12 (f):

13 (a)(1) Subject to paragraphs (a)(2) ~~7~~ and (a)(3), and
14 ~~{a}{4}~~ ~~7~~ income from wages as defined in section 3401(a) and (f)
15 of the Internal Revenue Code is assigned to this state if, and
16 to the extent that, the work of the employee is performed within
17 it; all other income from such sources is treated as income from
18 sources without this state.

19 Severance pay shall be considered income from labor or
20 personal or professional services.

21 (2) In the case of an individual who is a nonresident of
22 Minnesota and who is an athlete or entertainer, income from
23 compensation for labor or personal services performed within
24 this state shall be determined in the following manner:

25 (i) The amount of income to be assigned to Minnesota for an
26 individual who is a nonresident salaried athletic team employee
27 shall be determined by using a fraction in which the denominator
28 contains the total number of days in which the individual is
29 under a duty to perform for the employer, and the numerator is
30 the total number of those days spent in Minnesota. For purposes
31 of this paragraph, off-season training activities, unless
32 conducted at the team's facilities as part of a team imposed
33 program, are not included in the total number of duty days.
34 Bonuses earned as a result of play during the regular season or
35 for participation in championship, play-off, or all-star games
36 must be allocated under the formula. Signing bonuses are not

1 subject to allocation under the formula if they are not
2 conditional on playing any games for the team, are payable
3 separately from any other compensation, and are nonrefundable;
4 and

5 (ii) The amount of income to be assigned to Minnesota for
6 an individual who is a nonresident, and who is an athlete or
7 entertainer not listed in clause (i), for that person's athletic
8 or entertainment performance in Minnesota shall be determined by
9 assigning to this state all income from performances or athletic
10 contests in this state.

11 (3) For purposes of this section, amounts received by a
12 nonresident as "retirement income" as defined in section (b)(1)
13 of the State Income Taxation of Pension Income Act, Public Law
14 104-95, are not considered income derived from carrying on a
15 trade or business or from wages or other compensation for work
16 an employee performed in Minnesota, and are not taxable under
17 this chapter.

18 ~~(4)-Wages, otherwise assigned to this state under clause~~
19 ~~(1) and not qualifying under clause (3), are not taxable under~~
20 ~~this chapter if the following conditions are met:~~

21 ~~(i) the recipient was not a resident of this state for any~~
22 ~~part of the taxable year in which the wages were received; and~~

23 ~~(ii) the wages are for work performed while the recipient~~
24 ~~was a resident of this state.~~

25 (b) Income or gains from tangible property located in this
26 state that is not employed in the business of the recipient of
27 the income or gains must be assigned to this state.

28 (c) Income or gains from intangible personal property not
29 employed in the business of the recipient of the income or gains
30 must be assigned to this state if the recipient of the income or
31 gains is a resident of this state or is a resident trust or
32 estate.

33 Gain on the sale of a partnership interest is allocable to
34 this state in the ratio of the original cost of partnership
35 tangible property in this state to the original cost of
36 partnership tangible property everywhere, determined at the time

1 of the sale. If more than 50 percent of the value of the
2 partnership's assets consists of intangibles, gain or loss from
3 the sale of the partnership interest is allocated to this state
4 in accordance with the sales factor of the partnership for its
5 first full tax period immediately preceding the tax period of
6 the partnership during which the partnership interest was sold.

7 Gain on the sale of goodwill or income from a covenant not
8 to compete that is connected with a business operating all or
9 partially in Minnesota is allocated to this state to the extent
10 that the income from the business in the year preceding the year
11 of sale was assignable to Minnesota under subdivision 3.

12 When an employer pays an employee for a covenant not to
13 compete, the income allocated to this state is in the ratio of
14 the employee's service in Minnesota in the calendar year
15 preceding leaving the employment of the employer over the total
16 services performed by the employee for the employer in that year.

17 (d) Income from winnings on a bet made by an individual
18 while in Minnesota is assigned to this state. In this
19 paragraph, "bet" has the meaning given in section 609.75,
20 subdivision 2, as limited by section 609.75, subdivision 3,
21 clauses (1), (2), and (3).

22 (e) All items of gross income not covered in paragraphs (a)
23 to (d) and not part of the taxpayer's income from a trade or
24 business shall be assigned to the taxpayer's domicile.

25 (f) For the purposes of this section, working as an
26 employee shall not be considered to be conducting a trade or
27 business.

28 **[EFFECTIVE DATE.]** This section is effective for tax years
29 beginning after December 31, 2005.

30 ARTICLE 2

31 CORPORATE FRANCHISE TAX

32 Section 1. Minnesota Statutes 2004, section 290.01,
33 subdivision 6b, is amended to read:

34 Subd. 6b. [FOREIGN OPERATING CORPORATION.] The term
35 "foreign operating corporation," when applied to a corporation,
36 means a domestic corporation with the following characteristics:

1 (1) it is part of a unitary business at least one member of
2 which is taxable in this state;

3 (2) it is not a foreign sales corporation under section 922
4 of the Internal Revenue Code, as amended through December 31,
5 1999, for the taxable year; and

6 (3) either (i) the average of the percentages of its
7 property and payrolls assigned to locations ~~inside~~ outside the
8 United States ~~and the District of Columbia, excluding the~~
9 ~~commonwealth of Puerto Rico and possessions of the United~~
10 ~~States,~~ as determined under section 290.191 or 290.20, is ~~at least~~ at least 80
11 percent or less greater and it has at least \$2,000,000 of
12 property and \$1,000,000 of payroll as determined under section
13 290.191 or 290.20; or (ii) it has in effect a valid election
14 under section 936 of the Internal Revenue Code.

15 **[EFFECTIVE DATE.]** This section is effective for tax years
16 beginning after December 31, 2004.

17 Sec. 2. Minnesota Statutes 2004, section 290.01,
18 subdivision 19d, is amended to read:

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

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

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

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

35 (4) amounts disallowed for intangible drilling costs due to
36 differences between this chapter and the Internal Revenue Code

1 in taxable years beginning before January 1, 1987, as follows:

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

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

11 (5) the deduction for capital losses pursuant to sections
12 1211 and 1212 of the Internal Revenue Code, except that:

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

16 (ii) for capital losses incurred in taxable years beginning
17 after December 31, 1986, a capital loss carryover to each of the
18 15 taxable years succeeding the loss year shall be allowed;

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

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

30 (6) an amount for interest and expenses relating to income
31 not taxable for federal income tax purposes, if (i) the income
32 is taxable under this chapter and (ii) the interest and expenses
33 were disallowed as deductions under the provisions of section
34 171(a)(2), 265 or 291 of the Internal Revenue Code in computing
35 federal taxable income;

36 (7) in the case of mines, oil and gas wells, other natural

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

12 (8) for certified pollution control facilities placed in
13 service in a taxable year beginning before December 31, 1986,
14 and for which amortization deductions were elected under section
15 169 of the Internal Revenue Code of 1954, as amended through
16 December 31, 1985, an amount equal to the allowance for
17 depreciation under Minnesota Statutes 1986, section 290.09,
18 subdivision 7;

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

27 ~~(10) 80-percent-of-royalties,-fees,-or-other-like-income~~
28 ~~accrued-or-received-from-a-foreign-operating-corporation-or-a~~
29 ~~foreign-corporation-which-is-part-of-the-same-unitary-business~~
30 ~~as-the-receiving-corporation;~~

31 ~~{11}~~ income or gains from the business of mining as defined
32 in section 290.05, subdivision 1, clause (a), that are not
33 subject to Minnesota franchise tax;

34 ~~{12}~~ (11) the amount of handicap access expenditures in the
35 taxable year which are not allowed to be deducted or capitalized
36 under section 44(d)(7) of the Internal Revenue Code;

1 ~~(13)~~ (12) the amount of qualified research expenses not
2 allowed for federal income tax purposes under section 280C(c) of
3 the Internal Revenue Code, but only to the extent that the
4 amount exceeds the amount of the credit allowed under section
5 290.068;

6 ~~(14)~~ (13) the amount of salary expenses not allowed for
7 federal income tax purposes due to claiming the Indian
8 employment credit under section 45A(a) of the Internal Revenue
9 Code;

10 ~~(15)~~ (14) the amount of any refund of environmental taxes
11 paid under section 59A of the Internal Revenue Code;

12 ~~(16)~~ (15) for taxable years beginning before January 1,
13 2008, the amount of the federal small ethanol producer credit
14 allowed under section 40(a)(3) of the Internal Revenue Code
15 which is included in gross income under section 87 of the
16 Internal Revenue Code;

17 ~~(17)~~ (16) for a corporation whose foreign sales
18 corporation, as defined in section 922 of the Internal Revenue
19 Code, constituted a foreign operating corporation during any
20 taxable year ending before January 1, 1995, and a return was
21 filed by August 15, 1996, claiming the deduction under section
22 290.21, subdivision 4, for income received from the foreign
23 operating corporation, an amount equal to 1.23 multiplied by the
24 amount of income excluded under section 114 of the Internal
25 Revenue Code, provided the income is not income of a foreign
26 operating company;

27 ~~(18)~~ (17) any decrease in subpart F income, as defined in
28 section 952(a) of the Internal Revenue Code, for the taxable
29 year when subpart F income is calculated without regard to the
30 provisions of section 614 of Public Law 107-147; and

31 ~~(19)~~ (18) in each of the five tax years immediately
32 following the tax year in which an addition is required under
33 subdivision 19c, clause (16), an amount equal to one-fifth of
34 the delayed depreciation. For purposes of this clause, "delayed
35 depreciation" means the amount of the addition made by the
36 taxpayer under subdivision 19c, clause (16). The resulting

1 delayed depreciation cannot be less than zero.

2 [EFFECTIVE DATE.] This section is effective for tax years
3 beginning after December 31, 2004.

4 Sec. 3. Minnesota Statutes 2004, section 290.17,
5 subdivision 4, is amended to read:

6 Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or
7 business conducted wholly within this state or partly within and
8 partly without this state is part of a unitary business, the
9 entire income of the unitary business is subject to
10 apportionment pursuant to section 290.191. Notwithstanding
11 subdivision 2, paragraph (c), none of the income of a unitary
12 business is considered to be derived from any particular source
13 and none may be allocated to a particular place except as
14 provided by the applicable apportionment formula. The
15 provisions of this subdivision do not apply to business income
16 subject to subdivision 5, income of an insurance company, or
17 income of an investment company determined under section 290.36.

18 (b) The term "unitary business" means business activities
19 or operations which result in a flow of value between them. The
20 term may be applied within a single legal entity or between
21 multiple entities and without regard to whether each entity is a
22 sole proprietorship, a corporation, a partnership or a trust.

23 (c) Unity is presumed whenever there is unity of ownership,
24 operation, and use, evidenced by centralized management or
25 executive force, centralized purchasing, advertising,
26 accounting, or other controlled interaction, but the absence of
27 these centralized activities will not necessarily evidence a
28 nonunitary business. Unity is also presumed when business
29 activities or operations are of mutual benefit, dependent upon
30 or contributory to one another, either individually or as a
31 group.

32 (d) Where a business operation conducted in Minnesota is
33 owned by a business entity that carries on business activity
34 outside the state different in kind from that conducted within
35 this state, and the other business is conducted entirely outside
36 the state, it is presumed that the two business operations are

1 unitary in nature, interrelated, connected, and interdependent
2 unless it can be shown to the contrary.

3 (e) Unity of ownership is not deemed to exist when a
4 corporation is involved unless that corporation is a member of a
5 group of two or more business entities and more than 50 percent
6 of the voting stock of each member of the group is directly or
7 indirectly owned by a common owner or by common owners, either
8 corporate or noncorporate, or by one or more of the member
9 corporations of the group. For this purpose, the term "voting
10 stock" shall include membership interests of mutual insurance
11 holding companies formed under section 60A.077.

12 (f) The net income and apportionment factors under section
13 290.191 or 290.20 of foreign corporations and other foreign
14 entities which are part of a unitary business shall not be
15 included in the net income or the apportionment factors of the
16 unitary business. A foreign corporation or other foreign entity
17 which is required to file a return under this chapter shall file
18 on a separate return basis. The net income and apportionment
19 factors under section 290.191 or 290.20 of foreign operating
20 corporations shall not be included in the net income or the
21 apportionment factors of the unitary business except as provided
22 in paragraph (g).

23 (g) The adjusted net income of a foreign operating
24 corporation shall be deemed to be paid as a dividend on the last
25 day of its taxable year to each shareholder thereof, in
26 proportion to each shareholder's ownership, with which such
27 corporation is engaged in a unitary business. Such deemed
28 dividend shall be treated as a dividend under section 290.21,
29 subdivision 4. The dividends-received deduction must not be
30 allowed on dividends, interest, royalties, or capital gains
31 received by the foreign operating corporation included in the
32 deemed dividend.

33 Dividends actually paid by a foreign operating corporation
34 to a corporate shareholder which is a member of the same unitary
35 business as the foreign operating corporation shall be
36 eliminated from the net income of the unitary business in

1 preparing a combined report for the unitary business. The
2 adjusted net income of a foreign operating corporation shall be
3 its net income adjusted as follows:

4 (1) any taxes paid or accrued to a foreign country, the
5 commonwealth of Puerto Rico, or a United States possession or
6 political subdivision of any of the foregoing shall be a
7 deduction; and

8 (2) the subtraction from federal taxable income for
9 payments received from foreign corporations or foreign operating
10 corporations under section 290.01, subdivision 19d, clause (10),
11 shall not be allowed.

12 If a foreign operating corporation incurs a net loss,
13 neither income nor deduction from that corporation shall be
14 included in determining the net income of the unitary business.

15 (h) For purposes of determining the net income of a unitary
16 business and the factors to be used in the apportionment of net
17 income pursuant to section 290.191 or 290.20, there must be
18 included only the income and apportionment factors of domestic
19 corporations or other domestic entities other than foreign
20 operating corporations that are determined to be part of the
21 unitary business pursuant to this subdivision, notwithstanding
22 that foreign corporations or other foreign entities might be
23 included in the unitary business.

24 (i) Deductions for expenses, interest, or taxes otherwise
25 allowable under this chapter that are connected with or
26 allocable against dividends, deemed dividends described in
27 paragraph (g), or royalties, fees, or other like income
28 described in section 290.01, subdivision 19d, clause (10), shall
29 not be disallowed.

30 (j) Each corporation or other entity, except a sole
31 proprietorship, that is part of a unitary business must file
32 combined reports as the commissioner determines. On the
33 reports, all intercompany transactions between entities included
34 pursuant to paragraph (h) must be eliminated and the entire net
35 income of the unitary business determined in accordance with
36 this subdivision is apportioned among the entities by using each

1 entity's Minnesota factors for apportionment purposes in the
2 numerators of the apportionment formula and the total factors
3 for apportionment purposes of all entities included pursuant to
4 paragraph (h) in the denominators of the apportionment formula.

5 (k) If a corporation has been divested from a unitary
6 business and is included in a combined report for a fractional
7 part of the common accounting period of the combined report:

8 (1) its income includable in the combined report is its
9 income incurred for that part of the year determined by
10 proration or separate accounting; and

11 (2) its sales, property, and payroll included in the
12 apportionment formula must be prorated or accounted for
13 separately.

14 [EFFECTIVE DATE.] This section is effective for tax years
15 beginning after December 31, 2004.

16 ARTICLE 3

17 SALES TAX

18 Section 1. Minnesota Statutes 2004, section 297A.61, is
19 amended by adding a subdivision to read:

20 Subd. 37. [EVENT SOUVENIR CLOTHING.] "Event souvenir
21 clothing" is clothing that is sold at a state-subsidized
22 facility and that bears a name, image, or logo of the
23 entertainer, athlete, or team that performs at the facility. As
24 used in this subdivision, a "state-subsidized facility" means
25 the Metrodome financed under section 473.581, the basketball
26 arena that receives payments from the Amateur Sports Commission
27 under section 473.556, subdivision 16, and the hockey arena that
28 received a loan of state funds under Laws 1998, chapter 404,
29 section 23, subdivision 6, and the entertainment and convention
30 center that received a grant under Laws 1998, chapter 404,
31 section 23, subdivision 9.

32 [EFFECTIVE DATE.] This section is effective for sales after
33 June 30, 2005.

34 Sec. 2. Minnesota Statutes 2004, section 297A.67,
35 subdivision 6, is amended to read:

36 Subd. 6. [OTHER EXEMPT MEALS.] (a) Meals or drinks

1 purchased for and served exclusively to individuals who are 60
 2 years of age or over and their spouses or to handicapped persons
 3 and their spouses by governmental agencies, nonprofit
 4 organizations, or churches, or pursuant to any program funded in
 5 whole or in part through United States Code, title 42, sections
 6 3001 through 3045, wherever delivered, prepared, or served, are
 7 exempt.

8 (b) Meals or drinks purchased for and served exclusively to
 9 children who are less than 14 years of age or disabled children
 10 who are less than 16 years of age and who are attending a child
 11 care or early childhood education program, are exempt if they
 12 are:

13 (1) purchased by a nonprofit child care facility that is
 14 exempt under section 297A.70, subdivision 4, and that primarily
 15 serves families with income of 250 percent or less of federal
 16 poverty guidelines; and

17 (2) prepared at the site of the child care facility.

18 [EFFECTIVE DATE.] This section is effective for sales after
 19 December 31, 1997.

20 Sec. 3. Minnesota Statutes 2004, section 297A.67,
 21 subdivision 7, is amended to read:

22 Subd. 7. [MEDICINES DRUGS; MEDICAL DEVICES.]

23 (a) Prescribed Sales of the following drugs and medical devices
 24 are exempt:

25 (1) drugs and medicine, and insulin, intended for internal
 26 or external use, in the cure, mitigation, treatment, or
 27 prevention of illness or disease in human beings, are exempt.
 28 "Prescribed drugs and medicine" includes use, including
 29 over-the-counter drugs or medicine prescribed by a licensed
 30 health-care professional.

31 (b) Nonprescription medicines consisting principally
 32 (determined by the weight of all ingredients) of analgesics that
 33 are approved by the United States Food and Drug Administration
 34 for internal use by human beings are exempt. For purposes of
 35 this subdivision, "principally" means greater than 50 percent
 36 analgesics by weight.

1 ~~(e) Prescription glasses, hospital beds, fever~~
2 ~~thermometers, reusable;~~

3 (2) single-use finger-pricking devices for the extraction
4 of blood, blood-glucose-monitoring machines, and
5 other single-use devices and single-use diagnostic agents used
6 in diagnosing, monitoring, or treating diabetes, and therapeutic
7 and;

8 (3) insulin and medical oxygen for human use, regardless of
9 whether prescribed or sold over the counter;

10 (4) prosthetic devices are exempt. -- "Therapeutic devices"
11 means devices that are attached or applied to the human body to
12 cure, heal, or alleviate injury, illness, or disease, either
13 directly or by administering a curative agent. -- "Prosthetic
14 devices" means devices that replace injured, diseased, or
15 missing parts of the human body, either temporarily or
16 permanently;

17 (5) durable medical equipment for home use only;

18 (6) mobility enhancing equipment; and

19 (7) prescription corrective eyeglasses.

20 (b) For purposes of this subdivision:

21 (1) "Drug" means a compound, substance, or preparation, and
22 any component of a compound, substance, or preparation, other
23 than food and food ingredients, dietary supplements, or
24 alcoholic beverages that is:

25 (i) recognized in the official United States Pharmacopoeia,
26 official Homeopathic Pharmacopoeia of the United States, or
27 official National Formulary, and supplement to any of them;

28 (ii) intended for use in the diagnosis, cure, mitigation,
29 treatment, or prevention of disease; or

30 (iii) intended to affect the structure or any function of
31 the body.

32 (2) "Durable medical equipment" means equipment, including
33 repair and replacement parts, but not including mobility
34 enhancing equipment, that:

35 (i) can withstand repeated use;

36 (ii) is primarily and customarily used to serve a medical

1 purpose;

2 (iii) generally is not useful to a person in the absence of
3 illness or injury; and

4 (iv) is not worn in or on the body.

5 (3) "Mobility enhancing equipment" means equipment,
6 including repair and replacement parts, but not including
7 durable medical equipment, that:

8 (i) is primarily and customarily used to provide or
9 increase the ability to move from one place to another and that
10 is appropriate for use either in a home or a motor vehicle;

11 (ii) is not generally used by persons with normal mobility;

12 and

13 (iii) does not include any motor vehicle or equipment on a
14 motor vehicle normally provided by a motor vehicle manufacturer.

15 (4) "Over-the-counter drug" means a drug that contains a
16 label that identifies the product as a drug as required by Code
17 of Federal Regulations, title 21, section 201.66. The label
18 must include a "drug facts" panel or a statement of the active
19 ingredients with a list of those ingredients contained in the
20 compound, substance, or preparation. Over-the-counter drugs do
21 not include grooming and hygiene products, regardless of whether
22 they otherwise meet the definition. "Grooming and hygiene
23 products" are soaps, cleaning solutions, shampoo, toothpaste,
24 mouthwash, antiperspirants, and suntan lotions and sunscreens.

25 (5) "Prescribed" and "prescription" means a direction in
26 the form of an order, formula, or recipe issued in any form of
27 oral, written, electronic, or other means of transmission by a
28 duly licensed health care professional.

29 (6) "Prosthetic device" means a replacement, corrective, or
30 supportive device, including repair and replacement parts, worn
31 on or in the body to:

32 (i) artificially replace a missing portion of the body;

33 (ii) prevent or correct physical deformity or malfunction;

34 or

35 (iii) support a weak or deformed portion of the body.

36 Prosthetic device does not include corrective eyeglasses.

1 [EFFECTIVE DATE.] This section is effective for sales and
2 purchases made after June 30, 2005.

3 Sec. 4. Minnesota Statutes 2004, section 297A.67,
4 subdivision 8, is amended to read:

5 Subd. 8. [CLOTHING.] (a) Clothing is exempt. For purposes
6 of this subdivision, "clothing" means all human wearing apparel
7 suitable for general use.

8 (b) Clothing includes, but is not limited to, aprons,
9 household and shop; athletic supporters; baby receiving
10 blankets; bathing suits and caps; beach capes and coats; belts
11 and suspenders; boots; coats and jackets; costumes; children and
12 adult diapers, including disposable; ear muffs; footlets; formal
13 wear; garters and garter belts; girdles; gloves and mittens for
14 general use; hats and caps; hosiery; insoles for shoes; lab
15 coats; neckties; overshoes; pantyhose; rainwear; rubber pants;
16 sandals; scarves; shoes and shoe laces; slippers; sneakers;
17 socks and stockings; steel-toed boots; underwear; uniforms,
18 athletic and nonathletic; and wedding apparel.

19 (c) Clothing does not include the following:

20 (1) belt buckles sold separately;

21 (2) costume masks sold separately;

22 (3) patches and emblems sold separately;

23 (4) sewing equipment and supplies, including but not
24 limited to, knitting needles, patterns, pins, scissors, sewing
25 machines, sewing needles, tape measures, and thimbles;

26 (5) sewing materials that become part of clothing,
27 including but not limited to, buttons, fabric, lace, thread,
28 yarn, and zippers;

29 (6) clothing accessories or equipment;

30 (7) sports or recreational equipment; and

31 (8) protective equipment; and

32 (9) event souvenir clothing.

33 Clothing also does not include apparel made from fur if a
34 uniform definition of "apparel made from fur" is developed by
35 the member states of the Streamlined Sales and Use Tax Agreement.

36 For purposes of this subdivision, "clothing accessories or

1 equipment" means incidental items worn on the person or in
2 conjunction with clothing. Clothing accessories and equipment
3 include, but are not limited to, briefcases; cosmetics; hair
4 notions, including barrettes, hair bows, and hairnets; handbags;
5 handkerchiefs; jewelry; nonprescription sunglasses; umbrellas;
6 wallets; watches; and wigs and hairpieces. "Sports or
7 recreational equipment" means items designed for human use and
8 worn in conjunction with an athletic or recreational activity
9 that are not suitable for general use. Sports and recreational
10 equipment includes, but is not limited to, ballet and tap shoes;
11 cleated or spiked athletic shoes; gloves, including, but not
12 limited to, baseball, bowling, boxing, hockey, and golf gloves;
13 goggles; hand and elbow guards; life preservers and vests; mouth
14 guards; roller and ice skates; shin guards; shoulder pads; ski
15 boots; waders; and wetsuits and fins. "Protective equipment"
16 means items for human wear and designed as protection of the
17 wearer against injury or disease or as protection against damage
18 or injury of other persons or property but not suitable for
19 general use. Protective equipment includes, but is not limited
20 to, breathing masks; clean room apparel and equipment; ear and
21 hearing protectors; face shields; finger guards; hard hats;
22 helmets; paint or dust respirators; protective gloves; safety
23 glasses and goggles; safety belts; tool belts; and welders
24 gloves and masks.

25 [EFFECTIVE DATE.] This section is effective for sales after
26 June 30, 2005.

27 Sec. 5. Minnesota Statutes 2004, section 297A.67,
28 subdivision 29, is amended to read:

29 Subd. 29. [SOLAR ENERGY EFFICIENT PRODUCTS.] (a)-A
30 residential-lighting-fixture-or-a-compact-fluorescent-bulb-is
31 exempt-if-it-has-an-energy-star-label.

32 (b)-The-following-products-are-exempt-if-they-have-an
33 energyguide-label-that-indicates-that-the-product-meets-or
34 exceeds-the-standards-listed-below:

35 (1)-an-electric-heat-pump-hot-water-heater-with-an-energy
36 factor-of-at-least-1.9;

1 ~~(2)-a-natural-gas-water-heater-with-an-energy-factor-of-at~~
2 ~~least-0.62;~~

3 ~~(3)-a-propane-gas-or-fuel-oil-water-heater-with-an-energy~~
4 ~~factor-of-at-least-0.62;~~

5 ~~(4)-a-natural-gas-furnace-with-an-annual-fuel-utilization~~
6 ~~efficiency-greater-than-92-percent; and~~

7 ~~(5)-a-propane-gas-or-fuel-oil-furnace-with-an-annual-fuel~~
8 ~~utilization-efficiency-greater-than-92-percent.~~

9 ~~(e) A photovoltaic-device solar energy system, as defined~~
10 ~~in section 216C.06, subdivision 17, is exempt. For purposes of~~
11 ~~this subdivision, "photovoltaic-device" means a solid-state~~
12 ~~electrical device, such as a solar module, that converts light~~
13 ~~directly into direct current electricity of voltage-current~~
14 ~~characteristics that are a function of the characteristics of~~
15 ~~the light source and the materials in and design of the device.~~
16 ~~A "solar module" is a photovoltaic device that produces a~~
17 ~~specified power output under defined test conditions, usually~~
18 ~~composed of groups of solar cells connected in series, in~~
19 ~~parallel, or in series-parallel combinations.~~

20 ~~(d) For purposes of this subdivision, "energy star label"~~
21 ~~means the label granted to certain products that meet United~~
22 ~~States Environmental Protection Agency and United States~~
23 ~~Department of Energy criteria for energy efficiency. For~~
24 ~~purposes of this subdivision, "energyguide label" means the~~
25 ~~label that the United States Federal Trade Commissioner requires~~
26 ~~manufacturers to apply to certain appliances under United States~~
27 ~~Code, title 16, part 305.~~

28 [EFFECTIVE DATE.] This section is effective for sales and
29 purchases made on or after August 1, 2005.

30 Sec. 6. Minnesota Statutes 2004, section 297A.68,
31 subdivision 28, is amended to read:

32 Subd. 28. [MEDICAL SUPPLIES.] Medical supplies purchased
33 by a licensed health care facility or licensed health care
34 professional to provide medical treatment to residents or
35 patients are exempt. The exemption does not apply to durable
36 medical equipment or components of durable medical equipment,

1 laboratory supplies, radiological supplies, and other items used
2 in providing medical services. For purposes of this
3 subdivision, "medical supplies" means adhesive and nonadhesive
4 bandages, gauze pads and strips, cotton applicators,
5 antiseptics, ~~nonprescription-drugs~~, eye solution, and other
6 similar supplies used directly on the resident or patient in
7 providing medical services.

8 [EFFECTIVE DATE.] This section is effective for sales and
9 purchases made after June 30, 2005.

10 Sec. 7. Minnesota Statutes 2004, section 297A.71,
11 subdivision 12, is amended to read:

12 Subd. 12. [CHAIR LIFTS, RAMPS, ELEVATORS.] ~~Chair-lifts,~~
13 ~~ramps,~~ and Elevators and building materials used to install or
14 construct ~~them~~ chair lifts, ramps, and elevators are exempt, if
15 they are authorized by a physician and installed in or attached
16 to the owner's homestead. The tax must be imposed and collected
17 as if the rate under section 297A.62, subdivision 1, applied and
18 then refunded in the manner provided in section 297A.75.

19 [EFFECTIVE DATE.] This section is effective for sales and
20 purchases made after June 30, 2005.

21 Sec. 8. Minnesota Statutes 2004, section 297A.71, is
22 amended by adding a subdivision to read:

23 Subd. 33. [HYDROELECTRIC GENERATING FACILITY.] Materials
24 and supplies used or consumed in the construction of a
25 hydroelectric generating facility that meets the requirements of
26 this subdivision are exempt. To qualify for the exemption under
27 this subdivision, a hydroelectric generating facility must:

28 (1) utilize two turbine generators at a dam site existing
29 on March 31, 1994;

30 (2) be located on land within 1,500 feet of a 13.8 kilovolt
31 distribution circuit; and

32 (3) be eligible to receive a renewable energy production
33 incentive payment under section 216C.41.

34 [EFFECTIVE DATE.] This section is effective for sales made
35 after December 31, 2004, and on or before December 31, 2007.

36 Sec. 9. Laws 1993, chapter 375, article 9, section 46,

1 subdivision 2, as amended by Laws 1997, chapter 231, article 7,
2 section 40, and Laws 1998, chapter 389, article 8, section 30,
3 and Laws 2003 First Special Session chapter 21, article 8,
4 section 13, is amended to read:

5 Subd. 2. [USE OF REVENUES.] Revenues received from the tax
6 authorized by subdivision 1 may only be used by the city to pay
7 the cost of collecting the tax, and to pay for the following
8 projects or to secure or pay any principal, premium, or interest
9 on bonds issued in accordance with subdivision 3 for the
10 following projects.

11 (a) To pay all or a portion of the capital expenses of
12 construction, equipment and acquisition costs for the expansion
13 and remodeling of the St. Paul Civic Center complex, including
14 the demolition of the existing arena and the construction and
15 equipping of a new arena.

16 (b) The remainder of the funds must be spent for:

17 (1) capital projects to further residential, cultural,
18 commercial, and economic development in both downtown St. Paul
19 and St. Paul neighborhoods ; and

20 (2) capital and operating expenses of cultural
21 organizations in the city, provided that the amount spent under
22 this clause must equal ten percent of the total amount spent
23 under this paragraph in any year.

24 (c) The amount apportioned under paragraph (b) shall be no
25 less than 60 percent of the revenues derived from the tax each
26 year, except to the extent that a portion of that amount is
27 required to pay debt service on (1) bonds issued for the
28 purposes of paragraph (a) prior to March 1, 1998; or (2) bonds
29 issued for the purposes of paragraph (a) after March 1, 1998,
30 but only if the city council determines that 40 percent of the
31 revenues derived from the tax together with other revenues
32 pledged to the payment of the bonds, including the proceeds of
33 definitive bonds, is expected to exceed the annual debt service
34 on the bonds.

35 (d) If in any year more than 40 percent of the revenue
36 derived from the tax authorized by subdivision 1 is used to pay

1 debt service on the bonds issued for the purposes of paragraph
2 (a) and to fund a reserve for the bonds, the amount of the debt
3 service payment that exceeds 40 percent of the revenue must be
4 determined for that year. In any year when 40 percent of the
5 revenue produced by the sales tax exceeds the amount required to
6 pay debt service on the bonds and to fund a reserve for the
7 bonds under paragraph (a), the amount of the excess must be made
8 available for capital projects to further residential, cultural,
9 commercial, and economic development in the neighborhoods and
10 downtown until the cumulative amounts determined for all years
11 under the preceding sentence have been made available under this
12 sentence. The amount made available as reimbursement in the
13 preceding sentence is not included in the 60 percent determined
14 under paragraph (c).

15 (e) No revenues from the tax authorized by subdivision 1
16 may be used to pay principal, premium, or interest on any bonds
17 or other obligations except the bonds issued under subdivision 3.

18 ~~(e)~~ (f) By January 15 of each odd-numbered year, the mayor
19 and the city council must report to the legislature on the use
20 of sales tax revenues during the preceding two-year period.

21 [EFFECTIVE DATE.] This section is effective the day
22 following final enactment.

23 Sec. 10. Laws 2001, First Special Session chapter 5,
24 article 12, section 44, the effective date, is amended to read:

25 [EFFECTIVE DATE.] This section is effective for sales and
26 purchases made after July 31, 2001, ~~and before August 17, 2005.~~

27 Sec. 11. [COUNTY OF MOWER; SALES AND USE TAX.]

28 Subdivision 1. [SALES AND USE TAX
29 AUTHORIZED.] Notwithstanding Minnesota Statutes, section
30 477A.016, or any other provision of law or ordinance, the county
31 of Mower may, by resolution, impose a sales and use tax of up to
32 one-half percent for the purposes specified in subdivision 2.
33 Except as otherwise provided in this section, the provisions of
34 Minnesota Statutes, section 297A.99, govern the imposition,
35 administration, collection, and enforcement of the tax
36 authorized under this subdivision.

1 Subd. 2. [USE OF REVENUES.] The proceeds of the tax
 2 imposed under this section must be solely used to pay for costs
 3 associated with a Criminal Justice Center for Mower County.
 4 Government functions to be located in the facility for which
 5 proceeds of the tax may be used include, but are not limited to,
 6 jail, law enforcement, dispatch, courts, court administration,
 7 correctional services, and county attorney.

8 Authorized expenses include, but are not limited to, site
 9 acquisition, infrastructure, construction, and professional fees
 10 related to the project.

11 Subd. 3. [BONDING AUTHORITY.] (a) The county may issue
 12 bonds under Minnesota Statutes, chapter 475, to finance the
 13 capital expenditures and improvements authorized by the
 14 referendum under subdivision 4. An election to approve the
 15 bonds under Minnesota Statutes, section 475.58, is not required.

16 (b) The bonds are not included in computing any debt limits
 17 applicable to the county, and the levy of taxes under Minnesota
 18 Statutes, section 475.61, to pay principal and interest on the
 19 bonds is not subject to levy limits.

20 Subd. 4. [REFERENDUM.] If the county of Mower proposes to
 21 impose the tax authorized by this section, the question of
 22 imposing the tax must be submitted to the voters at either a
 23 special election held before January 1, 2006, or at the next
 24 general election.

25 Subd. 5. [TERMINATION OF TAXES.] The tax imposed under
 26 this section expires when the county board first determines that
 27 the amount of revenues raised to pay for the Criminal Justice
 28 Center project under subdivision 2 meet or exceed approved
 29 project costs. Any funds remaining after completion of the
 30 projects may be placed in the general funds of the county. The
 31 county may rescind the tax imposed under this section at an
 32 earlier time by ordinance.

33 [EFFECTIVE DATE.] This section is effective the day after
 34 compliance with the governing body of the county of Mower with
 35 Minnesota Statutes, section 645.021, subdivision 3.

36 Sec. 12. [CITY OF WORTHINGTON; TAXES AUTHORIZED.]

1 Subdivision 1. [SALES AND USE TAX.] Notwithstanding
2 Minnesota Statutes, section 477A.016, or any other provision of
3 law, ordinance, or city charter, if approved by the voters
4 pursuant to Minnesota Statutes, section 297A.99, at the next
5 general election, the city of Worthington may impose by
6 ordinance a sales and use tax of up to one-half of one percent
7 for the purpose specified in subdivision 3. Except as otherwise
8 provided in this section, the provisions of Minnesota Statutes,
9 section 297A.99, govern the imposition, administration,
10 collection, and enforcement of the tax authorized under this
11 subdivision.

12 Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding
13 Minnesota Statutes, section 477A.016, or any other provision of
14 law, ordinance, or city charter, the city of Worthington may
15 impose by ordinance, for the purposes specified in subdivision
16 3, an excise tax of up to \$20 per motor vehicle, as defined by
17 ordinance, purchased or acquired from any person engaged within
18 the city in the business of selling motor vehicles at retail.

19 Subd. 3. [USE OF REVENUES.] Revenues received from taxes
20 authorized by subdivisions 1 and 2 must be used by the city to
21 pay the cost of collecting and administering the taxes and to
22 pay for the costs of a multipurpose city facility to include
23 meeting rooms, a swimming pool, and a senior citizen center, and
24 to make renovations to the Memorial Auditorium. Authorized
25 expenses include, but are not limited to, acquiring property and
26 paying construction expenses related to these improvements, and
27 paying debt service on bonds or other obligations issued to
28 finance acquisition and construction of these improvements.

29 Subd. 4. [BONDING AUTHORITY.] (a) If the tax authorized
30 under subdivision 1 is approved by the voters, the city may
31 issue bonds under Minnesota Statutes, chapter 475, to pay
32 capital and administrative expenses for the improvements
33 described in subdivision 3 in an amount that does not exceed
34 \$7,800,000. An election to approve the bonds under Minnesota
35 Statutes, section 475.58, is not required.

36 (b) The debt represented by the bonds is not included in

1 computing any debt limitation applicable to the city, and any
2 levy of taxes under Minnesota Statutes, section 475.61, to pay
3 principal of and interest on the bonds is not subject to any
4 levy limitation.

5 Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under
6 subdivisions 1 and 2 expire at the earlier of (1) ten years, or
7 (2) when the city council determines that the amount of revenue
8 received from the taxes to pay for the projects under
9 subdivision 3 equals or exceeds \$7,800,000 plus the additional
10 amount needed to pay the costs related to issuance of bonds
11 under subdivision 4, including interest on the bonds. Any funds
12 remaining after completion of the project and retirement or
13 redemption of the bonds shall be placed in a capital project
14 fund of the city. The taxes imposed under subdivisions 1 and 2
15 may expire at an earlier time if the city so determines by
16 ordinance.

17 [EFFECTIVE DATE.] This section is effective the day after
18 the governing body of the city of Worthington and its chief
19 clerical officer timely comply with Minnesota Statutes, section
20 645.021, subdivisions 2 and 3.

ARTICLE 4

PROPERTY TAX AND AIDS

23 Section 1. Minnesota Statutes 2004, section 123B.53,
24 subdivision 5, is amended to read:

25 Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] (a) The equalized
26 debt service levy of a district equals the sum of the first tier
27 equalized debt service levy and the second tier equalized debt
28 service levy.

29 (b) A district's first tier equalized debt service levy
30 equals the district's first tier debt service equalization
31 revenue times the lesser of one or the ratio of:

32 (1) the quotient derived by dividing the adjusted debt
33 service net tax capacity of the district for the year before the
34 year the levy is certified by the adjusted pupil units in the
35 district for the school year ending in the year prior to the
36 year the levy is certified; to

1 (2) \$3,200.

2 (c) A district's second tier equalized debt service levy
3 equals the district's second tier debt service equalization
4 revenue times the lesser of one or the ratio of:

5 (1) the quotient derived by dividing the adjusted debt
6 service net tax capacity of the district for the year before the
7 year the levy is certified by the adjusted pupil units in the
8 district for the school year ending in the year prior to the
9 year the levy is certified; to

10 (2) \$8,000.

11 [EFFECTIVE DATE.] This section is effective for taxes
12 payable in 2006.

13 Sec. 2. Minnesota Statutes 2004, section 126C.01, is
14 amended by adding a subdivision to read:

15 Subd. 2a. [DEBT SERVICE NET TAX CAPACITY.] A school
16 district's debt service net tax capacity means the net tax
17 capacity of the taxable property of the district as adjusted by
18 the commissioner of revenue under section 127A.48, subdivision
19 17. The debt service net tax capacity for any given calendar
20 year must be used to compute the debt service levy limitations
21 for levies certified in the succeeding calendar year and aid for
22 the school year beginning in the second succeeding calendar year.

23 [EFFECTIVE DATE.] This section is effective the day
24 following final enactment for computing taxes payable in 2006.

25 Sec. 3. Minnesota Statutes 2004, section 127A.48, is
26 amended by adding a subdivision to read:

27 Subd. 17. [DEBT SERVICE NET TAX CAPACITY.] To calculate
28 each district's debt service net tax capacity, the commissioner
29 of revenue must recompute the amounts in this section using an
30 alternative sales ratio comparing the sales price to the
31 estimated market value of the property.

32 [EFFECTIVE DATE.] This section is effective the day
33 following final enactment for computing taxes payable in 2006.

34 Sec. 4. Minnesota Statutes 2004, section 254B.02,
35 subdivision 3, is amended to read:

36 Subd. 3. [RESERVE ACCOUNT.] The commissioner shall

1 allocate money from the reserve account to counties that, during
2 the current fiscal year, have met or exceeded the base level of
3 expenditures for eligible chemical dependency services from
4 local money. The commissioner shall establish the base level
5 for fiscal year 1988 as the amount of local money used for
6 eligible services in calendar year 1986. In later years, the
7 base level must be increased in the same proportion as state
8 appropriations to implement Laws 1986, chapter 394, sections 8
9 to 20, are increased, except the base level shall not exceed 55
10 percent of the county allocation provided in subdivision 1 for
11 fiscal year 2006; 50 percent in fiscal year 2007; 45 percent in
12 fiscal year 2008; and 40 percent in fiscal year 2009.
13 Thereafter the maximum base level shall decrease by five percent
14 each year until the maximum county match is 15 percent. The
15 base level must be decreased if the fund balance from which
16 allocations are made under section 254B.02, subdivision 1, is
17 decreased in later years. The local match rate for the reserve
18 account is the same rate as applied to the initial allocation.
19 Reserve account payments must not be included when calculating
20 the county adjustments made according to subdivision 2. For
21 counties providing medical assistance or general assistance
22 medical care through managed care plans on January 1, 1996, the
23 base year is fiscal year 1995. For counties beginning provision
24 of managed care after January 1, 1996, the base year is the most
25 recent fiscal year before enrollment in managed care begins.
26 For counties providing managed care, the base level will be
27 increased or decreased in proportion to changes in the fund
28 balance from which allocations are made under subdivision 2, but
29 will be additionally increased or decreased in proportion to the
30 change in county adjusted population made in subdivision 1,
31 paragraphs (b) and (c). Effective July 1, 2001, at the end of
32 each biennium, any funds deposited in the reserve account funds
33 in excess of those needed to meet obligations incurred under
34 this section and sections 254B.06 and 254B.09 shall cancel to
35 the general fund.

36 Sec. 5. Minnesota Statutes 2004, section 272.02,

1 subdivision 53, is amended to read:

2 Subd. 53. [ELECTRIC GENERATION FACILITY; PERSONAL
3 PROPERTY.] Notwithstanding subdivision 9, clause (a), attached
4 machinery and other personal property which is part of a 3.2
5 megawatt run-of-the-river hydroelectric generation facility and
6 that meets the requirements of this subdivision is exempt. At
7 the time of construction, the facility must:

8 (1) utilize two turbine generators at a dam site existing
9 on March 31, 1994;

10 (2) be located on ~~publicly-owned~~ land and within 1,500 feet
11 of a 13.8 kilovolt distribution substation; and

12 (3) be eligible to receive a renewable energy production
13 incentive payment under section 216C.41.

14 Construction of the facility must be commenced after
15 ~~January 17, 2002~~ December 31, 2004, and before January 1, 2005
16 2007. Property eligible for this exemption does not include
17 electric transmission lines and interconnections or gas
18 pipelines and interconnections appurtenant to the property or
19 the facility.

20 [EFFECTIVE DATE.] This section is effective for taxes
21 levied in 2005, payable in 2006, and thereafter.

22 Sec. 6. Minnesota Statutes 2004, section 272.02, is
23 amended by adding a subdivision to read:

24 Subd. 68. [ELECTRIC GENERATION FACILITY PERSONAL
25 PROPERTY.] (a) Notwithstanding subdivision 9, clause (a),
26 attached machinery and other personal property which is part of
27 either a simple-cycle, combustion-turbine electric generation
28 facility, or a combined-cycle, combustion-turbine electric
29 generation facility that does not exceed 325 megawatts of
30 installed capacity and that meets the requirements of this
31 subdivision is exempt. At the time of construction, the
32 facility must:

33 (1) utilize either a simple-cycle or a combined-cycle
34 combustion-turbine generator fueled by natural gas;

35 (2) be connected to an existing 115-kilovolt high-voltage
36 electric transmission line that is within two miles of the

1 facility;

2 (3) be located on an underground natural gas storage

3 aquifer;

4 (4) be designed as either a peaking or intermediate load

5 facility; and

6 (5) have received, by resolution, the approval from the

7 governing body of the county for the exemption of personal

8 property under this subdivision.

9 (b) Construction of the facility must be commenced after

10 January 1, 2006, and before January 1, 2008. Property eligible

11 for this exemption does not include electric transmission lines

12 and interconnections or gas pipelines and interconnections

13 appurtenant to the property or the facility.

14 [EFFECTIVE DATE.] This section is effective for assessment

15 year 2005, taxes payable in 2006, and thereafter.

16 Sec. 7. Minnesota Statutes 2004, section 272.0211,

17 subdivision 1, is amended to read:

18 Subdivision 1. [EFFICIENCY DETERMINATION AND

19 CERTIFICATION.] An owner or operator of a new or existing

20 electric power generation facility, excluding wind energy

21 conversion systems, may apply to the commissioner of revenue for

22 a market value exclusion on the property as provided for in this

23 section. This exclusion shall apply only to the market value of

24 the equipment of the facility, and shall not apply to the

25 structures and the land upon which the facility is located. The

26 commissioner of revenue shall prescribe the forms and procedures

27 for this application. Upon receiving the application, the

28 commissioner of revenue shall request the commissioner of

29 commerce to make a determination of the efficiency of the

30 applicant's electric power generation facility. ~~In calculating~~

31 ~~the efficiency of a facility,~~ The commissioner of commerce shall

32 ~~use a definition of~~ calculate ~~efficiency which calculates~~

33 ~~efficiency as the sum of:~~

34 ~~(1) the useful electrical power output, plus~~

35 ~~(2) the useful thermal energy output, plus~~

36 ~~(3) the fuel energy of the useful chemical products,~~

1 ~~all-divided-by-the-total-energy-input-to-the-facility,-expressed~~
 2 ~~as-a-percentage~~ as the ratio of useful energy outputs to energy
 3 inputs, expressed as a percentage, based on the performance of
 4 the facility's equipment during normal full load operation. The
 5 commissioner must include in this formula the energy used in any
 6 on-site preparation of materials necessary to convert the
 7 materials into the fuel used to generate electricity, such as a
 8 process to gasify petroleum coke. The commissioner shall use
 9 the ~~high-heating-value~~ Higher Heating Value (HHV) for all
 10 substances in the commissioner's efficiency calculations, except
 11 for wood for fuel in a biomass-eligible project under section
 12 216B.2424; for these instances, the commissioner shall adjust
 13 the heating value to allow for energy consumed for evaporation
 14 of the moisture in the wood. The applicant shall provide the
 15 commissioner of commerce with whatever information the
 16 commissioner deems necessary to make the determination. Within
 17 30 days of the receipt of the necessary information, the
 18 commissioner of commerce shall certify the findings of the
 19 efficiency determination to the commissioner of revenue and to
 20 the applicant. ~~The commissioner of commerce shall determine the~~
 21 ~~efficiency of the facility and certify the findings of that~~
 22 ~~determination to the commissioner of revenue every two years~~
 23 ~~thereafter from the date of the original certification.~~

24 [EFFECTIVE DATE.] This section is effective for assessment
 25 year 2005 and thereafter, for taxes payable in 2006 and
 26 thereafter.

27 Sec. 8. Minnesota Statutes 2004, section 272.0211,
 28 subdivision 2, is amended to read:

29 Subd. 2. [SLIDING SCALE EXCLUSION.] Based upon the
 30 efficiency determination provided by the commissioner of
 31 commerce as described in subdivision 1, the commissioner of
 32 revenue shall subtract ~~five~~ eight percent of the taxable market
 33 value of the qualifying property for each percentage point that
 34 the efficiency of the specific facility, as determined by the
 35 commissioner of commerce, is above ~~35~~ 40 percent. The reduction
 36 in taxable market value shall be reflected in the taxable market

1 value of the facility beginning with the assessment year
2 immediately following the determination. For a facility that is
3 assessed by the county in which the facility is located, the
4 commissioner of revenue shall certify to the assessor of that
5 county the percentage of the taxable market value of the
6 facility to be excluded.

7 [EFFECTIVE DATE.] This section is effective for assessment
8 year 2005 and thereafter, for taxes payable in 2006 and
9 thereafter.

10 Sec. 9. Minnesota Statutes 2004, section 273.11,
11 subdivision 1a, is amended to read:

12 Subd. 1a. [LIMITED MARKET VALUE.] In the case of all
13 property classified as agricultural homestead or nonhomestead,
14 residential homestead or nonhomestead, timber, or noncommercial
15 seasonal residential recreational, the assessor shall compare
16 the value with the taxable portion of the value determined in
17 the preceding assessment.

18 For assessment year 2002, the amount of the increase shall
19 not exceed the greater of (1) ten percent of the value in the
20 preceding assessment, or (2) 15 percent of the difference
21 between the current assessment and the preceding assessment.

22 For assessment year 2003, the amount of the increase shall
23 not exceed the greater of (1) 12 percent of the value in the
24 preceding assessment, or (2) 20 percent of the difference
25 between the current assessment and the preceding assessment.

26 For assessment year 2004, the amount of the increase shall
27 not exceed the greater of (1) 15 percent of the value in the
28 preceding assessment, or (2) 25 percent of the difference
29 between the current assessment and the preceding assessment.

30 For assessment year 2005, the amount of the increase shall
31 not exceed the greater of (1) 15 percent of the value in the
32 preceding assessment, or (2) 33 percent of the difference
33 between the current assessment and the preceding assessment.

34 For assessment year 2006, the amount of the increase shall
35 not exceed the greater of (1) 15 percent of the value in the
36 preceding assessment, or (2) 50 percent of the difference

1 between the current assessment and the preceding assessment.

2 This limitation shall not apply to increases in value due
3 to improvements. For purposes of this subdivision, the term
4 "assessment" means the value prior to any exclusion under
5 subdivision 16.

6 The provisions of this subdivision shall be in effect
7 through assessment year 2006 as provided in this subdivision.

8 For purposes of the assessment/sales ratio study conducted
9 under section 127A.48, and the computation of state aids paid
10 under chapters 122A, 123A, 123B, excluding section 123B.53,
11 124D, 125A, 126C, 127A, and 477A, market values and net tax
12 capacities determined under this subdivision and subdivision 16,
13 shall be used.

14 [EFFECTIVE DATE.] This section is effective the day
15 following final enactment for computing taxes payable in 2006.

16 Sec. 10. Minnesota Statutes 2004, section 275.025,
17 subdivision 1, is amended to read:

18 Subdivision 1. [LEVY AMOUNT.] (a) The state general levy
19 is levied against commercial-industrial property and seasonal
20 residential recreational property, as defined in this section.
21 The state general levy base amount is \$592,000,000 for taxes
22 payable in 2002. For taxes payable in subsequent years on
23 seasonal residential recreational property, the levy base amount
24 is increased each year by multiplying the levy base amount
25 for that class of property for the prior year by the sum of one
26 plus the rate of increase, if any, in the implicit price
27 deflator for government consumption expenditures and gross
28 investment for state and local governments prepared by the
29 Bureau of Economic Analysts of the United States Department of
30 Commerce for the 12-month period ending March 31 of the year
31 prior to the year the taxes are payable. For taxes payable in
32 2006 and subsequent years on commercial-industrial property, the
33 tax is imposed under this subdivision at the rate of the tax
34 imposed under this subdivision for taxes payable in 2002. The
35 tax under this section is not treated as a local tax rate under
36 section 469.177 and is not the levy of a governmental unit under

1 chapters 276A and 473F.

2 (b) Beginning with taxes payable in 2008, and in each year
3 thereafter, the commissioner of finance shall deposit in the
4 education reserve account established in S.F. No. 1683, article
5 4, section 73, the increased amount of the state general levy
6 for that year over the state general levy base amount for taxes
7 payable in 2002.

8 (c) The commissioner shall increase or decrease the
9 preliminary or final rate for a year as necessary to account for
10 errors and tax base changes that affected a preliminary or final
11 rate for either of the two preceding years. Adjustments are
12 allowed to the extent that the necessary information is
13 available to the commissioner at the time the rates for a year
14 must be certified, and for the following reasons:

15 (1) an erroneous report of taxable value by a local
16 official;

17 (2) an erroneous calculation by the commissioner; and

18 (3) an increase or decrease in taxable value for
19 commercial-industrial or seasonal residential recreational
20 property reported on the abstracts of tax lists submitted under
21 section 275.29 that was not reported on the abstracts of
22 assessment submitted under section 270.11, subdivision 2, for
23 the same year.

24 The commissioner may, but need not, make adjustments if the
25 total difference in the tax levied for the year would be less
26 than \$100,000.

27 [EFFECTIVE DATE.] This section is effective for taxes
28 payable in 2006 and subsequent years.

29 Sec. 11. Minnesota Statutes 2004, section 469.033,
30 subdivision 6, is amended to read:

31 Subd. 6. [OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX.]
32 All of the territory included within the area of operation of
33 any authority shall constitute a taxing district for the purpose
34 of levying and collecting special benefit taxes as provided in
35 this subdivision. All of the taxable property, both real and
36 personal, within that taxing district shall be deemed to be

1 benefited by projects to the extent of the special taxes levied
2 under this subdivision. Subject to the consent by resolution of
3 the governing body of the city in and for which it was created,
4 an authority may levy a tax upon all taxable property within
5 that taxing district. The tax shall be extended, spread, and
6 included with and as a part of the general taxes for state,
7 county, and municipal purposes by the county auditor, to be
8 collected and enforced therewith, together with the penalty,
9 interest, and costs. As the tax, including any penalties,
10 interest, and costs, is collected by the county treasurer it
11 shall be accumulated and kept in a separate fund to be known as
12 the "housing and redevelopment project fund." The money in the
13 fund shall be turned over to the authority at the same time and
14 in the same manner that the tax collections for the city are
15 turned over to the city, and shall be expended only for the
16 purposes of sections 469.001 to 469.047. It shall be paid out
17 upon vouchers signed by the chair of the authority or an
18 authorized representative. The amount of the levy shall be an
19 amount approved by the governing body of the city, but shall not
20 exceed 0.0144 percent of taxable market value for the current
21 levy year, notwithstanding section 273.032. The authority shall
22 each year formulate and file a budget in accordance with the
23 budget procedure of the city in the same manner as required of
24 executive departments of the city or, if no budgets are required
25 to be filed, by August 1. The amount of the tax levy for the
26 following year shall be based on that budget.

27 Sec. 12. Minnesota Statutes 2004, section 473F.08,
28 subdivision 3a, is amended to read:

29 Subd. 3a. [BLOOMINGTON COMPUTATION.] Beginning in 1987 and
30 each subsequent year through 1998, the city of Bloomington shall
31 determine the interest payments for that year for the bonds
32 which have been sold for the highway improvements pursuant to
33 Laws 1986, chapter 391, section 2, paragraph (g). Effective for
34 property taxes payable in 1988 through property taxes payable in
35 1999, after the Hennepin County auditor has computed the
36 areawide portion of the levy for the city of Bloomington

1 pursuant to subdivision 3, clause (a), the auditor shall
2 annually add a dollar amount to the city of Bloomington's
3 areawide portion of the levy equal to the amount which has been
4 certified to the auditor by the city of Bloomington for the
5 interest payments for that year for the bonds which were sold
6 for highway improvements. The total areawide portion of the
7 levy for the city of Bloomington including the additional amount
8 for interest repayment certified pursuant to this subdivision
9 shall be certified by the Hennepin County auditor to the
10 administrative auditor pursuant to subdivision 5. The Hennepin
11 County auditor shall distribute to the city of Bloomington the
12 additional areawide portion of the levy computed pursuant to
13 this subdivision at the same time that payments are made to the
14 other counties pursuant to subdivision 7a. For property taxes
15 payable from the year ~~2006~~ 2014 through ~~2015~~ 2023, the Hennepin
16 County auditor shall adjust Bloomington's contribution to the
17 areawide gross tax capacity upward each year by a value equal to
18 ten percent of the total additional areawide levy distributed to
19 Bloomington under this subdivision from 1988 to 1999, divided by
20 the areawide tax rate for taxes payable in the previous year.

21 **[EFFECTIVE DATE.]** This section is effective the day
22 following final enactment.

23 Sec. 13. Minnesota Statutes 2004, section 477A.011,
24 subdivision 34, is amended to read:

25 Subd. 34. [CITY REVENUE NEED.] (a) For a city with a
26 population equal to or greater than 2,500, "city revenue need"
27 is the sum of (1) 5.0734098 times the pre-1940 housing
28 percentage; plus (2) 19.141678 times the population decline
29 percentage; plus (3) 2504.06334 times the road accidents factor;
30 plus (4) 355.0547; minus (5) the metropolitan area factor; minus
31 (6) 49.10638 times the household size.

32 (b) For a city with a population less than 2,500, "city
33 revenue need" is the sum of (1) 2.387 times the pre-1940 housing
34 percentage; plus (2) 2.67591 times the commercial industrial
35 percentage; plus (3) 3.16042 times the population decline
36 percentage; plus (4) 1.206 times the transformed population;

1 minus (5) 62.772.

2 (c) The city revenue need cannot be less than zero.

3 (d) For calendar year 2005 and subsequent years, the city
4 revenue need for a city, as determined in paragraphs (a) to (c),
5 is multiplied by the ratio of the annual most recently available
6 first quarter implicit price deflator for government consumption
7 expenditures and gross investment for state and local
8 governments as prepared by the United States Department of
9 Commerce, ~~for-the-most-recently-available-year~~ to the 2003 first
10 quarter 2002 implicit price deflator for state and local
11 government purchases.

12 (e) For a city with a population of 2,500 or more and a
13 population in one of the most recently available five years that
14 was less than 2,500, "city revenue need" is the sum of (1) its
15 city revenue need calculated under paragraph (a) multiplied by
16 its transition factor; plus (2) its city revenue need calculated
17 under the formula in paragraph (b) multiplied by the difference
18 between one and its transition factor. For purposes of this
19 paragraph, a city's "transition factor" is equal to 0.2
20 multiplied by the number of years that the city's population
21 estimate has been 2,500 or more. This provision only applies
22 for aids payable in calendar years 2006 to 2008 to cities with a
23 2002 population of less than 2,500. It applies to any city for
24 aids payable in 2009 and thereafter.

25 [EFFECTIVE DATE.] This section is effective for aids
26 payable in 2006 and thereafter.

27 Sec. 14. Minnesota Statutes 2004, section 477A.011,
28 subdivision 36, is amended to read:

29 Subd. 36. [CITY AID BASE.] (a) Except as otherwise
30 provided in this subdivision, "city aid base" is zero.

31 (b) The city aid base for any city with a population less
32 than 500 is increased by \$40,000 for aids payable in calendar
33 year 1995 and thereafter, and the maximum amount of total aid it
34 may receive under section 477A.013, subdivision 9, paragraph
35 (c), is also increased by \$40,000 for aids payable in calendar
36 year 1995 only, provided that:

1 (i) the average total tax capacity rate for taxes payable
2 in 1995 exceeds 200 percent;

3 (ii) the city portion of the tax capacity rate exceeds 100
4 percent; and

5 (iii) its city aid base is less than \$60 per capita.

6 (c) The city aid base for a city is increased by \$20,000 in
7 1998 and thereafter and the maximum amount of total aid it may
8 receive under section 477A.013, subdivision 9, paragraph (c), is
9 also increased by \$20,000 in calendar year 1998 only, provided
10 that:

11 (i) the city has a population in 1994 of 2,500 or more;

12 (ii) the city is located in a county, outside of the
13 metropolitan area, which contains a city of the first class;

14 (iii) the city's net tax capacity used in calculating its
15 1996 aid under section 477A.013 is less than \$400 per capita;
16 and

17 (iv) at least four percent of the total net tax capacity,
18 for taxes payable in 1996, of property located in the city is
19 classified as railroad property.

20 (d) The city aid base for a city is increased by \$200,000
21 in 1999 and thereafter and the maximum amount of total aid it
22 may receive under section 477A.013, subdivision 9, paragraph
23 (c), is also increased by \$200,000 in calendar year 1999 only,
24 provided that:

25 (i) the city was incorporated as a statutory city after
26 December 1, 1993;

27 (ii) its city aid base does not exceed \$5,600; and

28 (iii) the city had a population in 1996 of 5,000 or more.

29 (e) The city aid base for a city is increased by \$450,000
30 in 1999 to 2008 and the maximum amount of total aid it may
31 receive under section 477A.013, subdivision 9, paragraph (c), is
32 also increased by \$450,000 in calendar year 1999 only, provided
33 that:

34 (i) the city had a population in 1996 of at least 50,000;

35 (ii) its population had increased by at least 40 percent in
36 the ten-year period ending in 1996; and

1 (iii) its city's net tax capacity for aids payable in 1998
2 is less than \$700 per capita.

3 ~~(f) Beginning in 2004, the city aid base for a city is~~
4 ~~equal to the sum of its city aid base in 2003 and the amount of~~
5 ~~additional aid it was certified to receive under section 477A.06~~
6 ~~in 2003. For 2004 only, the maximum amount of total aid a city~~
7 ~~may receive under section 477A.013, subdivision 9, paragraph~~
8 ~~(e), is also increased by the amount it was certified to receive~~
9 ~~under section 477A.06 in 2003.~~

10 ~~(g)~~ The city aid base for a city is increased by \$150,000
11 for aids payable in 2000 and thereafter, and the maximum amount
12 of total aid it may receive under section 477A.013, subdivision
13 9, paragraph (c), is also increased by \$150,000 in calendar year
14 2000 only, provided that:

15 (1) the city has a population that is greater than 1,000
16 and less than 2,500;

17 (2) its commercial and industrial percentage for aids
18 payable in 1999 is greater than 45 percent; and

19 (3) the total market value of all commercial and industrial
20 property in the city for assessment year 1999 is at least 15
21 percent less than the total market value of all commercial and
22 industrial property in the city for assessment year 1998.

23 ~~(h)~~ (g) The city aid base for a city is increased by
24 \$200,000 in 2000 and thereafter, and the maximum amount of total
25 aid it may receive under section 477A.013, subdivision 9,
26 paragraph (c), is also increased by \$200,000 in calendar year
27 2000 only, provided that:

28 (1) the city had a population in 1997 of 2,500 or more;

29 (2) the net tax capacity of the city used in calculating
30 its 1999 aid under section 477A.013 is less than \$650 per
31 capita;

32 (3) the pre-1940 housing percentage of the city used in
33 calculating 1999 aid under section 477A.013 is greater than 12
34 percent;

35 (4) the 1999 local government aid of the city under section
36 477A.013 is less than 20 percent of the amount that the formula

1 aid of the city would have been if the need increase percentage
2 was 100 percent; and

3 (5) the city aid base of the city used in calculating aid
4 under section 477A.013 is less than \$7 per capita.

5 ~~(i)~~ (h) The city aid base for a city is increased by
6 \$102,000 in 2000 and thereafter, and the maximum amount of total
7 aid it may receive under section 477A.013, subdivision 9,
8 paragraph (c), is also increased by \$102,000 in calendar year
9 2000 only, provided that:

10 (1) the city has a population in 1997 of 2,000 or more;

11 (2) the net tax capacity of the city used in calculating
12 its 1999 aid under section 477A.013 is less than \$455 per
13 capita;

14 (3) the net levy of the city used in calculating 1999 aid
15 under section 477A.013 is greater than \$195 per capita; and

16 (4) the 1999 local government aid of the city under section
17 477A.013 is less than 38 percent of the amount that the formula
18 aid of the city would have been if the need increase percentage
19 was 100 percent.

20 ~~(j)~~ (i) The city aid base for a city is increased by
21 \$32,000 in 2001 and thereafter, and the maximum amount of total
22 aid it may receive under section 477A.013, subdivision 9,
23 paragraph (c), is also increased by \$32,000 in calendar year
24 2001 only, provided that:

25 (1) the city has a population in 1998 that is greater than
26 200 but less than 500;

27 (2) the city's revenue need used in calculating aids
28 payable in 2000 was greater than \$200 per capita;

29 (3) the city net tax capacity for the city used in
30 calculating aids available in 2000 was equal to or less than
31 \$200 per capita;

32 (4) the city aid base of the city used in calculating aid
33 under section 477A.013 is less than \$65 per capita; and

34 (5) the city's formula aid for aids payable in 2000 was
35 greater than zero.

36 ~~(k)~~ (j) The city aid base for a city is increased by \$7,200

1 in 2001 and thereafter, and the maximum amount of total aid it
2 may receive under section 477A.013, subdivision 9, paragraph
3 (c), is also increased by \$7,200 in calendar year 2001 only,
4 provided that:

5 (1) the city had a population in 1998 that is greater than
6 200 but less than 500;

7 (2) the city's commercial industrial percentage used in
8 calculating aids payable in 2000 was less than ten percent;

9 (3) more than 25 percent of the city's population was 60
10 years old or older according to the 1990 census;

11 (4) the city aid base of the city used in calculating aid
12 under section 477A.013 is less than \$15 per capita; and

13 (5) the city's formula aid for aids payable in 2000 was
14 greater than zero.

15 ~~(j)~~ (k) The city aid base for a city is increased by
16 \$45,000 in 2001 and thereafter and by an additional \$50,000 in
17 calendar years 2002 to 2011, and the maximum amount of total aid
18 it may receive under section 477A.013, subdivision 9, paragraph
19 (c), is also increased by \$45,000 in calendar year 2001 only,
20 and by \$50,000 in calendar year 2002 only, provided that:

21 (1) the net tax capacity of the city used in calculating
22 its 2000 aid under section 477A.013 is less than \$810 per
23 capita;

24 (2) the population of the city declined more than two
25 percent between 1988 and 1998;

26 (3) the net levy of the city used in calculating 2000 aid
27 under section 477A.013 is greater than \$240 per capita; and

28 (4) the city received less than \$36 per capita in aid under
29 section 477A.013, subdivision 9, for aids payable in 2000.

30 The city aid base for a city described in this paragraph is also
31 increased by \$250,000 in calendar year 2006 and the maximum
32 amount of total aid it may receive under section 477A.013,
33 subdivision 9, paragraph (c), is also increased by \$250,000 in
34 calendar year 2006 only.

35 ~~(m)~~ (l) The city aid base for a city with a population of
36 10,000 or more which is located outside of the seven-county

1 metropolitan area is increased in 2002 and thereafter, and the
2 maximum amount of total aid it may receive under section
3 477A.013, subdivision 9, paragraph (b) or (c), is also increased
4 in calendar year 2002 only, by an amount equal to the lesser of:

5 (1) (i) the total population of the city, ~~as-determined-by~~
6 ~~the-United-States-Bureau-of-the-Census,-in-the-2000-census,~~ (ii)
7 minus 5,000, (iii) times 60; or

8 (2) \$2,500,000.

9 ~~(n)~~ (m) The city aid base is increased by \$50,000 in 2002
10 and thereafter, and the maximum amount of total aid it may
11 receive under section 477A.013, subdivision 9, paragraph (c), is
12 also increased by \$50,000 in calendar year 2002 only, provided
13 that:

14 (1) the city is located in the seven-county metropolitan
15 area;

16 (2) its population in 2000 is between 10,000 and 20,000;
17 and

18 (3) its commercial industrial percentage, as calculated for
19 city aid payable in 2001, was greater than 25 percent.

20 ~~(e)~~ (n) The city aid base for a city is increased by
21 \$150,000 in calendar years 2002 to 2011 and the maximum amount
22 of total aid it may receive under section 477A.013, subdivision
23 9, paragraph (c), is also increased by \$150,000 in calendar year
24 2002 only, provided that:

25 (1) the city had a population of at least 3,000 but no more
26 than 4,000 in 1999;

27 (2) its home county is located within the seven-county
28 metropolitan area;

29 (3) its pre-1940 housing percentage is less than 15
30 percent; and

31 (4) its city net tax capacity per capita for taxes payable
32 in 2000 is less than \$900 per capita.

33 ~~(p)~~ (o) The city aid base for a city is increased by
34 \$200,000 beginning in calendar year 2003 and the maximum amount
35 of total aid it may receive under section 477A.013, subdivision
36 9, paragraph (c), is also increased by \$200,000 in calendar year

1 2003 only, provided that the city qualified for an increase in
2 homestead and agricultural credit aid under Laws 1995, chapter
3 264, article 8, section 18.

4 ~~(q)~~ (p) The city aid base for a city is increased by
5 \$200,000 in 2004 only and the maximum amount of total aid it may
6 receive under section 477A.013, subdivision 9, is also increased
7 by \$200,000 in calendar year 2004 only, if the city is the site
8 of a nuclear dry cask storage facility.

9 ~~(r)~~ (q) The city aid base for a city is increased by
10 \$10,000 in 2004 and thereafter and the maximum total aid it may
11 receive under section 477A.013, subdivision 9, is also increased
12 by \$10,000 in calendar year 2004 only, if the city was included
13 in a federal major disaster designation issued on April 1, 1998,
14 and its pre-1940 housing stock was decreased by more than 40
15 percent between 1990 and 2000.

16 (r) The city aid base for a city is increased by \$25,000 in
17 2006 only and the maximum total aid it may receive under section
18 477A.013, subdivision 9, is also increased by \$25,000 in 2006
19 only, if the city (1) received no aid under section 477A.013 in
20 2004; (2) had a population in 2002 greater than 20,000 and less
21 than 50,000; and (3) had an adjusted net tax capacity of less
22 than \$750 per capita for aids payable in 2004.

23 (s) The city aid base for a city is increased by \$500,000
24 in calendar year 2006 and thereafter, and the maximum amount of
25 total aid the city may receive under section 477A.013,
26 subdivision 9, paragraph (c), is also increased by \$500,000 in
27 calendar year 2006 only, provided that:

28 (1) the city is located outside of the seven-county
29 metropolitan area;

30 (2) the city's 2000 population is between 10,000 and
31 20,000;

32 (3) the net levy of the city used in calculating 2005 aid
33 under section 477A.013 is greater than \$350 per capita; and

34 (4) the city's commercial industrial percentage under
35 subdivision 32, for aids payable in 2005, was at least 20
36 percent.

1 (t) The city aid base for a city is increased by \$25,000 in
2 2006 only and the maximum total aid it may receive under section
3 477A.013, subdivision 9, is also increased by \$25,000 in
4 calendar year 2006 only if the city had a population in 2003 of
5 at least 1,000 and has a state park for which the city provides
6 rescue services and which comprised at least 14 percent of the
7 total geographic area included within the city boundaries in
8 2000.

9 **[EFFECTIVE DATE.]** This section is effective beginning with
10 aids payable in 2006, except that the striking of paragraph (f)
11 is effective beginning with aids payable in 2004.

12 Sec. 15. Minnesota Statutes 2004, section 477A.0124,
13 subdivision 4, is amended to read:

14 Subd. 4. [COUNTY TAX-BASE EQUALIZATION AID.] (a) For
15 ~~2005~~ 2006 and subsequent years, the money appropriated to county
16 tax-base equalization aid each calendar year, after the payment
17 under paragraph (f), shall be apportioned among the counties
18 according to each county's tax-base equalization aid factor.

19 (b) A county's tax-base equalization aid factor is equal to
20 the amount by which (i) \$185 times the county's population,
21 exceeds (ii) 9.45 percent of the county's net tax capacity.

22 (c) In the case of a county with a population less than
23 10,000, the factor determined in paragraph (b) shall be
24 multiplied by a factor of three.

25 (d) In the case of a county with a population greater than
26 or equal to 10,000, but less than 12,500, the factor determined
27 in paragraph (b) shall be multiplied by a factor of two.

28 (e) In the case of a county with a population greater than
29 500,000, the factor determined in paragraph (b) shall be
30 multiplied by a factor of 0.25.

31 (f) Before the money appropriated to county base
32 equalization aid is apportioned among the counties as provided
33 in paragraph (a), an amount up to \$73,259 is allocated annually
34 to Anoka County and up to \$59,664 is annually allocated to
35 Washington County for the county to pay postretirement costs of
36 health insurance premiums for court employees. The allocation

1 under this paragraph is in addition to the allocations under
 2 paragraphs (a) to (e).

3 [EFFECTIVE DATE.] This section is effective aids payable in
 4 2006 and thereafter.

5 Sec. 16. Minnesota Statutes 2004, section 477A.013,
 6 subdivision 8, is amended to read:

7 Subd. 8. [CITY FORMULA AID.] In calendar year 2004 and
 8 subsequent years, the formula aid for a city is equal to the
 9 need increase percentage multiplied by the difference between
 10 (1) the city's revenue need multiplied by its population, and
 11 (2) ~~the sum of~~ the city's net tax capacity multiplied by the tax
 12 effort rate, ~~and the taconite aids under sections 298.28 and~~
 13 ~~298.282, multiplied by the following percentages:~~

- 14 ~~(i) zero percent for aids payable in 2004;~~
 15 ~~(ii) 25 percent for aids payable in 2005;~~
 16 ~~(iii) 50 percent for aids payable in 2006;~~
 17 ~~(iv) 75 percent for aids payable in 2007; and~~
 18 ~~(v) 100 percent for aids payable in 2008 and thereafter.~~

19 No city may have a formula aid amount less than zero. The need
 20 increase percentage must be the same for all cities.

21 The applicable need increase percentage must be calculated
 22 by the Department of Revenue so that the total of the aid under
 23 subdivision 9 equals the total amount available for aid under
 24 section 477A.03 after the subtraction under section 477A.014,
 25 subdivisions 4 and 5.

26 [EFFECTIVE DATE.] This section is effective for aids
 27 payable in 2006 and thereafter.

28 Sec. 17. Minnesota Statutes 2004, section 477A.013,
 29 subdivision 9, is amended to read:

30 Subd. 9. [CITY AID DISTRIBUTION.] (a) In calendar year
 31 2002 and thereafter, each city shall receive an aid distribution
 32 equal to the sum of (1) the city formula aid under subdivision
 33 8, and (2) its city aid base.

34 ~~(b) The aid for a city in calendar year 2004 shall not~~
 35 ~~exceed the amount of its aid in calendar year 2003 after the~~
 36 ~~reductions under Laws 2003, First Special Session chapter 21,~~

1 ~~article-5-~~

2 (c) For aids payable in 2005 and thereafter, the total aid
3 for any city shall not exceed the sum of (1) ~~ten~~ 50 percent of
4 the city's net levy for the year prior to the aid distribution
5 plus (2) its total aid in the previous year. For aids payable
6 in 2005 and thereafter, the total aid for any city with a
7 population of 2,500 or more may not decrease from its total aid
8 under this section in the previous year by an amount greater
9 than ten percent of its net levy in the year prior to the aid
10 distribution.

11 ~~(d) For aids payable in 2004 only, the total aid for a city~~
12 ~~with a population less than 2,500 may not be less than the~~
13 ~~amount it was certified to receive in 2003 minus the greater of~~
14 ~~(1) the reduction to this aid payment in 2003 under Laws 2003,~~
15 ~~First Special Session chapter 21, article 5, or (2) five percent~~
16 ~~of its 2003 aid amount.~~ For aids payable in 2005 and
17 thereafter, the total aid for a city with a population less than
18 2,500 must not be less than the amount it was certified to
19 receive in the previous year minus five percent of its 2003
20 certified aid amount.

21 (e) For aids payable in 2006 only, the total aid for a city
22 with a population less than 1,000 must not be less than 105
23 percent of the amount it was certified to receive in 2005.

24 [EFFECTIVE DATE.] This section is effective for aids
25 payable in 2006 and thereafter.

26 Sec. 18. [477A.0133] [COUNTY CRIMINAL JUSTICE AID.]

27 Subdivision 1. [PURPOSE.] County criminal justice aid is
28 provided for the sole purpose of reducing the reliance of county
29 criminal justice and corrections programs and associated costs
30 on local property taxes.

31 County criminal justice aids must be used to pay expenses
32 associated with criminal justice activities, specifically
33 probation and supervised release caseload reductions, chemical
34 dependency treatment, mental health programs, and assistance to
35 crime victims.

36 Subd. 2. [DEFINITIONS.] For the purposes of this section,

1 the following definitions apply:

2 (1) "population" means the population according to the most
3 recent federal census, or according to the state demographer's
4 most recent estimate if it has been issued subsequent to the
5 most recent federal census; and

6 (2) "Part I crimes" means the three-year average annual
7 number of Part I crimes reported for each county by the
8 Department of Public Safety for the most recent years
9 available. By July 1 of each year, the commissioner of public
10 safety shall certify to the commissioner of revenue the number
11 of Part I crimes reported for each county for the three most
12 recent calendar years available.

13 Subd. 3. [FORMULA.] Each calendar year, the commissioner
14 of revenue shall distribute county criminal justice aid to each
15 county in an amount determined according to the following
16 formula:

17 (1) one-half shall be distributed to each county in the
18 same proportion that the county's population is to the
19 population of all counties in the state; and

20 (2) one-half shall be distributed to each county in the
21 same proportion that the county's Part I crimes are to the total
22 Part I crimes for all counties in the state.

23 Subd. 4. [PAYMENT DATES.] The aid amounts for each
24 calendar year shall be paid as provided in section 477A.015.

25 Subd. 5. [REPORT.] By March 15 of each year following the
26 year in which criminal justice aids are received, each county
27 must file a report with the commissioner of revenue describing
28 how criminal justice aids were spent, and demonstrating that
29 they were used for criminal justice purposes.

30 Subd. 6. [ANNUAL APPROPRIATION.] Aid payments to counties
31 under this section are limited to \$15,000,000 in 2006 and
32 subsequent years.

33 Sec. 19. Minnesota Statutes 2004, section 477A.03,
34 subdivision 2a, is amended to read:

35 Subd. 2a. [CITIES.] ~~Fer-aids-payable-in-20047-the-total~~
36 ~~aids-paid-under-section-477A-0137-subdivision-97-are-limited-to~~

1 ~~\$429,000,000.~~ For aids payable in ~~2005-and-thereafter~~ 2006, the
2 total aids paid under section 477A.013, subdivision 9, are
3 increased to ~~\$437,052,000~~ \$523,052,000. For aids payable in
4 2007 and subsequent years, the total aids paid under section
5 477A.013, subdivision 9, are increased by one plus the
6 percentage increase in the implicit price deflator for
7 government consumption expenditures and gross investment for
8 state and local governments prepared by the Bureau of Economic
9 Analysis of the United States Department of Commerce for the
10 12-month period ending March 31 of the previous year. The
11 percentage increase used in this subdivision shall be no less
12 than 2.5 percent and no greater than 5.0 percent. The total
13 aids paid under section 477A.013, subdivision 9, shall not
14 exceed the amount required for the need increase percentage to
15 equal one. It is the intention of the legislature that the
16 increased aid provided to cities be used to pay for public
17 safety functions.

18 [EFFECTIVE DATE.] This section is effective for aids
19 payable in 2006 and thereafter.

20 Sec. 20. Laws 1994, chapter 587, article 9, section 8,
21 subdivision 1, is amended to read:

22 Subdivision 1. [TAX LEVIES.] Notwithstanding Minnesota
23 Statutes, section 471.24, each of the following cities or towns
24 is authorized to levy a tax and make an appropriation not to
25 exceed ~~\$15,000~~ \$25,000 annually to the Lakeview Cemetery
26 Association, operated by the town of Iron Range, for cemetery
27 purposes: the city of Coleraine, the city of Bovey, and each
28 town which is a member of the cemetery association.

29 [EFFECTIVE DATE.] This section is effective for taxes
30 levied in 2005, payable in 2006, and thereafter.

31 Sec. 21. [COURT AID ADJUSTMENT.]

32 For aids payable in 2005 only, the amount of court aid paid
33 to Anoka County under section 273.1398, subdivision 4, is
34 increased by \$36,630 for aids payable in 2005 only and the
35 amount paid to Washington County under section 273.1398,
36 subdivision 4, is increased by \$29,832 for aids payable in 2005

1 only.

2 [EFFECTIVE DATE.] This section is effective aids payable in
3 2005 only.

4 Sec. 22. [CROW WING COUNTY SEWER DISTRICT; PILOT PROJECT.]

5 Subdivision 1. [POWERS.] In addition to the powers granted
6 in Minnesota Statutes, chapter 116A, the county board for Crow
7 Wing County, by resolution, may grant the following powers to a
8 sewer district created by the county board under Minnesota
9 Statutes, chapter 116A:

10 (1) provide that an authorized representative of the
11 district, after presentation of credentials, may enter at
12 reasonable times any premise to inspect or maintain an
13 individual sewage treatment system, as defined in Minnesota
14 Statutes, section 115.55, subdivision 1, paragraph (g);

15 (2) include areas of the county within the sewer district
16 that are not contiguous and establish different systems for
17 wastewater treatment in specific areas of the county;

18 (3) provide that each special service area that is managed
19 by the sewer system or combination thereof constitutes a system
20 under Minnesota Statutes, chapter 116A;

21 (4) delegate to the sewer district, by resolution, all or a
22 portion of its administrative and enforcement obligations with
23 respect to individual sewage treatment systems under Minnesota
24 Statutes, chapter 115, and rules adopted by the Pollution
25 Control Agency;

26 (5) modify any individual sewage treatment system to
27 provide reasonable access to it for inspection and maintenance;
28 and

29 (6) neither the approval nor the waiver of the county
30 board, nor confirmation by order of the district court, shall be
31 required for the sewer commission to exercise the powers set
32 forth in Minnesota Statutes, section 116A.24.

33 Subd. 2. [REPORT.] If the Crow Wing County Board exercises
34 the additional powers granted under subdivision 1, the county
35 shall provide a report by January 15, 2009, to the senate and
36 house committees with jurisdiction over environmental policy and

1 taxes on the establishment and operation of the sewer district.

2 The report must include:

3 (1) a description of the implementation of the additional
4 powers granted under subdivision 1;

5 (2) available information on the effectiveness of the
6 additional powers to control pollution in the county; and

7 (3) any recommendations for changes to Minnesota Statutes,
8 chapter 116A, to broaden the authority for sewer districts to
9 include any of the additional powers granted under subdivision 1.

10 [EFFECTIVE DATE.] This section is effective the day
11 following compliance with Minnesota Statutes, section 645.021,
12 subdivision 2.

13 Sec. 23. [DEVELOPMENT AUTHORIZED.]

14 Dakota County Regional Railroad Authority may exercise the
15 powers conferred by Minnesota Statutes, section 398A.04, to
16 plan, establish, acquire, develop, construct, purchase, enlarge,
17 extend, improve, maintain, equip, operate, regulate, and protect
18 a bus rapid transit system located within the Cedar Avenue
19 transitway corridor within Dakota County. The authority may
20 levy for this purpose under Minnesota Statutes, section 398A.04,
21 subdivision 8, to the extent the levy authority under that
22 subdivision is not required to be used for that levy year for
23 railroad purposes.

24 [EFFECTIVE DATE.] Pursuant to Minnesota Statutes, section
25 645.023, subdivision 1, paragraph (a), this section is effective
26 without local approval the day following final enactment.

27 Sec. 24. [CITY OF WHITE BEAR LAKE.]

28 Subdivision 1. [PAYMENT REQUIRED.] The commissioner of
29 revenue must make payments of \$52,482 on each of July 20, 2005,
30 and December 26, 2005, to the city of White Bear Lake.

31 Subd. 2. [APPROPRIATION.] \$104,964 is appropriated from
32 the general fund to the commissioner of revenue to make the
33 payments required in this section.

34 ARTICLE 5

35 INTERNATIONAL ECONOMIC DEVELOPMENT ZONE

36 Section 1. Minnesota Statutes 2004, section 272.02, is

1 amended by adding a subdivision to read:

2 Subd. 69. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE
3 PROPERTY.] (a) Improvements to real property, and personal
4 property, classified under section 273.13, subdivision 24, and
5 located within an international economic development zone
6 designated under section 469.322, are exempt from ad valorem
7 taxes levied under chapter 275, if the occupant of the property
8 is a qualified business, as defined in section 469.321.

9 (b) The exemption applies beginning for the first
10 assessment year after designation of the international economic
11 development zone. The exemption applies to each assessment year
12 that begins during the duration of the international economic
13 development zone and to property occupied by July 1 of the
14 assessment year by a qualified business. This exemption does
15 not apply to:

16 (1) the levy under section 475.61 or similar levy
17 provisions under any other law to pay general obligation bonds;
18 or

19 (2) a levy under section 126C.17, if the levy was approved
20 by the voters before the designation of the zone.

21 [EFFECTIVE DATE.] This section is effective beginning for
22 property taxes assessed in 2006, payable in 2007.

23 Sec. 2. Minnesota Statutes 2004, section 290.06, is
24 amended by adding a subdivision to read:

25 Subd. 33. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE JOB
26 CREDIT.] A taxpayer that is a qualified business, as defined in
27 section 469.321, subdivision 6, is allowed a credit as
28 determined under section 469.327 against the tax imposed by this
29 chapter.

30 [EFFECTIVE DATE.] This section is effective for taxable
31 years beginning after December 31, 2005.

32 Sec. 3. Minnesota Statutes 2004, section 297A.68, is
33 amended by adding a subdivision to read:

34 Subd. 40. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONES.] (a)
35 Purchases of tangible personal property or taxable services by a
36 qualified business, as defined in section 469.321, are exempt if

1 the property or services are primarily used or consumed in an
2 international economic development zone designated under section
3 469.322.

4 (b) Purchase and use of construction materials and supplies
5 for construction of improvements to real property in an
6 international economic development zone are exempt if the
7 improvements after completion of construction are to be used in
8 the conduct of a qualified business, as defined in section
9 469.321. This exemption applies regardless of whether the
10 purchases are made by the business or a contractor.

11 (c) The exemptions under this subdivision apply to a local
12 sales and use tax, regardless of whether the local tax is
13 imposed on sales taxable under this chapter or in another law,
14 ordinance, or charter provision.

15 (d) This subdivision applies to sales, if the purchase was
16 made and delivery received during the period provided under
17 section 469.324, subdivision 2.

18 [EFFECTIVE DATE.] This section is effective for sales made
19 after December 31, 2005.

20 Sec. 4. [469.321] [DEFINITIONS.]

21 Subdivision 1. [SCOPE.] For purposes of sections 469.321
22 to 469.328, the following terms have the meanings given.

23 Subd. 2. [FOREIGN TRADE ZONE.] "Foreign trade zone" means
24 a foreign trade zone designated pursuant to United States Code,
25 title 19, section 81b, for the right to use the powers provided
26 in United States Code, title 19, sections 81a to 81u, or a
27 subzone authorized by the foreign trade zone.

28 Subd. 3. [FOREIGN TRADE ZONE AUTHORITY.] "Foreign trade
29 zone authority" means the Greater Metropolitan Foreign Trade
30 Zone Commission number 119, a joint powers authority created by
31 the county of Hennepin, the cities of Minneapolis and
32 Bloomington, and the Metropolitan Airports Commission, under the
33 authority of section 469.059, 469.101, or 471.59, which includes
34 any other political subdivisions that enter into the authority
35 after its creation.

36 Subd. 4. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE.] An

1 "international economic development zone" or "zone" is a zone so
2 designated under section 469.322.

3 Subd. 5. [PERSON.] "Person" includes an individual,
4 corporation, partnership, limited liability company,
5 association, or any other entity.

6 Subd. 6. [QUALIFIED BUSINESS.] (a) "Qualified business"
7 means a person carrying on a trade or business at a place of
8 business located within an international economic development
9 zone that is:

10 (1) engaged in the furtherance of international export or
11 import of goods; and

12 (2) certified by the foreign trade zone authority as a
13 trade or business that furthers the purpose of developing
14 international distribution capacity and capability.

15 (b) A person that relocates a trade or business from within
16 Minnesota but outside an international economic development zone
17 into an international economic development zone is not a
18 qualified business, unless the business:

19 (1)(i) increases full-time employment in the first full
20 year of operation within the international economic development
21 zone by at least 20 percent measured relative to the operations
22 that were relocated and maintains the required level of
23 employment for each year that tax incentives under section
24 469.324 are claimed; or

25 (ii) makes a capital investment in the property located
26 within a zone equal to at least ten percent of the gross
27 revenues of the operations that were relocated in the
28 immediately preceding taxable year; and

29 (2) enters a binding written agreement with the foreign
30 trade zone authority that:

31 (i) pledges that the business will meet the requirements of
32 clause (1);

33 (ii) provides for repayment of all tax benefits enumerated
34 under section 469.324 to the business under the procedures in
35 section 469.328, if the requirements of clause (1) are not met
36 for the taxable year or for taxes payable during a year in which

1 the requirements were not met; and

2 (iii) contains any other terms the foreign trade zone
3 authority determines appropriate.

4 Clause (1) of this paragraph does not apply to a freight
5 forwarder.

6 (c) A qualified business must pay each employee total
7 compensation, including benefits not mandated by law, that on an
8 annualized basis is equal to at least 110 percent of the federal
9 poverty guidelines for a family of four.

10 Subd. 7. [REGIONAL DISTRIBUTION CENTER.] A "regional
11 distribution center" is a distribution center developed within a
12 foreign trade zone. The regional distribution center must have
13 as its primary purpose to facilitate gathering of freight for
14 the purpose of centralizing the functions necessary for the
15 shipment of freight in international commerce, including, but
16 not limited to, security and customs functions.

17 Subd. 8. [RELOCATE.] (a) "Relocate" means that a trade or
18 business:

19 (1) ceases one or more operations or functions at another
20 location in Minnesota and begins performing substantially the
21 same operations or functions at a location in an international
22 economic development zone; or

23 (2) reduces employment at another location in Minnesota
24 during a period starting one year before and ending one year
25 after it begins operations in an international economic
26 development zone and its employees in the international economic
27 development zone are engaged in the same line of business as the
28 employees at the location where it reduced employment.

29 (b) "Relocate" does not include an expansion by a business
30 that establishes a new facility that does not replace or
31 supplant an existing operation or employment, in whole or in
32 part.

33 (c) "Trade or business" includes any business entity that
34 is substantially similar in operation or ownership to the
35 business entity seeking to be a qualified business under this
36 section.

1 Subd. 9. [FREIGHT FORWARDER.] "Freight forwarder" is a
2 business that, for compensation, ensures that goods produced or
3 sold by another business move from point of origin to point of
4 destination.

5 [EFFECTIVE DATE.] This section is effective the day
6 following final enactment.

7 Sec. 5. [469.322] [DESIGNATION OF INTERNATIONAL ECONOMIC
8 DEVELOPMENT ZONE.]

9 (a) An area designated as a foreign trade zone may be
10 designated by the foreign trade zone authority as an
11 international economic development zone if within the zone a
12 regional distribution center is being developed pursuant to
13 section 469.323. The zone must be not less than 500 acres and
14 not more than 1,000 acres in size.

15 (b) In making the designation, the foreign trade zone
16 authority, in consultation with the Minnesota Department of
17 Transportation and the Metropolitan Council, shall consider
18 access to major transportation routes, consistency with current
19 state transportation and air cargo planning, adequacy of the
20 size of the site, access to airport facilities, present and
21 future capacity at the designated airport, the capability to
22 meet integrated present and future air cargo, security, and
23 inspection services, and access to other infrastructure and
24 financial incentives. The border of the international economic
25 development zone must be no more than 60 miles distant or 90
26 minutes drive time from the border of the Minneapolis-St. Paul
27 International Airport. The county in which the zone is located
28 must be a member of the foreign trade zone authority.

29 [EFFECTIVE DATE.] This section is effective the day
30 following final enactment.

31 Sec. 6. [469.323] [FOREIGN TRADE ZONE AUTHORITY POWERS.]

32 Subdivision 1. [DEVELOPMENT OF REGIONAL DISTRIBUTION
33 CENTER.] The foreign trade zone authority is responsible for
34 creating a development plan for the regional distribution
35 center. The regional distribution center must be developed with
36 the purpose of expanding, on a regional basis, international

1 distribution capacity and capability. The foreign trade zone
2 authority shall consult with municipalities that have indicated
3 to the authority an interest in locating the international
4 economic development zone within their boundaries and a
5 willingness to establish a tax increment financing district
6 coterminous with the boundaries of the zone, as well as
7 interested businesses, potential financiers, and appropriate
8 state and federal agencies.

9 Subd. 2. [BUSINESS PLAN.] Before designation of an
10 international economic development zone under section 469.322,
11 the governing body of the foreign trade zone authority shall
12 prepare a business plan. The plan must include an analysis of
13 the economic feasibility of the regional distribution center
14 once it becomes operational and of the operations of freight
15 forwarders and other businesses that choose to locate within the
16 boundaries of the zone. The analysis must provide profitability
17 models that:

18 (1) include the benefits of the incentives;

19 (2) estimate the amount of time needed to achieve
20 profitability; and

21 (3) analyze the length of time incentives will be necessary
22 to the economic viability of the regional distribution center.

23 If the governing body of the foreign trade authority
24 determines that the models do not establish the economic
25 feasibility of the project, the regional distribution center
26 does not meet the development requirements of this section and
27 section 469.322.

28 Subd. 3. [PORT AUTHORITY POWERS.] The governing body of
29 the foreign trade zone authority may establish a port authority
30 that has the same powers as a port authority established under
31 section 469.049. If the foreign trade zone authority
32 establishes a port authority, the governing body of the foreign
33 trade zone authority may exercise all powers granted to a city
34 by sections 469.048 to 469.068 within the area of the
35 international economic development zone, except it may not
36 impose or request imposition of a property tax levy under

1 section 469.053 by any city.

2 Subd. 4. [BUSINESS SUBSIDY LAW.] Tax exemptions, job
3 credits, and tax increment financing provided under this section
4 are business subsidies for the purpose of sections 116J.993 to
5 116J.995.

6 [EFFECTIVE DATE.] This section is effective the day
7 following final enactment.

8 Sec. 7. [469.324] [TAX INCENTIVES IN INTERNATIONAL
9 ECONOMIC DEVELOPMENT ZONE.]

10 Subdivision 1. [AVAILABILITY.] Qualified businesses that
11 operate in an international economic development zone,
12 individuals who invest in a regional distribution center, or
13 qualified businesses that operate in an international economic
14 development zone qualify for:

15 (1) exemption from the property tax as provided in section
16 272.02, subdivision 69;

17 (2) exemption from the state sales and use tax and any
18 local sales and use taxes on qualifying purchases as provided in
19 section 297A.68, subdivision 40;

20 (3) the jobs credit allowed under section 469.327; and

21 (4) tax increment financing as provided in this chapter.

22 Subd. 2. [DURATION.] (a) Except as provided in paragraph
23 (b), the tax incentives described in subdivision 1, clauses (1)
24 and (3), are available for no more than 12 consecutive taxable
25 years for any taxpayer that claims them. The tax incentives
26 described in subdivision 1, clause (2), are available for each
27 taxpayer that claims them for taxes otherwise payable on
28 transactions during a period of 12 years from the date when the
29 first exemption is claimed by that taxpayer under each
30 exemption. No exemptions described in subdivision 1, clauses
31 (1) to (4), are available after December 31, 2020.

32 (b) For taxpayers that are freight forwarders, the
33 durations provided under paragraph (a) are reduced to six years.

34 Subd. 3. [QUALIFICATION.] To receive the tax incentives
35 under this section, a qualified business must, by December 31 of
36 each year, certify to the commissioner of revenue the percentage

1 of its business activity within the zone that constitutes
2 international business activity for the year, measured by value
3 or volume of activity. If the percentage is less than 100
4 percent, the amount of the tax benefits provided under sections
5 290.06, subdivision 33, and 469.327 are reduced in proportion to
6 the percentage of business activity that is not international
7 business activity. The commissioner of revenue may audit the
8 business activities of a qualifying business to determine its
9 eligibility for tax benefits under this section.

10 Sec. 8. [469.327] [JOBS CREDIT.]

11 Subdivision 1. [CREDIT ALLOWED.] A qualified business is
12 allowed a credit against the taxes imposed under chapter 290.
13 The credit equals seven percent of the:

14 (1) lesser of:

15 (i) zone payroll for the taxable year, less the zone
16 payroll for the base year; or

17 (ii) total Minnesota payroll for the taxable year, less
18 total Minnesota payroll for the base year; minus

19 (2) \$30,000 multiplied by the number of full-time
20 equivalent employees that the qualified business employs in the
21 international economic development zone for the taxable year,
22 minus the number of full-time equivalent employees the business
23 employed in the zone in the base year, but not less than zero.

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

26 (b) "Base year" means the taxable year beginning during the
27 calendar year prior to the calendar year in which the zone
28 designation took effect.

29 (c) "Full-time equivalent employees" means the equivalent
30 of annualized expected hours of work equal to 2,080 hours.

31 (d) "Minnesota payroll" means the wages or salaries
32 attributed to Minnesota under section 290.191, subdivision 12,
33 for the qualified business or the unitary business of which the
34 qualified business is a part, whichever is greater.

35 (e) "Zone payroll" means wages or salaries used to
36 determine the zone payroll factor for the qualified business,

1 less the amount of compensation attributable to any employee
2 that exceeds \$70,000.

3 Subd. 3. [INFLATION ADJUSTMENT.] For taxable years
4 beginning after December 31, 2006, the dollar amounts in
5 subdivision 1, clause (2), and subdivision 2, paragraph (e), are
6 annually adjusted for inflation. The commissioner of revenue
7 shall adjust the amounts by the percentage determined under
8 section 290.06, subdivision 2d, for the taxable year.

9 Subd. 4. [REFUNDABLE.] If the amount of the credit exceeds
10 the liability for tax under chapter 290, the commissioner of
11 revenue shall refund the excess to the qualified business.

12 Subd. 5. [APPROPRIATION.] An amount sufficient to pay the
13 refunds authorized by this section is appropriated to the
14 commissioner of revenue from the general fund.

15 [EFFECTIVE DATE.] This section is effective for taxable
16 years beginning after December 31, 2005.

17 Sec. 9. [469.328] [REPAYMENT OF TAX BENEFITS.]

18 Subdivision 1. [REPAYMENT OBLIGATION.] A person must repay
19 the amount of the tax reduction received under section 469.324,
20 subdivision 1, clauses (2) and (3), and refund received under
21 section 469.327, during the two years immediately before it
22 ceased to operate in the zone, if the person ceased to operate
23 its facility located within the zone or otherwise ceases to be
24 or is not a qualified business.

25 Subd. 2. [DISPOSITION OF REPAYMENT.] The repayment must be
26 paid to the state to the extent it represents a state tax
27 reduction. Any amount repaid to the state must be deposited in
28 the general fund. Any repayment of local sales or use taxes
29 must be repaid to the jurisdiction imposing the local sales or
30 use tax.

31 Subd. 3. [REPAYMENT PROCEDURES.] (a) For the repayment of
32 taxes imposed under chapter 290 or 297A or local taxes collected
33 pursuant to section 297A.99, a person must file an amended
34 return with the commissioner of revenue and pay any taxes
35 required to be repaid within 30 days after ceasing to be a
36 qualified business. The amount required to be repaid is

1 determined by calculating the tax for the period for which
2 repayment is required without regard to the tax reductions
3 allowed under section 469.324.

4 (b) The provisions of chapters 270 and 289A relating to the
5 commissioner of revenue's authority to audit, assess, and
6 collect the tax and to hear appeals are applicable to the
7 repayment required under paragraph (a). The commissioner may
8 impose civil penalties as provided in chapter 289A, and the
9 additional tax and penalties are subject to interest at the rate
10 provided in section 270.75, from 30 days after ceasing to do
11 business in the zone until the date the tax is paid.

12 (c) For determining the tax required to be repaid, a tax
13 reduction is deemed to have been received on the date that the
14 tax would have been due if the person had not been entitled to
15 the tax reduction.

16 (d) The commissioner of revenue may assess the repayment of
17 taxes under paragraph (b) at any time within two years after the
18 person ceases to be a qualified business, or within any period
19 of limitations for the assessment of tax under section 289A.38,
20 whichever is later.

21 [EFFECTIVE DATE.] This section is effective the day
22 following final enactment.

23 Sec. 10. [469.329] [ADDITIONAL BENEFITS CONTINGENT ON JOBZ
24 DETERMINATIONS.]

25 Notwithstanding section 469.312, subdivision 3, the
26 governor may designate the international economic development
27 zone as a job opportunity building zone if the governor reports
28 to the tax committees of the senate and the house of
29 representatives the following information:

30 (1) the estimated cost of providing the additional tax
31 incentives provided under sections 469.310 to 469.320 to the
32 international economic development zone; and

33 (2) the estimated cost of tax expenditures projected to
34 have been obligated for all job opportunity building zone
35 projects that have been approved before June 1, 2005.

36 Sec. 11. [DEPARTMENT OF EMPLOYMENT AND ECONOMIC

1 DEVELOPMENT STUDY; INTERNATIONAL AIR FREIGHT.]

2 The commissioner of employment and economic development
 3 must study and analyze the issue of whether the state would
 4 benefit from more than one international economic development
 5 zone as defined in Minnesota Statutes, section 469.321. The
 6 commissioner shall solicit input on the issue from businesses,
 7 communities, and economic development organizations. The
 8 commissioner must report the results of the study and analysis
 9 to the committees of the legislature having jurisdiction over
 10 economic development issues by December 1, 2005, along with any
 11 legislative recommendations.

12 ARTICLE 6

13 MISCELLANEOUS

14 Section 1. Minnesota Statutes 2004, section 240.06,
15 subdivision 5a, is amended to read:

16 Subd. 5a. [ADDITIONAL LICENSE; METROPOLITAN AREA.] (a)
 17 Notwithstanding subdivision 5, the commission may issue one
 18 additional class A license within the seven-county metropolitan
 19 area, provided that the additional license may only be issued
 20 for a facility:

- 21 (1) located more than 20 miles from any other racetrack in
- 22 existence on January 1, 1987;
- 23 (2) containing a track no larger than five-eighths of a
- 24 mile in circumference;
- 25 (3) used exclusively for standardbred racing;
- 26 (4) not owned or operated by a governmental entity or a
- 27 nonprofit organization; and
- 28 (5) that has a current road or highway system adequate to
- 29 facilitate present and future vehicular traffic expeditiously to
- 30 and from the facility.

31 The consideration of clause (5) shall prevail when two
 32 competing licensees are relatively equal regarding other
 33 considerations mandated by law or rule.

34 (b) An application for an additional class A license within
 35 the seven-county metropolitan area may not delay or adversely
 36 affect an application for a class A license for a facility to be

1 located outside the seven-county metropolitan area.

2 (c) A class A licensee within the seven-county metropolitan
3 area may enter an agreement with a horsepersons' organization
4 under which the licensee agrees to pay a percentage of
5 simulcasting and card club revenues to the horse racing purse
6 fund of another class A racetrack within the seven-county
7 metropolitan area. The licensee may only enter such an
8 agreement with a horsepersons' organization that represents a
9 breed other than the breed racing at the licensee's racetrack.
10 All amounts contributed to a class A racetrack under such an
11 agreement must go to purses for races run at that racetrack.

12 Sec. 2. Minnesota Statutes 2004, section 240.13,
13 subdivision 6, is amended to read:

14 Subd. 6. [SIMULCASTING.] (a) The commission may permit an
15 authorized licensee to conduct simulcasting at the licensee's
16 facility on any day authorized by the commission. All
17 simulcasts must comply with the Interstate Horse Racing Act of
18 1978, United States Code, title 15, sections 3001 to 3007.

19 (b) The commission may not authorize any day for
20 simulcasting at a class A facility during the racing season, and
21 a licensee may not be allowed to transmit out-of-state telecasts
22 of races the licensee conducts, unless the licensee has obtained
23 the approval of the horsepersons' organization representing the
24 majority of the horsepersons racing the breed involved at the
25 licensed racetrack during the preceding 12 months. In the case
26 of a class A facility licensed under section 240.06, subdivision
27 5a, the approval must be obtained from the horsepersons'
28 organization that represents the majority of the horsepersons
29 who are racing or who will race the breed at the facility.

30 (c) The licensee may pay fees and costs to an entity
31 transmitting a telecast of a race to the licensee for purposes
32 of conducting pari-mutuel wagering on the race. The licensee
33 may deduct fees and costs related to the receipt of televised
34 transmissions from a pari-mutuel pool on the televised race,
35 provided that one-half of any amount recouped in this manner
36 must be added to the amounts required to be set aside for purses.

1 (d) With the approval of the commission and subject to the
2 provisions of this subdivision, a licensee may transmit
3 telecasts of races it conducts, for wagering purposes, to
4 locations outside the state, and the commission may allow this
5 to be done on a commingled pool basis.

6 (e) Except as otherwise provided in this section,
7 simulcasting may be conducted on a separate pool basis or, with
8 the approval of the commission, on a commingled pool basis. All
9 provisions of law governing pari-mutuel betting apply to
10 simulcasting except as otherwise provided in this subdivision or
11 in the commission's rules. If pools are commingled, wagering at
12 the licensed facility must be on equipment electronically linked
13 with the equipment at the licensee's class A facility or with
14 the sending racetrack via the totalizator computer at the
15 licensee's class A facility. Subject to the approval of the
16 commission, the types of betting, takeout, and distribution of
17 winnings on commingled pari-mutuel pools are those in effect at
18 the sending racetrack. Breakage for pari-mutuel pools on a
19 televised race must be calculated in accordance with the law or
20 rules governing the sending racetrack for these pools, and must
21 be distributed in a manner agreed to between the licensee and
22 the sending racetrack. Notwithstanding subdivision 7 and
23 section 240.15, subdivision 5, the commission may approve
24 procedures governing the definition and disposition of unclaimed
25 tickets that are consistent with the law and rules governing
26 unclaimed tickets at the sending racetrack. For the purposes of
27 this section, "sending racetrack" is either the racetrack
28 outside of this state where the horse race is conducted or, with
29 the consent of the racetrack, an alternative facility that
30 serves as the racetrack for the purpose of commingling pools.

31 ~~(f) If there is more than one class B licensee conducting~~
32 ~~racetrack within the seven-county metropolitan area, simulcasting~~
33 ~~may be conducted only on races run by a breed that ran at the~~
34 ~~licensee's class A facility within the 12 months preceding the~~
35 ~~event.~~

36 Sec. 3. Minnesota Statutes 2004, section 240.135, is

1 amended to read:

2 240.135 [CARD CLUB REVENUE.]

3 (a) From the amounts received from charges authorized under
4 section 240.30, subdivision 4, the licensee shall set aside the
5 amounts specified in this section to be used for purse payments.
6 These amounts are in addition to the breeders fund and purse
7 requirements set forth elsewhere in this chapter.

8 (1) For amounts between zero and \$6,000,000, the licensee
9 shall set aside ten percent to be used as purses.

10 (2) For amounts in excess of \$6,000,000, the licensee shall
11 set aside 14 percent to be used as purses.

12 (b) From all amounts set aside under paragraph (a), the
13 licensee shall set aside ten percent to be deposited in the
14 breeders fund.

15 (c) The licensee and the horseperson's organization
16 representing the majority of horsepersons who have raced at the
17 racetrack during the preceding 12 months, or, in the case of a
18 racetrack licensed under section 240.06, subdivision 5a, will
19 race at the racetrack during the first calendar year of the
20 racetrack's operation, may negotiate percentages different from
21 those stated in this section if the agreement is in writing and
22 filed with the Racing Commission.

23 ~~(e)~~ (d) It is the intent of the legislature that the
24 proceeds of the card playing activities authorized by this
25 chapter be used to improve the horse racing industry by
26 improving purses. The commission shall annually review the
27 financial details of card playing activities and determine if
28 the present use of card playing proceeds is consistent with the
29 policy established by this paragraph. If the commission
30 determines that the use of the proceeds does not comply with the
31 policy set forth herein, then the commission shall direct the
32 parties to make the changes necessary to ensure compliance. If
33 these changes require legislation, the commission shall make the
34 appropriate recommendations to the legislature.

35 Sec. 4. Minnesota Statutes 2004, section 240.15,
36 subdivision 1, is amended to read:

1 Subdivision 1. [TAXES IMPOSED.] (a) There is imposed a tax
2 at the rate of six percent of the amount in excess of
3 \$12,000,000 annually withheld from all pari-mutuel pools by the
4 licensee, including breakage and amounts withheld under section
5 240.13, subdivision 4. For the purpose of this subdivision,
6 "annually" is the period from July 1 to June 30 of the next year.

7 In addition to the above tax, the licensee must designate
8 and pay to the commission a tax of one percent of the total
9 amount bet on each racing day, for deposit in the Minnesota
10 breeders fund.

11 The taxes imposed by this clause must be paid from the
12 amounts permitted to be withheld by a licensee under section
13 240.13, subdivision 4.

14 (b) The commission may impose an admissions tax of not more
15 than ten cents on each paid admission at a licensed racetrack on
16 a racing day if:

17 (1) the tax is requested by a local unit of government
18 within whose borders the track is located;

19 (2) a public hearing is held on the request; and

20 (3) the commission finds that the local unit of government
21 requesting the tax is in need of its revenue to meet
22 extraordinary expenses caused by the racetrack.

23 (c) There is imposed a tax at the rate of five percent on
24 amounts annually received from charges authorized under section
25 240.30, subdivision 4, less amounts set aside for purse payments
26 and the breeders fund, as required by section 240.135.

27 Sec. 5. Minnesota Statutes 2004, section 240.30,
28 subdivision 5, is amended to read:

29 Subd. 5. [LIMITATION.] (a) Except as provided in paragraph
30 (b), the commission shall not authorize a licensee to operate a
31 card club unless the licensee has conducted at least 50 days of
32 live racing at a class A facility within the past 12 months or
33 during the preceding calendar year.

34 (b) In the case of a racetrack licensed under section
35 240.06, subdivision 5a, during the first calendar year of the
36 racetrack's operation, the commission may authorize the licensee

1 to operate a card club when the licensee has been assigned at
2 least 50 days of live racing by the commission for the calendar
3 year.

4 Sec. 6. Minnesota Statutes 2004, section 240.30,
5 subdivision 8, is amended to read:

6 Subd. 8. [LIMITATIONS.] (a) The commission may not approve
7 any plan of operation under subdivision 6 that exceeds any of
8 the following limitations:

9 (1) the maximum number of tables used for card playing at
10 the card club at any one time, other than tables used for
11 instruction, demonstrations, or tournament play, may not exceed
12 ~~50~~ 90. The table limit exception for tournament play is allowed
13 for only ~~one-tournament~~ two tournaments per year that ~~lasts-for~~
14 ~~no-longer~~ total no more than ~~±4~~ 21 days each;

15 (2) except as provided in clause (3), no wager may exceed
16 \$60;

17 (3) for games in which each player is allowed to make only
18 one wager or has a limited opportunity to change that wager, no
19 wager may exceed \$300.

20 (b) The commission may not approve any plan of operation
21 under subdivision 6 that does not provide for reasonable
22 accommodations for players with disabilities. Accommodations to
23 the table and the cards shall include, among other things, the
24 announcement of the cards visible to the entire table and the
25 use of Braille cards for players who are blind.

26 Sec. 7. Minnesota Statutes 2004, section 270.0603,
27 subdivision 3, is amended to read:

28 Subd. 3. [DISTRIBUTION.] The appropriate statement
29 prepared in accordance with subdivisions 1 and 2 must be
30 distributed by the commissioner to all taxpayers contacted with
31 respect to the determination or collection of a tax, other than
32 the providing of tax forms. Failure to receive the statement
33 does not invalidate the determination or collection action, nor
34 does it affect, modify, or alter any statutory time limits
35 applicable to the determination or collection action, including
36 the time limit for filing a claim for refund.

1 **[EFFECTIVE DATE.]** This section is effective the day
2 following final enactment, except that for claims for refund, it
3 is effective for claims filed after August 31, 2005.

4 Sec. 8. Minnesota Statutes 2004, section 270.0682,
5 subdivision 1, is amended to read:

6 Subdivision 1. **[BIENNIAL REPORT.]** The commissioner of
7 revenue shall report to the legislature by March 1 of each
8 odd-numbered year on the overall incidence of ~~the-income-tax,~~
9 ~~sales-and-exercise-taxes,-and-property-tax~~ taxes as defined in
10 section 645.44, subdivision 19. The report shall present
11 information on the distribution of the tax burden (1) for the
12 overall income distribution, using a systemwide incidence
13 measure such as the Suits index or other appropriate measures of
14 equality and inequality, (2) by income classes, including at a
15 minimum deciles of the income distribution, and (3) by other
16 appropriate taxpayer characteristics.

17 Sec. 9. Minnesota Statutes 2004, section 272.02,
18 subdivision 64, is amended to read:

19 Subd. 64. **[JOB OPPORTUNITY BUILDING ZONE PROPERTY.]** (a)
20 Improvements to real property, and personal property, classified
21 under section 273.13, subdivision 24, and located within a job
22 opportunity building zone, designated under section 469.314, are
23 exempt from ad valorem taxes levied under chapter 275.

24 (b) Improvements to real property, and tangible personal
25 property, of an agricultural production facility located within
26 an agricultural processing facility zone, designated under
27 section 469.314, is exempt from ad valorem taxes levied under
28 chapter 275.

29 (c) For property to qualify for exemption under paragraph
30 (a), the occupant must be a qualified business, as defined in
31 section 469.310.

32 (d) The exemption applies beginning for the first
33 assessment year after designation of the job opportunity
34 building zone by the commissioner of employment and economic
35 development. The exemption applies to each assessment year that
36 begins during the duration of the job opportunity building zone

1 and to property occupied by July 1 of the assessment year by a
2 qualified business. This exemption does not apply to:

3 (1) the levy under section 475.61 or similar levy
4 provisions under any other law to pay general obligation bonds;
5 or

6 (2) a levy under section 126C.17, if the levy was approved
7 by the voters before the designation of the job opportunity
8 building zone.

9 (e) This subdivision does not apply to captured net tax
10 capacity in a tax increment financing district to the extent
11 necessary to meet the debt repayment obligations of the
12 authority if the property is also located within an agricultural
13 processing zone.

14 [EFFECTIVE DATE.] This section is effective for taxes
15 payable in 2005 and thereafter.

16 Sec. 10. Minnesota Statutes 2004, section 429.021,
17 subdivision 1, is amended to read:

18 Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a
19 municipality shall have power to make the following improvements:

20 (1) To acquire, open, and widen any street, and to improve
21 the same by constructing, reconstructing, and maintaining
22 sidewalks, pavement, gutters, curbs, and vehicle parking strips
23 of any material, or by grading, graveling, oiling, or otherwise
24 improving the same, including the beautification thereof and
25 including storm sewers or other street drainage and connections
26 from sewer, water, or similar mains to curb lines.

27 (2) To acquire, develop, construct, reconstruct, extend,
28 and maintain storm and sanitary sewers and systems, including
29 outlets, holding areas and ponds, treatment plants, pumps, lift
30 stations, service connections, and other appurtenances of a
31 sewer system, within and without the corporate limits.

32 (3) To construct, reconstruct, extend, and maintain steam
33 heating mains.

34 (4) To install, replace, extend, and maintain street lights
35 and street lighting systems and special lighting systems.

36 (5) To acquire, improve, construct, reconstruct, extend,

1 and maintain water works systems, including mains, valves,
2 hydrants, service connections, wells, pumps, reservoirs, tanks,
3 treatment plants, and other appurtenances of a water works
4 system, within and without the corporate limits.

5 (6) To acquire, improve and equip parks, open space areas,
6 playgrounds, and recreational facilities within or without the
7 corporate limits.

8 (7) To plant trees on streets and provide for their
9 trimming, care, and removal.

10 (8) To abate nuisances and to drain swamps, marshes, and
11 ponds on public or private property and to fill the same.

12 (9) To construct, reconstruct, extend, and maintain dikes
13 and other flood control works.

14 (10) To construct, reconstruct, extend, and maintain
15 retaining walls and area walls.

16 (11) To acquire, construct, reconstruct, improve, alter,
17 extend, operate, maintain, and promote a pedestrian skyway
18 system. Such improvement may be made upon a petition pursuant
19 to section 429.031, subdivision 3.

20 (12) To acquire, construct, reconstruct, extend, operate,
21 maintain, and promote underground pedestrian concourses.

22 (13) To acquire, construct, improve, alter, extend,
23 operate, maintain, and promote public malls, plazas or
24 courtyards.

25 (14) To construct, reconstruct, extend, and maintain
26 district heating systems.

27 (15) To construct, reconstruct, alter, extend, operate,
28 maintain, and promote fire protection systems in existing
29 buildings, but only upon a petition pursuant to section 429.031,
30 subdivision 3.

31 (16) To acquire, construct, reconstruct, improve, alter,
32 extend, and maintain highway sound barriers.

33 (17) To improve, construct, reconstruct, extend, and
34 maintain gas and electric distribution facilities owned by a
35 municipal gas or electric utility.

36 (18) To purchase, install, and maintain signs, posts, and

1 other markers for addressing related to the operation of
2 enhanced 911 telephone service.

3 (19) To improve, construct, extend, and maintain facilities
4 for Internet access and other communications purposes, if the
5 council finds that:

6 (i) the facilities are necessary to make available Internet
7 access or other communications services that are not and will
8 not be available through other providers or the private market
9 in the reasonably foreseeable future; and

10 (ii) the service to be provided by the facilities will not
11 compete with service provided by private entities.

12 (20) To assess affected property owners for all or a
13 portion of the costs agreed to with an electric utility,
14 telecommunications carrier, or cable system operator to bury or
15 alter a new or existing distribution system within the public
16 right-of-way that exceeds the utility's design and construction
17 standards, or those set by law, tariff, or franchise, but only
18 upon petition under section 429.031, subdivision 3.

19 Sec. 11. Minnesota Statutes 2004, section 469.015,
20 subdivision 4, is amended to read:

21 Subd. 4. [EXCEPTIONS.] (a) An authority need not require
22 competitive bidding in the following circumstances:

23 (1) in the case of a contract for the acquisition of a
24 low-rent housing project:

25 (i) for which financial assistance is provided by the
26 federal government;

27 (ii) which does not require any direct loan or grant of
28 money from the municipality as a condition of the federal
29 financial assistance; and

30 (iii) for which the contract provides for the construction
31 of the project upon land that is either owned by the authority
32 for redevelopment purposes or not owned by the authority at the
33 time of the contract but the contract provides for the
34 conveyance or lease to the authority of the project or
35 improvements upon completion of construction;

36 (2) with respect to a structured parking facility:

1 (i) constructed in conjunction with, and directly above or
2 below, a development; and

3 (ii) financed with the proceeds of tax increment or parking
4 ramp general obligation or revenue bonds; and

5 (3) until August 1, 2009, with respect to a facility built
6 for the purpose of facilitating the operation of public transit
7 or encouraging its use:

8 (i) constructed in conjunction with, and directly above or
9 below, a development; and

10 (ii) financed with the proceeds of parking ramp general
11 obligation or revenue bonds or with at least 60 percent of the
12 construction cost being financed with funding provided by the
13 federal government; and

14 (4) in the case of any building in which at least 75
15 percent of the usable square footage constitutes a housing
16 development project if:

17 (i) the project is financed with the proceeds of bonds
18 issued under section 469.034 or from nongovernmental sources;

19 (ii) the project is either located on land that is owned or
20 is being acquired by the authority only for development
21 purposes, or is not owned by the authority at the time the
22 contract is entered into but the contract provides for
23 conveyance or lease to the authority of the project or
24 improvements upon completion of construction; and

25 (iii) the authority finds and determines that elimination
26 of the public bidding requirements is necessary in order for the
27 housing development project to be economical and feasible.

28 (b) An authority need not require a performance bond for
29 the following projects:

30 (1) a contract described in paragraph (a), clause (1);

31 (2) a construction change order for a housing project in
32 which 30 percent of the construction has been completed;

33 (3) a construction contract for a single-family housing
34 project in which the authority acts as the general construction
35 contractor; or

36 (4) a services or materials contract for a housing project.

1 For purposes of this paragraph, "services or materials
2 contract" does not include construction contracts.

3 Sec. 12. Minnesota Statutes 2004, section 645.44, is
4 amended by adding a subdivision to read:

5 Subd. 19. [FEE AND TAX.] (a) "Tax" means any fee, charge,
6 surcharge, or assessment imposed by a governmental entity on an
7 individual, person, entity, transaction, good, service, or other
8 thing. It excludes:

9 (1) a price that an individual or entity chooses
10 voluntarily to pay in return for receipt of goods or services
11 provided by the governmental entity; and

12 (2) a fine or penalty imposed for violation of a state or
13 local law or ordinance.

14 A government good or service does not include access to or the
15 authority to engage in private market transactions with a
16 nongovernmental party, such as licenses to engage in a trade,
17 profession, or business or to improve private property.

18 (b) For purposes of applying the laws of this state, a
19 "fee," "charge," or other similar term that satisfies the
20 functional requirements of paragraph (a) must be treated as a
21 tax for all purposes, regardless of whether the statute or law
22 names or describes it as a tax. The provisions of this
23 subdivision do not preempt or supersede limitations under law
24 that apply to fees, charges, or assessments.

25 (c) This subdivision is not intended to extend or limit the
26 application of article 4, section 18, of the Constitution of
27 Minnesota.

28 [EFFECTIVE DATE.] This section is effective the day
29 following final enactment.

30 Sec. 13. Laws 2003, chapter 128, article 1, section 172,
31 is amended to read:

32 Sec. 172. [TEMPORARY PETROFUND FEE EXEMPTION FOR MINNESOTA
33 COMMERCIAL AIRLINES.]

34 (a) A commercial airline providing regularly scheduled jet
35 service and with its corporate headquarters in Minnesota is
36 exempt from the fee established in Minnesota Statutes, section

1 115C.08, subdivision 3, until July 1, ~~2005~~ 2007, provided the
2 airline develops a plan approved by the commissioner of commerce
3 demonstrating that the savings from this exemption will go
4 towards minimizing job losses in Minnesota, and to support the
5 airline's efforts to avoid filing for federal bankruptcy
6 protections.

7 (b) A commercial airline exempted from the fee is
8 ineligible to receive reimbursement under Minnesota Statutes,
9 chapter 115C, until July 1, ~~2005~~ 2007. A commercial airline
10 that has a release during the fee exemption period is ineligible
11 to receive reimbursement under Minnesota Statutes, chapter 115C,
12 for the costs incurred in response to that release.

13 Sec. 14. [CITY OF ROSEMOUNT; TAX INCREMENT FINANCING.]

14 The city of Rosemount or a development authority of the
15 city may spend increment from its Downtown - Brockway Tax
16 Increment Financing (TIF) District to acquire parcels of
17 property that the Department of Transportation or Dakota County
18 acquired in connection with the realignment of marked Trunk
19 Highway 3, notwithstanding the limits under Minnesota Statutes,
20 section 469.1763, on the amount of increments that may be spent
21 outside of the district or Minnesota Statutes, section 469.176,
22 subdivision 4j, on the purposes for which increments may be
23 spent.

24 [EFFECTIVE DATE.] This section is effective upon local
25 approval by the governing body of the city of Rosemount under
26 Minnesota Statutes, section 645.021.

27 Sec. 15. [APPROPRIATION.]

28 (a) \$125,000 in fiscal year 2006, \$125,000 in fiscal year
29 2007, and \$200,000 in each fiscal year thereafter, are
30 appropriated from the general fund to the commissioner of
31 revenue to make grants to one or more nonprofit organizations,
32 qualifying under section 501(c)(3) of the Internal Revenue Code
33 of 1986, to coordinate, facilitate, encourage, and aid in the
34 provision of taxpayer assistance services.

35 (b) "Taxpayer assistance services" mean accounting and tax
36 preparation services provided by volunteers to low-income and

1 disadvantaged Minnesota residents to help them file federal and
2 state income tax returns and Minnesota property tax refund
3 claims and to provide personal representation before the
4 Department of Revenue and Internal Revenue Service.

5 Sec. 16. [APPROPRIATION.]

6 \$320,000 is appropriated from the general fund in fiscal
7 year 2006 only to the commissioner of employment and economic
8 development to be distributed to the city of Duluth to be used
9 by the city for grants to enterprises related to environmental
10 cleanup of Lake Superior and long-term community health care.

11 Sec. 17. [APPROPRIATION.]

12 \$135,000,000 is appropriated from the general fund to the
13 commissioner of revenue to be used to fund property tax
14 reduction programs as determined by the legislature.

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
Individual Income Tax									
Dairy Investment Credit	GF		Ortman Sams	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Expand Education Credit to Cover Border State Tuition	GF	558	Ortman	(9,000)	(9,500)	(18,500)	(9,900)	(10,400)	(20,300)
Deferred Payment of Compensation			Berglin	1,900	2,000	3,900	2,100	2,300	4,400
Credit of Post-Secondary Education Expenses	GF	1888	Pappas	(5,810)	(16,110)	(21,920)	(20,760)	(21,180)	(41,940)
Income Tax Package: AMT Fix, 4th Bracket, MJ Standard Deduction				518,400	457,400	975,800	484,500	528,700	1,013,200
Corporate Franchise Tax									
FOC Changes: Definition, Repeal Royalty Subtraction; Limit Deemed Dividend Deduction			Bergin	132,100	98,500	230,600	98,700	100,800	199,500
Total Individual and Corporate Changes				637,590	529,390	1,166,980	551,140	596,220	1,147,360
Sales Tax									
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)	(8)	(8)	(16)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)	(40)	(25)	(65)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)	Negl.	Negl.	0
Souvenir Clothing			Pogemiller	850	850	1,700	850	850	1,700
Streamlined Sales Tax				9,070	30,300	39,370	45,340	63,440	108,780
Total Sales Tax				9,677	31,072	40,749	46,142	64,257	110,399
Property Tax									
Free Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700	169,200	207,800	377,000
Modification of Year in Debt and Levy Limitations/HARAs	GF	2158	McGinn	0	Unknown	Unknown	Unknown	Unknown	Unknown
LGA				0	(86,000)	(86,000)	(91,000)	(97,000)	(188,000)
Judicial Employees Post-Retirement Benefit/Aid Adjustment	GF	1962	Betzold	(66)	0	(66)	0	0	0
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)	0	0	0
County Criminal Justice Aid				(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)	(2,702)	(2,987)	(5,689)
School Debt Service Levies				0	(5,200)	(5,200)	(5,200)	(5,200)	(10,400)
Property Tax Relief Appropriation				(135,000)	0	(135,000)	(107,500)	(107,500)	(215,000)
Total Property Tax				(88,258)	25,367	(62,891)	(52,202)	(19,887)	(72,089)
International Economic Development Zone									
Cargo Bill				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Total International Economic Development				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Miscellaneous									
Appropriation for Taxpayer Assistance Serv	GF	1216	Rest	(125)	(125)	(250)	(200)	(200)	(400)
Card Club			Scheid	1,174	1,291	2,465	1,421	1,563	2,984
Duluth Appropriation			Solon	(320)	0	(320)	0	0	0
Total Miscellaneous				729	1,166	1,895	1,221	1,363	2,584
Grand Total				559,738	586,295	1,146,033	545,251	640,903	1,186,154

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
<u>TAX III by Revenue and Expenditure Detail</u>									
Revenues									
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700	169,200	207,800	377,000
Streamlined Sales Tax				9,070	30,300	39,370	45,340	63,440	108,780
Souvenir Clothing			Pogemiller	850	850	1,700	850	850	1,700
Income Tax Package: AMT Fix, 11% 4th Bracket, MJ Standard Deduction				518,400	457,400	975,800	484,500	528,700	1,013,200
Tax Loopholes	GF	254	Berglin	134,000	100,500	234,500	100,800	103,100	203,900
Card Club			Scheid	1,174	1,291	2,465	1,421	1,563	2,984
Grand Total Revenues				726,694	723,841	1,450,535	802,111	905,453	1,707,564
Tax Expenditures									
Individual and Corporate Income Tax									
Dairy Investment Credit	GF		Ortman Sams	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Expand Education Credit to Cover Border State Tuition	GF	558	Ortman	(9,000)	(9,500)	(18,500)	(9,900)	(10,400)	(20,300)
Credit of Post-Secondary Education Expenses	GF	1888	Pappas	(5,810)	(16,110)	(21,920)	(20,760)	(21,180)	(41,940)
Total Income Tax				(14,810)	(28,510)	(43,320)	(34,160)	(35,580)	(69,740)
Sales Tax									
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)	(8)	(8)	(16)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)	(40)	(25)	(65)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)	Negl.	Negl.	0
Total Sales Tax				(243)	(78)	(321)	(48)	(33)	(81)
Property Tax Aids and Credits									
Modify Definition of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0	Unknown	Unknown	Unknown	Unknown	Unknown
LGA				0	(86,000)	(86,000)	(91,000)	(97,000)	(188,000)
County Criminal Justice Aid				(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)	(2,702)	(2,987)	(5,689)
Judicial Employees Post Retirement Benefit/Aid Adjustment	GF	1962	Betzold	(66)	0	(66)	0	0	0
School Debt Service Levies	GF	1743	Wergin	0	(5,200)	(5,200)	(5,200)	(5,200)	(10,400)
Property Tax Relief Appropriation				(135,000)	0	(135,000)	(107,500)	(107,500)	(215,000)
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)	0	0	0
Total Aids and Credits				(151,458)	(108,133)	(259,591)	(221,402)	(227,687)	(449,089)
International Economic Development Zone									
Cargo Bill				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Total International Economic Development				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Miscellaneous									
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)	(200)	(200)	(400)
Duluth Appropriation			Solon	(320)	0	(320)	0	0	0
Total Miscellaneous				(445)	(125)	(570)	(200)	(200)	(400)
Total Tax Expenditures				(166,956)	(137,546)	(304,502)	(256,860)	(264,550)	(521,410)
Balance				559,738	586,295	1,146,033	545,251	640,903	1,186,154

Ummer



1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Pages 72 to 77, delete sections 1 to 6

4 Renumber the sections in sequence and correct the internal
5 references

6 Amend the title accordingly

05/05/05

[COUNSEL] JZS

BL1100

BARIE (A)

1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Pages 9 to 15, delete sections 6 to 8

4 Renumber the sections in sequence and correct the internal
5 references

6 Amend the title accordingly

MARTY
A

1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Page, after line, insert:

4 "Sec. Minnesota Statutes 2004, section 275.065,
5 subdivision 3, is amended to read:

6 Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The
7 county auditor shall prepare and the county treasurer shall
8 deliver after November 10 and on or before November 24 each
9 year, by first class mail to each taxpayer at the address listed
10 on the county's current year's assessment roll, a notice of
11 proposed property taxes.

12 (b) The commissioner of revenue shall prescribe the form of
13 the notice.

14 (c) The notice must inform taxpayers that it contains the
15 amount of property taxes each taxing authority proposes to
16 collect for taxes payable the following year. In the case of a
17 town, or in the case of the state general tax, the final tax
18 amount will be its proposed tax. In the case of taxing
19 authorities required to hold a public meeting under subdivision
20 6, the notice must clearly state that each taxing authority,
21 including regional library districts established under section
22 134.201, and including the metropolitan taxing districts as
23 defined in paragraph (i), but excluding all other special taxing
24 districts and towns, will hold a public meeting to receive
25 public testimony on the proposed budget and proposed or final
26 property tax levy, or, in case of a school district, on the
27 current budget and proposed property tax levy. It must clearly
28 state the time and place of each taxing authority's meeting, a
29 telephone number for the taxing authority that taxpayers may
30 call if they have questions related to the notice, and an
31 address where comments will be received by mail.

32 (d) The notice must state for each parcel:

33 (1) the market value of the property as determined under
34 section 273.11, and used for computing property taxes payable in
35 the following year and for taxes payable in the current year as
36 each appears in the records of the county assessor on November 1

1 of the current year; and, in the case of residential property,
2 whether the property is classified as homestead or
3 nonhomestead. The notice must clearly inform taxpayers of the
4 years to which the market values apply and that the values are
5 final values;

6 (2) the items listed below, shown separately by county,
7 city or town, and state general tax, net of the residential and
8 agricultural homestead credit under section 273.1384, voter
9 approved school levy, other local school levy, and the sum of
10 the special taxing districts, and as a total of all taxing
11 authorities:

12 (i) the actual tax for taxes payable in the current year;
13 and

14 (ii) the proposed tax amount.

15 If the county levy under clause (2) includes an amount for
16 a lake improvement district as defined under sections 103B.501
17 to 103B.581, the amount attributable for that purpose must be
18 separately stated from the remaining county levy amount.

19 In the case of a town or the state general tax, the final
20 tax shall also be its proposed tax unless the town changes its
21 levy at a special town meeting under section 365.52. If a
22 school district has certified under section 126C.17, subdivision
23 9, that a referendum will be held in the school district at the
24 November general election, the county auditor must note next to
25 the school district's proposed amount that a referendum is
26 pending and that, if approved by the voters, the tax amount may
27 be higher than shown on the notice. In the case of the city of
28 Minneapolis, the levy for the Minneapolis Library Board and the
29 levy for Minneapolis Park and Recreation shall be listed
30 separately from the remaining amount of the city's levy. In the
31 case of the city of St. Paul, the levy for the St. Paul Library
32 Agency must be listed separately from the remaining amount of
33 the city's levy. In the case of a parcel where tax increment or
34 the fiscal disparities areawide tax under chapter 276A or 473F
35 applies, the proposed tax levy on the captured value or the
36 proposed tax levy on the tax capacity subject to the areawide

1 tax must each be stated separately and not included in the sum
2 of the special taxing districts; and

3 (3) the increase or decrease between the total taxes
4 payable in the current year and the total proposed taxes,
5 expressed as a percentage.

6 For purposes of this section, the amount of the tax on
7 homesteads qualifying under the senior citizens' property tax
8 deferral program under chapter 290B is the total amount of
9 property tax before subtraction of the deferred property tax
10 amount.

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

13 (1) special assessments;

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

17 (3) a levy limit increase approved by the voters by the
18 first Tuesday after the first Monday in November of the levy
19 year as provided under section 275.73;

20 (4) amounts necessary to pay cleanup or other costs due to
21 a natural disaster occurring after the date the proposed taxes
22 are certified;

23 (5) amounts necessary to pay tort judgments against the
24 taxing authority that become final after the date the proposed
25 taxes are certified; and

26 (6) the contamination tax imposed on properties which
27 received market value reductions for contamination.

28 (f) Except as provided in subdivision 7, failure of the
29 county auditor to prepare or the county treasurer to deliver the
30 notice as required in this section does not invalidate the
31 proposed or final tax levy or the taxes payable pursuant to the
32 tax levy.

33 (g) If the notice the taxpayer receives under this section
34 lists the property as nonhomestead, and satisfactory
35 documentation is provided to the county assessor by the
36 applicable deadline, and the property qualifies for the

1 homestead classification in that assessment year, the assessor
2 shall reclassify the property to homestead for taxes payable in
3 the following year.

4 (h) In the case of class 4 residential property used as a
5 residence for lease or rental periods of 30 days or more, the
6 taxpayer must either:

7 (1) mail or deliver a copy of the notice of proposed
8 property taxes to each tenant, renter, or lessee; or

9 (2) post a copy of the notice in a conspicuous place on the
10 premises of the property.

11 The notice must be mailed or posted by the taxpayer by
12 November 27 or within three days of receipt of the notice,
13 whichever is later. A taxpayer may notify the county treasurer
14 of the address of the taxpayer, agent, caretaker, or manager of
15 the premises to which the notice must be mailed in order to
16 fulfill the requirements of this paragraph.

17 (i) For purposes of this subdivision, subdivisions 5a and
18 6, "metropolitan special taxing districts" means the following
19 taxing districts in the seven-county metropolitan area that levy
20 a property tax for any of the specified purposes listed below:

21 (1) Metropolitan Council under section 473.132, 473.167,
22 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

23 (2) Metropolitan Airports Commission under section 473.667,
24 473.671, or 473.672; and

25 (3) Metropolitan Mosquito Control Commission under section
26 473.711.

27 For purposes of this section, any levies made by the
28 regional rail authorities in the county of Anoka, Carver,
29 Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
30 398A shall be included with the appropriate county's levy and
31 shall be discussed at that county's public hearing.

32 (j) The governing body of a county, city, or school
33 district may, with the consent of the county auditor, include
34 supplemental information with the statement of proposed property
35 taxes about the impact of state aid increases or decreases on
36 property tax increases or decreases and on the level of services

1 provided in the affected jurisdiction. This supplemental
2 information may include information for the following year, the
3 current year, and for as many consecutive preceding years as
4 deemed appropriate by the governing body of the county, city, or
5 school district. It may include only information regarding:

6 (1) the impact of inflation as measured by the implicit
7 price deflator for state and local government purchases;

8 (2) population growth and decline;

9 (3) state or federal government action; and

10 (4) other financial factors that affect the level of

11 property taxation and local services that the governing body of
12 the county, city, or school district may deem appropriate to
13 include.

14 The information may be presented using tables, written
15 narrative, and graphic representations and may contain
16 instruction toward further sources of information or opportunity
17 for comment."

18 Renumber the sections in sequence and correct the internal
19 references

20 Amend the title accordingly

Skoe



1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Page ..., after line ..., insert:

4 "Sec. ... [APPROPRIATION.]

5 \$2,000,000 is appropriated from the general fund on a
6 onetime basis to the Higher Education Services Office. The
7 appropriation must be deposited into the Rochester higher
8 education development account. With the approval of the Higher
9 Education Services Office, money in this account may^{bc} used to
10 provide initial funding for academic program development for
11 upperclass and graduate students. This appropriation is
12 intended to be expended when matched by tax-deductible
13 contributions from individuals and corporate taxpayers."

14 Renumber the sections in sequence and correct the internal
15 references

16 Amend the title accordingly

Betzold
P

1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Page ..., after line ..., insert:

4 "Sec. ... Minnesota Statutes 2004, section 477A.03,
5 subdivision 2b, is amended to read:

6 Subd. 2b. [COUNTIES.] (a) For aids payable in calendar
7 year 2005 and thereafter, the total aids paid to counties under
8 section 477A.0124, subdivision 3, are limited to \$100,500,000.
9 Each calendar year, \$500,000 shall be retained by the
10 commissioner of revenue to make reimbursements to the
11 commissioner of finance for payments made under section 611.27.
12 For calendar year 2004, the amount shall be in addition to the
13 payments authorized under section 477A.0124, subdivision 1. For
14 calendar year 2005 and subsequent years, the amount shall be
15 deducted from the appropriation under this paragraph. The
16 reimbursements shall be to defray the additional costs
17 associated with court-ordered counsel under section 611.27. Any
18 retained amounts not used for reimbursement in a year shall be
19 included in the next distribution of county need aid that is
20 certified to the county auditors for the purpose of property tax
21 reduction for the next taxes payable year.

22 (b) For aids payable in 2005 and ~~thereafter~~ 2006, the total
23 aids under section 477A.0124, subdivision 4, are limited to
24 \$105,000,000. For aids payable in 2007 and thereafter, the
25 total aid under section 477A.0124, subdivision 4, is limited to
26 \$105,132,923. The commissioner of finance shall bill the
27 commissioner of revenue for the cost of preparation of local
28 impact notes as required by section 3.987, not to exceed
29 \$207,000 in fiscal year 2004 and thereafter. The commissioner
30 of education shall bill the commissioner of revenue for the cost
31 of preparation of local impact notes for school districts as
32 required by section 3.987, not to exceed \$7,000 in fiscal year
33 2004 and thereafter. The commissioner of revenue shall deduct
34 the amounts billed under this paragraph from the appropriation
35 under this paragraph. The amounts deducted are appropriated to
36 the commissioner of finance and the commissioner of education

1 for the preparation of local impact notes.

2 [EFFECTIVE DATE.] This section is effective for aids
3 payable in 2007 and thereafter."

4 Page ..., after line ..., insert:

5 "Sec. ... [SUPREME COURT BUDGET.]

6 The district courts general fund appropriation is reduced
7 by \$66,462 in fiscal year 2006 and \$132,923 beginning in fiscal
8 year 2007 to fund the amount transferred to county tax base
9 equalization aid to fund the payments under section 477A.0124,
10 subdivision 4, paragraph (f), and section 20.

11 [EFFECTIVE DATE.] This section is effective the day
12 following final enactment."

13 Renumber the sections in sequence and correct the internal
14 references

15 Amend the title accordingly

Post 2004



1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 40, after line 16, insert:

4 "Sec. 15. 2005 S.F. No. 467, section 1, the effective
5 date, if enacted, is amended to read:

6 [EFFECTIVE DATE.] This section is effective for taxes
7 levied in ~~2005~~ 2004, payable in ~~2006~~ 2005, and thereafter."

8 Renumber the sections in sequence and correct the internal
9 references

10 Amend the title accordingly

MARTY
not acted
on

1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 53, after line 19, insert:

4 "Sec. 2. Minnesota Statutes 2004, section 469.175,
5 subdivision 2, is amended to read:

6 Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] (a) Before
7 formation of a tax increment financing district, the authority
8 shall provide the county auditor and clerk of the school board
9 with the proposed tax increment financing plan for the district
10 and the authority's estimate of the fiscal and economic
11 implications of the proposed tax increment financing district.
12 The authority must provide the proposed tax increment financing
13 plan and the information on the fiscal and economic implications
14 of the plan to the county auditor and the clerk of the school
15 district board at least 30 days before the public hearing
16 required by subdivision 3. The information on the fiscal and
17 economic implications may be included in or as part of the tax
18 increment financing plan. The county auditor and clerk of the
19 school board shall provide copies to the members of the boards,
20 as directed by their respective boards. The 30-day requirement
21 is waived if the boards of the county and school district submit
22 written comments on the proposal and any modification of the
23 proposal to the authority after receipt of the information.

24 (b) For purposes of this subdivision, "fiscal and economic
25 implications of the proposed tax increment financing district"
26 includes:

27 (1) an estimate of the total amount of tax increment that
28 will be generated over the life of the district;

29 (2) an estimate of the increased public costs attributable
30 to the ^{district} project, such as the cost of police and fire protection,
31 infrastructure not paid for by the developer, road maintenance,
32 traffic and environmental mitigation expenditures, public debt
33 service costs attributable to the ^{district} project;

34 (3) the estimated amount of tax increments over the life of
35 the district that would be attributable to school district
36 levies, assuming the school district's share of the total local

1 tax rate for all taxing jurisdictions remained the same;

2 (4) the estimated amount of tax increments over the life of
3 the district that would be attributable to county levies,
4 assuming the county's share of the total local tax rate for all
5 taxing jurisdictions remained the same; and

6 (5) any additional information requested by the county or
7 the school district that would enable it to determine additional
8 costs that will accrue to it due to the development proposed for
9 the district.

10 [EFFECTIVE DATE.] This section is effective for all
11 districts for which certification is requested after December
12 31, 2005."

13 Renumber the sections in sequence and correct the internal
14 references

15 Amend the title accordingly

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07
Individual Income Tax						
Deferred Payment of Compensation			Berglin	1,900	2,000	3,900
Dairy Credit				0	(2,900)	(2,900)
Income Tax Package: AMT Fix, 4th Bracket @ 10.65%, MJ Standard Deduction				413,816	381,483	795,299
Corporate Franchise Tax						
Abusive Tax Shelters				60,520	2,040	62,560
FOC Changes: Definition, Repeal Royalty Subtraction; Limit Deemed Dividend Deduction			Berglin	132,100	98,500	230,600
Total Individual and Corporate Changes				608,336	481,123	1,089,459
Sales Tax						
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)
Souvenir Clothing			Pogemiller	850	850	1,700
Streamlined Sales Tax				8,680	30,720	39,400
Total Sales Tax				9,287	31,492	40,779
Property Tax						
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700
Modify Definition of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0 Unknown	Unknown	
LGA				0	(86,000)	(86,000)
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)
School Debt Service Levies				0	(5,200)	(5,200)
Clean Water Legacy				(31,500)	(3,000)	(34,500)
County Criminal Justice				(15,135)	(15,000)	(30,135)
Total Property Tax				15,173	22,367	37,540
International Economic Development Zone						
Cargo Bill ALN				0	(700)	(700)

<i>Item</i>	<i>Fund Bill</i>	<i>Author</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 06-07</i>
Total International Economic Development			0	(700)	(700)
Miscellaneous					
Appropriation for Taxpayer Assistance Services	GF 1216	Rest	(125)	(125)	(250)
Rochester			(2,000)	0	(2,000)
Duluth Appropriation		Solon	(320)	0	(320)
Total Miscellaneous			(2,445)	(125)	(2,570)
Grand Total			630,351	534,157	1,164,508

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07
<u>TAX III by Revenue and Expenditure Detail</u>						
Revenues						
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700
Streamlined Sales Tax				8,680	30,720	39,400
Souvenir Clothing			Pogemiller	850	850	1,700
Income Tax Package: AMT Fix, 4th Bracket						
@ 10.65%, MJ Standard Deduction				413,816	381,483	795,299
Abusive Tax Shelters				60,520	2,040	62,560
Tax Loopholes	GF	254	Berglin	134,000	100,500	234,500
Grand Total Revenues				681,066	649,093	1,330,159
Tax Expenditures						
Individual and Corporate Income Tax						
Dairy Credit				0	0	0
Total Income Tax				0	(2,900)	(2,900)
Sales Tax						
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)
Total Sales Tax				(243)	(78)	(321)
Property Tax Aids and Credits						
Modify Definition of Year in Debt and Levy				0	Unknown	Unknown
Limitations/HRAs	GF	2158	McGinn			
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)
LGA				0	(86,000)	(86,000)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)
School Debt Service Levies	GF	1743	Wergin	0	(5,200)	(5,200)
Clean Water Legacy--Ongoing Costs				(31,500)	(3,000)	(34,500)
County Criminal Justice Aid				(15,135)	(15,000)	(30,135)
Total Aids and Credits				(48,027)	(111,133)	(159,160)
International Economic Development Zone						
Cargo Bill				0	(700)	(700)
Total International Economic Development				0	(700)	(700)

ALN

Senate Counsel, Research and Fiscal Analysis

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07
Miscellaneous						
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)
Rochester				(2,000)	0	(2,000)
Duluth Appropriation			Solon	(320)	0	(320)
Total Miscellaneous				(2,445)	(125)	(2,570)
Total Tax Expenditures				(50,715)	(114,936)	(165,651)
Balance				630,351	534,157	1,164,508

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
ADA CITY OF	NORMAN	539,615	595,654	56,039	10.4%
ADAMS CITY OF	MOWER	166,336	186,993	20,657	12.4%
ADRIAN CITY OF	NOBLES	367,347	407,227	39,880	10.9%
AFTON	WASHINGTON	0	0	-	0.0%
AITKIN CITY OF	AITKIN	522,959	776,219	253,260	48.4%
AKELEY CITY OF	HUBBARD	61,817	65,099	3,282	5.3%
ALBANY CITY OF	STEARNS	462,048	602,509	140,461	30.4%
ALBERT LEA CITY OF	FREEBORN	5,449,680	6,027,957	578,277	10.6%
ALBERTA CITY OF	STEVENS	22,299	25,360	3,061	13.7%
ALBERTVILLE CITY OF	WRIGHT	0	0	-	0.0%
ALDEN CITY OF	FREEBORN	127,962	144,003	16,041	12.5%
ALDRICH CITY OF	WADENA	3,547	4,747	1,200	33.8%
ALEXANDRIA CITY OF	DOUGLAS	1,610,876	2,271,092	660,216	41.0%
ALPHA CITY OF	JACKSON	31,554	34,701	3,147	10.0%
ALTURA CITY OF	WINONA	38,665	40,977	2,312	6.0%
ALVARADO CITY OF	MARSHALL	32,529	41,729	9,200	28.3%
AMBOY CITY OF	BLUE EARTH	105,534	117,585	12,051	11.4%
ANDOVER	ANOKA	0	0	-	0.0%
ANDALE CITY OF	WRIGHT	279,663	339,002	59,339	21.2%
ANOKA	ANOKA	1,309,373	1,732,907	423,534	32.3%
APPLE VALLEY CITY OF	DAKOTA	0	0	-	0.0%
APPLETON CITY OF	SWIFT	849,142	1,112,079	262,937	31.0%
ARCO CITY OF	LINCOLN	21,655	23,864	2,209	10.2%
ARDEN HILLS	RAMSEY	0	0	-	0.0%
ARGYLE CITY OF	MARSHALL	167,001	185,776	18,775	11.2%
ARLINGTON CITY OF	SIBLEY	606,667	678,995	72,328	11.9%
ASHBY CITY OF	GRANT	98,208	110,019	11,811	12.0%
ASKOV CITY OF	PINE	52,240	59,172	6,932	13.3%
ATWATER CITY OF	KANDIYOHI	242,092	272,627	30,535	12.6%
AUDUBON CITY OF	BECKER	74,403	119,907	45,504	61.2%
AURORA CITY OF	ST LOUIS	601,107	672,465	71,358	11.9%
AUSTIN CITY OF	MOWER	6,826,286	7,568,649	742,363	10.9%
AVOCA CITY OF	MURRAY	27,202	30,189	2,987	11.0%
AVON CITY OF	STEARNS	223,131	260,239	37,108	16.6%
BABBITT CITY OF	ST LOUIS	185,422	396,082	210,660	113.6%
BACKUS CITY OF	CASS	25,300	31,030	5,730	22.6%
BADGER CITY OF	ROSEAU	88,457	98,648	10,191	11.5%
BAGLEY CITY OF	CLEARWATER	389,477	434,331	44,854	11.5%
BALCON CITY OF	LYON	164,625	182,205	17,580	10.7%
BARNESVILLE CITY OF	CLAY	426,066	540,205	114,139	26.8%
BARNUM CITY OF	CARLTON	108,450	122,863	14,413	13.3%
BARRETT CITY OF	GRANT	54,726	61,809	7,083	12.9%
BARRY CITY OF	BIG STONE	2,382	2,876	494	20.7%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE		
		2006	2006	INCREASE	PERCENT
		LGA	LGA	(DECREASE)	CHANGE
BATTLE LAKE CITY OF	OTTERTAIL	96,485	108,229	11,744	12.2%
BAUDETTE CITY OF	LAKE OF THE WOODS	278,632	315,442	36,810	13.2%
BAXTER CITY OF	CROW WING	0	0	-	0.0%
BAYPORT	WASHINGTON	329,896	652,553	322,657	97.8%
BEARDSLEY CITY OF	BIG STONE	65,700	72,428	6,728	10.2%
BEAVER BAY CITY OF	LAKE	26,981	28,421	1,440	5.3%
BEAVER CREEK CITY OF	ROCK	47,273	49,785	2,512	5.3%
BECKER CITY OF	SHERBURNE	0	0	-	0.0%
BEJOU CITY OF	MAHNOMEN	17,457	19,344	1,887	10.8%
BELGRADE CITY OF	STEARNS	141,411	160,123	18,712	13.2%
BELLE PLAINE	SCOTT	345,982	475,223	129,241	37.4%
BELLECHESTER CITY OF	GOODHUE	16,752	19,956	3,204	19.1%
BELLINGHAM CITY OF	LAC QUI PARLE	64,750	69,550	4,800	7.4%
BELTRAMI CITY OF	POLK	22,382	24,770	2,388	10.7%
BELVIEW CITY OF	REDWOOD	94,921	104,015	9,094	9.6%
BEMIDJI CITY OF	BELTRAMI	3,303,950	3,770,396	466,446	14.1%
BENA CITY OF	CASS	22,407	24,687	2,280	10.2%
BENSON CITY OF	SWIFT	829,741	919,603	89,862	10.8%
BERTHA CITY OF	TODD	132,887	139,936	7,049	5.3%
BETHEL	ANOKA	23,051	25,113	2,062	8.9%
BIG FALLS CITY OF	KOOCHICHING	62,729	66,065	3,336	5.3%
BIG LAKE CITY OF	SHERBURNE	454,851	612,003	157,152	34.6%
BIGELOW CITY OF	NOBLES	42,145	52,096	9,951	23.6%
BIGFORK CITY OF	ITASCA	90,064	94,845	4,781	5.3%
BINGHAM LAKE CITY OF	COTTONWOOD	30,501	34,891	4,390	14.4%
BIRCHWOOD	WASHINGTON	0	0	-	0.0%
BIRD ISLAND CITY OF	RENVILLE	358,406	397,511	39,105	10.9%
BISCAY CITY OF	MCLEOD	7,222	12,498	5,276	73.1%
BIWABIK CITY OF	ST LOUIS	360,169	379,319	19,150	5.3%
BLACKDUCK CITY OF	BELTRAMI	169,607	191,031	21,424	12.6%
BLAINE (JT)	ANOKA	0	0	-	0.0%
BLOMKEST CITY OF	KANDIYOHI	17,626	19,795	2,169	12.3%
BLOOMING PRAIRIE CITY	STEELE	612,984	724,226	111,242	18.1%
BLOOMINGTON	HENNEPIN	0	0	-	0.0%
BLUE EARTH CITY OF	FARIBAULT	1,182,380	1,510,411	328,031	27.7%
BLUFFTON CITY OF	OTTERTAIL	17,577	29,891	12,314	70.1%
BOCK CITY OF	MILLE LACS	9,377	13,621	4,244	45.3%
BORUP CITY OF	NORMAN	12,809	15,209	2,400	18.7%
BOVEY CITY OF	ITASCA	296,892	312,633	15,741	5.3%
BOWLUS CITY OF	MORRISON	27,230	32,660	5,430	19.9%
BOY RIVER CITY OF	CASS	2,358	3,558	1,200	50.9%
BOYD CITY OF	LAC QUI PARLE	77,530	81,642	4,112	5.3%
BRAHAM CITY OF	ISANTI	353,075	420,493	67,418	19.1%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE		
		2006	PROPOSED		
		LGA	2006	INCREASE	PERCENT
			LGA	(DECREASE)	CHANGE
BRAINERD CITY OF	CROW WING	3,854,275	4,358,327	504,052	13.1%
BRANDON CITY OF	DOUGLAS	86,059	97,419	11,360	13.2%
BRECKENRIDGE CITY OF	WILKIN	1,144,623	1,267,534	122,911	10.7%
BREEZY POINT CITY OF	CROW WING	0	0	-	0.0%
BREWSTER CITY OF	NOBLES	100,846	146,997	46,151	45.8%
BRICELYN CITY OF	FARIBAULT	113,790	125,479	11,689	10.3%
BROOK PARK CITY OF	PINE	20,710	21,808	1,098	5.3%
BROOKLYN CENTER	HENNEPIN	582,375	1,137,583	555,208	95.3%
BROOKLYN PARK	HENNEPIN	0	0	-	0.0%
BROOKS CITY OF	RED LAKE	18,795	26,132	7,337	39.0%
BROOKSTON CITY OF	ST LOUIS	7,492	8,351	859	11.5%
BROOTEN CITY OF	STEARNS	144,667	161,480	16,813	11.6%
BROWERVILLE CITY OF	TODD	172,369	203,997	31,628	18.3%
BROWNS VALLEY CITY OF	TRAVERSE	289,140	304,471	15,331	5.3%
BROWNSDALE CITY OF	MOWER	134,214	163,560	29,346	21.9%
BROWNSVILLE CITY OF	HOUSTON	62,136	72,783	10,647	17.1%
BROWNTON CITY OF	MCLEOD	187,923	210,632	22,709	12.1%
BRUNO CITY OF	PINE	20,791	21,893	1,102	5.3%
BUCKMAN CITY OF	MORRISON	13,759	17,807	4,048	29.4%
BUFFALO CITY OF	WRIGHT	1,217,098	1,667,591	450,493	37.0%
BUFFALO LAKE CITY OF	RENVILLE	187,711	209,604	21,893	11.7%
BUHL CITY OF	ST LOUIS	391,845	412,729	20,884	5.3%
BURNSVILLE CITY OF	DAKOTA	0	0	-	0.0%
BURTRUM CITY OF	TODD	21,500	24,610	3,110	14.5%
BUTTERFIELD CITY OF	WATONWAN	134,395	148,836	14,441	10.7%
BYRON CITY OF	OLMSTED	188,433	264,657	76,224	40.5%
CALEDONIA CITY OF	HOUSTON	730,144	858,902	128,758	17.6%
CALLAWAY CITY OF	BECKER	33,981	38,230	4,249	12.5%
CALUMET CITY OF	ITASCA	141,079	148,565	7,486	5.3%
CAMBRIDGE CITY OF	ISANTI	533,150	711,197	178,047	33.4%
CAMPBELL CITY OF	WILKIN	45,951	50,992	5,041	11.0%
CANBY CITY OF	YELLOW MEDICINE	634,868	700,439	65,571	10.3%
CANNON FALLS CITY OF	GOODHUE	548,264	662,682	114,418	20.9%
CANTON CITY OF	FILLMORE	80,602	85,137	4,535	5.6%
CARLOS CITY OF	DOUGLAS	40,704	42,860	2,156	5.3%
CARLTON CITY OF	CARLTON	206,812	232,480	25,668	12.4%
CARVER CITY OF	CARVER	124,971	188,851	63,880	51.1%
CASS LAKE CITY OF	CASS	338,580	356,537	17,957	5.3%
CEDAR MILLS CITY OF	MEEKER	4,056	7,019	2,963	73.1%
CENTER CITY CITY OF	CHISAGO	48,930	51,538	2,608	5.3%
CENTERVILLE	ANOKA	0	0	-	0.0%
CEYLON CITY OF	MARTIN	122,364	132,910	10,546	8.6%
CHAMPLIN	HENNEPIN	0	25,000	25,000	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
CHANDLER CITY OF	MURRAY	55,589	62,851	7,262	13.1%
CHANHASSEN (JT) CITY OF	CARVER	0	0	-	0.0%
CHASKA CITY OF	CARVER	50,000	50,000	-	0.0%
CHATFIELD CITY OF	FILLMORE	666,773	781,647	114,874	17.2%
CHICKAMAW BEACH CITY OF	CASS	0	0	-	0.0%
CHISAGO CITY OF	CHISAGO	259,592	334,823	75,231	29.0%
CHISHOLM CITY OF	ST LOUIS	2,228,172	2,702,908	474,736	21.3%
CHOKIO CITY OF	STEVENS	121,551	127,988	6,437	5.3%
CIRCLE PINES	ANOKA	0	0	-	0.0%
CLARA CITY OF	CHIPPEWA	371,476	413,367	41,891	11.3%
CLAREMONT CITY OF	DODGE	144,319	161,137	16,818	11.7%
CLARISSA CITY OF	TODD	185,179	194,991	9,812	5.3%
CLARKFIELD CITY OF	YELLOW MEDICINE	314,440	337,047	22,607	7.2%
CLARKS GROVE CITY OF	FREEBORN	117,034	141,034	24,000	20.5%
CLEAR LAKE CITY OF	SHERBURNE	40,705	42,879	2,174	5.3%
CLEARBROOK CITY OF	CLEARWATER	129,966	144,076	14,110	10.9%
CLEARWATER CITY OF	WRIGHT	111,271	143,696	32,425	29.1%
CLEMENTS CITY OF	REDWOOD	32,926	36,586	3,660	11.1%
CLEVELAND CITY OF	LESUEUR	105,888	123,004	17,116	16.2%
CLIMAX CITY OF	POLK	46,094	48,540	2,446	5.3%
CLINTON CITY OF	BIG STONE	162,802	171,423	8,621	5.3%
CLITHERALL CITY OF	OTTERTAIL	13,148	14,108	960	7.3%
CLONTARF CITY OF	SWIFT	12,838	19,438	6,600	51.4%
CLOQUET CITY OF	CARLTON	2,212,877	2,423,760	210,883	9.5%
COATES CITY OF	DAKOTA	0	0	-	0.0%
COBDEN CITY OF	BROWN	2,380	2,880	500	21.0%
COHASSET CITY OF	ITASCA	0	0	-	0.0%
COKATO CITY OF	WRIGHT	434,068	506,176	72,108	16.6%
COLD SPRING CITY OF	STEARNS	510,319	601,117	90,798	17.8%
COLERAINE CITY OF	ITASCA	378,103	378,103	-	0.0%
COLOGNE CITY OF	CARVER	82,397	107,910	25,513	31.0%
COLUMBIA HEIGHTS	ANOKA	792,393	1,206,140	413,747	52.2%
COMFREY CITY OF	BROWN	110,990	116,930	5,940	5.4%
COMSTOCK CITY OF	CLAY	13,962	16,762	2,800	20.1%
CONGER CITY OF	FREEBORN	25,109	26,444	1,335	5.3%
COOK CITY OF	ST LOUIS	138,969	156,559	17,590	12.7%
COON RAPIDS	ANOKA	450,000	450,000	-	0.0%
CORCORAN	HENNEPIN	0	0	-	0.0%
CORRELL CITY OF	BIG STONE	8,784	9,766	982	11.2%
COSMOS CITY OF	MEEKER	125,327	139,721	14,394	11.5%
COTTAGE GROVE	WASHINGTON	0	0	-	0.0%
COTTONWOOD CITY OF	LYON	245,777	279,389	33,612	13.7%
COURTLAND CITY OF	NICOLLET	54,375	75,711	21,336	39.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE		
		2006	2006	INCREASE	PERCENT
		LGA	LGA	(DECREASE)	CHANGE
CROMWELL CITY OF	CARLTON	21,841	26,383	4,542	20.8%
CROOKSTON CITY OF	POLK	2,792,733	3,076,867	284,134	10.2%
CROSBY CITY OF	CROW WING	679,608	849,791	170,183	25.0%
CROSSLAKE CITY OF	CROW WING	0	0	-	0.0%
CRYSTAL	HENNEPIN	285,850	753,758	467,908	163.7%
CURRIE CITY OF	MURRAY	59,255	65,344	6,089	10.3%
CUYUNA CITY OF	CROW WING	13,071	13,774	703	5.4%
CYRUS CITY OF	POPE	62,846	70,154	7,308	11.6%
DAKOTA CITY OF	WINONA	27,498	34,062	6,564	23.9%
DALTON CITY OF	OTTERTAIL	40,717	45,962	5,245	12.9%
DANUBE CITY OF	RENVILLE	114,122	127,255	13,133	11.5%
DANVERS CITY OF	SWIFT	7,458	8,406	948	12.7%
DARFUR CITY OF	WATONWAN	24,191	34,191	10,000	41.3%
DARWIN CITY OF	MEEKER	15,792	25,792	10,000	63.3%
DASSEL CITY OF	MEEKER	314,913	356,877	41,964	13.3%
DAWSON CITY OF	LAC QUI PARLE	530,785	586,558	55,773	10.5%
DAYTON (JT)	HENNEPIN	0	0	-	0.0%
DEEPHAVEN	HENNEPIN	0	0	-	0.0%
DEER CREEK CITY OF	OTTERTAIL	52,629	60,970	8,341	15.8%
DEER RIVER CITY OF	ITASCA	250,271	278,150	27,879	11.1%
DEERWOOD CITY OF	CROW WING	41,492	43,747	2,255	5.4%
DEGRAFF CITY OF	SWIFT	14,903	20,322	5,419	36.4%
DELANO CITY OF	WRIGHT	154,340	252,941	98,601	63.9%
DELAVAN CITY OF	FARIBAULT	48,812	53,863	5,051	10.3%
DELHI CITY OF	REDWOOD	14,566	16,315	1,749	12.0%
DELLWOOD	WASHINGTON	0	0	-	0.0%
DENHAM CITY OF	PINE	0	0	-	0.0%
DENNISON CITY OF	GOODHUE	16,712	18,720	2,008	12.0%
DENT CITY OF	OTTERTAIL	24,695	36,695	12,000	48.6%
DETROIT LAKES CITY OF	BECKER	936,170	1,151,032	214,862	23.0%
DEXTER CITY OF	MOWER	64,799	73,008	8,209	12.7%
DILWORTH CITY OF	CLAY	470,278	541,390	71,112	15.1%
DODGE CENTER CITY OF	DODGE	727,205	834,076	106,871	14.7%
DONALDSON CITY OF	KITSON	4,558	5,352	794	17.4%
DONNELLY CITY OF	STEVENS	40,656	47,591	6,935	17.1%
DORAN CITY OF	WILKIN	11,406	12,889	1,483	13.0%
DOVER CITY OF	OLMSTED	84,634	116,512	31,878	37.7%
DOVRAY CITY OF	MURRAY	10,567	12,000	1,433	13.6%
DULUTH CITY OF	ST LOUIS	25,265,714	28,396,797	3,131,083	12.4%
DUMMONT CITY OF	TRAVERSE	22,223	23,402	1,179	5.3%
DUNDAS CITY OF	RICE	74,692	96,237	21,545	28.8%
DUNDEE CITY OF	NOBLES	17,839	20,597	2,758	15.5%
DUNNELL CITY OF	MARTIN	54,098	59,535	5,437	10.1%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
EAGAN CITY OF	DAKOTA	0	0	-	0.0%
EAGLE BEND CITY OF	TODD	163,031	171,673	8,642	5.3%
EAGLE LAKE CITY OF	BLUE EARTH	310,349	438,663	128,314	41.3%
EAST BETHEL	ANOKA	0	0	-	0.0%
EAST GRAND FORKS CITY OF	POLK	2,456,817	3,129,204	672,387	27.4%
EAST GULL LAKE CITY OF	CASS	0	0	-	0.0%
EASTON CITY OF	FARIBAULT	38,470	40,517	2,047	5.3%
ECHO CITY OF	YELLOW MEDICINE	83,347	87,772	4,425	5.3%
EDEN PRAIRIE	HENNEPIN	0	0	-	0.0%
EDEN VALLEY CITY OF	MEEKER	204,770	231,715	26,945	13.2%
EDGERTON CITY OF	PIPESTONE	264,986	296,540	31,554	11.9%
EDINA	HENNEPIN	0	0	-	0.0%
EFFIE CITY OF	ITASCA	3,753	9,753	6,000	159.9%
EITZEN CITY OF	HOUSTON	26,514	31,289	4,775	18.0%
ELBA CITY OF	WINONA	11,892	19,366	7,474	62.8%
ELBOW LAKE CITY OF	GRANT	374,487	415,124	40,637	10.9%
ELGIN CITY OF	WABASHA	179,143	236,575	57,432	32.1%
ELIZABETH CITY OF	OTTERTAIL	25,839	29,050	3,211	12.4%
ELK RIVER CITY OF	SHERBURNE	686,820	867,540	180,720	26.3%
ELKO	SCOTT	0	0	-	0.0%
ELKTON CITY OF	MOWER	13,804	14,537	733	5.3%
ELLENDALE CITY OF	STEELE	99,162	113,635	14,473	14.6%
ELLSWORTH CITY OF	NOBLES	142,365	156,789	14,424	10.1%
ELMDALE CITY OF	MORRISON	5,751	6,762	1,011	17.6%
ELMORE CITY OF	FARIBAULT	194,581	214,765	20,184	10.4%
ELROSA CITY OF	STEARNS	18,162	21,794	3,632	20.0%
ELY CITY OF	ST LOUIS	1,487,847	1,793,119	305,272	20.5%
ELYSIAN CITY OF	LESUEUR	63,984	67,441	3,457	5.4%
EMILY CITY OF	CROW WING	0	0	-	0.0%
EMMONS CITY OF	FREEBORN	75,416	80,403	4,987	6.6%
ERHARD CITY OF	OTTERTAIL	19,567	23,567	4,000	20.4%
ERSKINE CITY OF	POLK	83,909	93,870	9,961	11.9%
EVAN CITY OF	BROWN	9,354	13,093	3,739	40.0%
EVANSVILLE CITY OF	DOUGLAS	102,701	116,192	13,491	13.1%
EVELETH CITY OF	ST LOUIS	1,759,239	2,161,111	401,872	22.8%
EXCELSIOR	HENNEPIN	117,145	151,514	34,369	29.3%
EYOTA CITY OF	OLMSTED	313,870	455,245	141,375	45.0%
FAIRFAX CITY OF	RENVILLE	388,885	430,292	41,407	10.6%
FAIRMONT CITY OF	MARTIN	3,594,250	4,302,668	708,418	19.7%
FALCON HEIGHTS	RAMSEY	170,270	289,892	119,622	70.3%
FARIBAULT CITY OF	RICE	6,040,145	6,852,073	811,928	13.4%
FARMINGTON CITY OF	DAKOTA	0	0	-	0.0%
FARWELL CITY OF	POPE	16,806	17,696	890	5.3%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE		
		2006	2006	INCREASE	PERCENT
		LGA	LGA	(DECREASE)	CHANGE
FEDERAL DAM CITY OF	CASS	1,710	1,802	92	5.4%
FELTON CITY OF	CLAY	31,963	33,656	1,693	5.3%
FERGUS FALLS CITY OF	OTTERTAIL	3,799,430	4,268,463	469,033	12.3%
FERTILE CITY OF	POLK	216,637	240,464	23,827	11.0%
FIFTY LAKES CITY OF	CROW WING	0	0	-	0.0%
FINLAYSON CITY OF	PINE	32,097	39,254	7,157	22.3%
FISHER CITY OF	POLK	59,254	78,615	19,361	32.7%
FLENSBURG CITY OF	MORRISON	20,801	22,716	1,915	9.2%
FLOODWOOD CITY OF	ST LOUIS	144,844	152,560	7,716	5.3%
FLORENCE CITY OF	LYON	10,560	11,119	559	5.3%
FOLEY CITY OF	BENTON	603,806	811,212	207,406	34.3%
FORADA CITY OF	DOUGLAS	0	0	-	0.0%
FOREST LAKE	WASHINGTON	0	0	-	0.0%
FORESTON CITY OF	MILLE LACS	54,798	78,965	24,167	44.1%
FORT RIPLEY CITY OF	CROW WING	0	0	-	0.0%
FOSSTON CITY OF	POLK	471,854	556,181	84,327	17.9%
FOUNTAIN CITY OF	FILLMORE	46,333	55,307	8,974	19.4%
FOXHOME CITY OF	WILKIN	22,650	25,245	2,595	11.5%
FRANKLIN CITY OF	RENVILLE	138,378	145,724	7,346	5.3%
WAZEE CITY OF	BECKER	309,018	403,164	94,146	30.5%
FREEBORN CITY OF	FREEBORN	46,063	52,103	6,040	13.1%
FREEPORT CITY OF	STEARNS	77,525	81,640	4,115	5.3%
FRIDLEY	ANOKA	0	0	-	0.0%
FROST CITY OF	FARIBAULT	49,260	53,816	4,556	9.2%
FULDA CITY OF	MURRAY	392,527	433,570	41,043	10.5%
FUNKLEY CITY OF	BELTRAMI	41	43	2	5.2%
GARFIELD CITY OF	DOUGLAS	26,186	37,455	11,269	43.0%
GARRISON CITY OF	CROW WING	0	0	-	0.0%
GARVIN CITY OF	LYON	42,957	45,236	2,279	5.3%
GARY CITY OF	NORMAN	59,095	62,227	3,132	5.3%
GAYLORD CITY OF	SIBLEY	682,962	808,661	125,699	18.4%
GEM LAKE	RAMSEY	0	0	-	0.0%
GENEVA CITY OF	FREEBORN	61,206	71,216	10,010	16.4%
GENOLA CITY OF	MORRISON	1,053	2,733	1,680	159.5%
GEORGETOWN CITY OF	CLAY	9,135	10,713	1,578	17.3%
GHENT CITY OF	LYON	54,684	61,395	6,711	12.3%
GIBBON CITY OF	SIBLEY	196,203	218,040	21,837	11.1%
GILBERT CITY OF	ST LOUIS	693,196	743,257	50,061	7.2%
GILMAN CITY OF	BENTON	1,938	5,219	3,281	169.3%
WENCOE CITY OF	MCLEOD	1,080,707	1,236,500	155,793	14.4%
GLENVILLE CITY OF	FREEBORN	142,114	172,993	30,879	21.7%
GLENWOOD CITY OF	POPE	694,971	785,731	90,760	13.1%
GLYNDON CITY OF	CLAY	218,993	281,483	62,490	28.5%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
GOLDEN VALLEY	HENNEPIN	0	0	-	0.0%
GONVICK CITY OF	CLEARWATER	65,933	69,436	3,503	5.3%
GOOD THUNDER CITY OF	BLUE EARTH	118,220	132,674	14,454	12.2%
GOODHUE CITY OF	GOODHUE	166,849	195,462	28,613	17.1%
GOODRIDGE CITY OF	PENNINGTON	23,259	24,493	1,234	5.3%
GOODVIEW CITY OF	WINONA	86,182	149,079	62,897	73.0%
GRACEVILLE CITY OF	BIG STONE	185,443	195,269	9,826	5.3%
GRANADA CITY OF	MARTIN	78,465	88,499	10,034	12.8%
GRAND MARAIS CITY OF	COOK	204,709	204,709	-	0.0%
GRAND MEADOW CITY OF	MOWER	224,512	252,723	28,211	12.6%
GRAND RAPIDS CITY OF	ITASCA	1,255,606	1,502,817	247,211	19.7%
GRANITE FALLS CITY OF	YELLOW MEDICINE	639,966	725,081	85,115	13.3%
GRANT	WASHINGTON	0	0	-	0.0%
GRASSTON CITY OF	KANABEC	18,260	19,229	969	5.3%
GREEN ISLE CITY OF	SIBLEY	38,366	40,417	2,051	5.3%
GREENBUSH CITY OF	ROSEAU	174,655	194,603	19,948	11.4%
GREENFIELD	HENNEPIN	0	0	-	0.0%
GREENWALD CITY OF	STEARNS	14,976	24,976	10,000	66.8%
GREENWOOD	HENNEPIN	0	0	-	0.0%
GREY EAGLE CITY OF	TODD	72,940	76,815	3,875	5.3%
GROVE CITY CITY OF	MEEKER	144,947	161,406	16,459	11.4%
GRYGLA CITY OF	MARSHALL	37,107	39,089	1,982	5.3%
GULLY CITY OF	POLK	11,636	14,247	2,611	22.4%
HACKENSACK CITY OF	CASS	6,454	6,811	357	5.5%
HADLEY CITY OF	MURRAY	11,696	13,207	1,511	12.9%
HALLOCK CITY OF	KITTSO	379,536	417,733	38,197	10.1%
HALMA CITY OF	KITTSO	8,124	8,995	871	10.7%
HALSTAD CITY OF	NORMAN	144,671	160,162	15,491	10.7%
HAM LAKE	ANOKA	0	0	-	0.0%
HAMBURG CITY OF	CARVER	39,752	51,710	11,958	30.1%
HAMMOND CITY OF	WABASHA	25,438	34,758	9,320	36.6%
HAMPTON CITY OF	DAKOTA	36,750	63,122	26,372	71.8%
HANCOCK CITY OF	STEVENS	186,188	205,847	19,659	10.6%
HANLEY FALLS CITY OF	YELLOW MEDICINE	65,035	72,303	7,268	11.2%
HANOVER (JT)	WRIGHT	187,245	329,480	142,235	76.0%
HANSKA CITY OF	BROWN	96,748	108,027	11,279	11.7%
HARDING CITY OF	MORRISON	656	1,499	843	128.5%
HARDWICK CITY OF	ROCK	42,307	46,860	4,553	10.8%
HARMONY CITY OF	FILLMORE	321,309	358,593	37,284	11.6%
HARRIS CITY OF	CHISAGO	123,870	161,236	37,366	30.2%
HARTLAND CITY OF	FREEBORN	50,326	56,869	6,543	13.0%
HASTINGS (JT) CITY OF	DAKOTA	89,586	505,345	415,759	464.1%
HATFIELD CITY OF	PIPESTONE	3,481	4,435	954	27.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
HAWLEY CITY OF	CLAY	363,117	487,109	123,992	34.1%
HAYFIELD CITY OF	DODGE	340,042	382,680	42,638	12.5%
HAYWARD CITY OF	FREEBORN	28,599	32,139	3,540	12.4%
HAZEL RUN CITY OF	YELLOW MEDICINE	13,362	14,879	1,517	11.4%
HECTOR CITY OF	RENVILLE	297,034	332,313	35,279	11.9%
HEIDELBERG CITY OF	LESUEUR	66	71	5	7.0%
HENDERSON CITY OF	SIBLEY	219,152	247,619	28,467	13.0%
HENDRICKS CITY OF	LINCOLN	171,473	190,282	18,809	11.0%
HENDRUM CITY OF	NORMAN	56,996	63,738	6,742	11.8%
HENNING CITY OF	OTTERTAIL	192,958	215,977	23,019	11.9%
HENRIETTE CITY OF	PINE	6,062	9,262	3,200	52.8%
HERMAN CITY OF	GRANT	129,787	136,678	6,891	5.3%
HERMANTOWN CITY OF	ST LOUIS	326,414	509,148	182,734	56.0%
HERON LAKE CITY OF	JACKSON	228,792	252,281	23,489	10.3%
HEWITT CITY OF	TODD	51,304	57,258	5,954	11.6%
HIBBING CITY OF	ST LOUIS	6,740,035	8,360,213	1,620,178	24.0%
HILL CITY CITY OF	AITKIN	51,960	60,097	8,137	15.7%
HILLMAN CITY OF	MORRISON	3,242	4,653	1,411	43.5%
HILLS CITY OF	ROCK	120,756	135,369	14,613	12.1%
HILTOP	ANOKA	118,206	138,818	20,612	17.4%
HINCKLEY CITY OF	PINE	225,390	275,235	49,845	22.1%
HITTERDAL CITY OF	CLAY	43,990	46,331	2,341	5.3%
HOFFMAN CITY OF	GRANT	141,765	160,781	19,016	13.4%
HOKAH CITY OF	HOUSTON	174,052	183,278	9,226	5.3%
HOLDINGFORD CITY OF	STEARNS	117,720	132,527	14,807	12.6%
HOLLAND CITY OF	PIPESTONE	41,908	46,490	4,582	10.9%
HOLLANDALE CITY OF	FREEBORN	35,863	41,667	5,804	16.2%
HOLLOWAY CITY OF	SWIFT	17,203	18,117	914	5.3%
HOLT CITY OF	MARSHALL	11,821	13,821	2,000	16.9%
HOPKINS	HENNEPIN	50,000	50,000	-	0.0%
HOUSTON CITY OF	HOUSTON	292,122	324,422	32,300	11.1%
HOWARD LAKE CITY OF	WRIGHT	417,925	517,730	99,805	23.9%
HOYT LAKES CITY OF	ST LOUIS	317,053	490,383	173,330	54.7%
HUGO	WASHINGTON	0	0	-	0.0%
HUMBOLDT CITY OF	KITSON	10,360	11,598	1,238	11.9%
HUTCHINSON CITY OF	MCLEOD	2,099,268	2,978,326	879,058	41.9%
IHLEN CITY OF	PIPESTONE	16,153	17,559	1,406	8.7%
INDEPENDENCE	HENNEPIN	0	0	-	0.0%
IRVING FALLS CITY OF	KOOCHICHING	2,990,707	3,596,222	605,515	20.2%
IRVING GROVE HEIGHTS CITY OF	DAKOTA	0	0	-	0.0%
IRVING CITY OF	MURRAY	36,358	38,284	1,926	5.3%
IRON JUNCTION CITY OF	ST LOUIS	8,149	10,289	2,140	26.3%
IRVINGTON CITY OF	CROW WING	122,944	129,480	6,536	5.3%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
ISANTI CITY OF	ISANTI	443,039	536,064	93,025	21.0%
ISLE CITY OF	MILLE LACS	65,647	85,482	19,835	30.2%
IVANHOE CITY OF	LINCOLN	182,881	192,573	9,692	5.3%
JACKSON CITY OF	JACKSON	1,019,265	1,131,697	112,432	11.0%
JANESVILLE CITY OF	WASECA	554,789	743,562	188,773	34.0%
JASPER CITY OF	PIPESTONE	159,462	176,581	17,119	10.7%
JEFFERS CITY OF	COTTONWOOD	104,976	115,863	10,887	10.4%
JENKINS CITY OF	CROW WING	4,254	6,764	2,510	59.0%
JOHNSON CITY OF	BIG STONE	5,690	6,871	1,181	20.8%
JORDAN	SCOTT	262,725	366,665	103,940	39.6%
KANDIYOHI CITY OF	KANDIYOHI	80,509	91,859	11,350	14.1%
KARLSTAD CITY OF	KITTSO	201,166	222,426	21,260	10.6%
KASOTA CITY OF	LESUEUR	99,939	118,207	18,268	18.3%
KASSON CITY OF	DODGE	820,854	970,384	149,530	18.2%
KEEWATIN CITY OF	ITASCA	417,141	417,141	-	0.0%
KELLIHER CITY OF	BELTRAMI	82,093	95,883	13,790	16.8%
KELLOGG CITY OF	WABASHA	69,537	80,119	10,582	15.2%
KENNEDY CITY OF	KITTSO	58,026	63,945	5,919	10.2%
KENNETH CITY OF	ROCK	12,520	13,183	663	5.3%
KENSINGTON CITY OF	DOUGLAS	48,941	55,175	6,234	12.7%
KENT CITY OF	WILKIN	18,467	20,533	2,066	11.2%
KENYON CITY OF	GOODHUE	449,116	519,403	70,287	15.7%
KERKHOVEN CITY OF	SWIFT	147,240	165,581	18,341	12.5%
KERRICK CITY OF	PINE	4,215	4,440	225	5.3%
KETTLE RIVER CITY OF	CARLTON	27,187	28,644	1,457	5.4%
KIESTER CITY OF	FARIBAULT	153,913	162,061	8,148	5.3%
KILKENNY CITY OF	LESUEUR	32,551	34,281	1,730	5.3%
KIMBALL CITY OF	STEARNS	119,458	137,465	18,007	15.1%
KINBRAE CITY OF	NOBLES	563	593	30	5.4%
KINGSTON CITY OF	MEEKER	8,732	9,188	456	5.2%
KINNEY CITY OF	ST LOUIS	71,575	75,386	3,811	5.3%
LACRESCENT CITY OF	HOUSTON	486,283	596,539	110,256	22.7%
LAFAYETTE CITY OF	NICOLLET	121,392	135,368	13,976	11.5%
LAKE BENTON CITY OF	LINCOLN	211,796	223,016	11,220	5.3%
LAKE BRONSON CITY OF	KITTSO	59,381	65,105	5,724	9.6%
LAKE CITY CITY OF	WABASHA	840,421	1,001,806	161,385	19.2%
LAKE CRYSTAL CITY OF	BLUE EARTH	584,078	805,468	221,390	37.9%
LAKE ELMO	WASHINGTON	0	0	-	0.0%
LAKE HENRY CITY OF	STEARNS	6,275	7,551	1,276	20.3%
LAKE LILLIAN CITY OF	KANDIYOHI	41,775	44,000	2,225	5.3%
LAKE PARK CITY OF	BECKER	171,530	204,470	32,940	19.2%
LAKE SAINT CROIX BEACH	WASHINGTON	30,419	52,087	21,668	71.2%
LAKE SHORE CITY OF	CASS	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
LAKE WILSON CITY OF	MURRAY	61,780	68,487	6,707	10.9%
LAKEFIELD CITY OF	JACKSON	605,392	667,250	61,858	10.2%
LAKELAND	WASHINGTON	79,790	94,121	14,331	18.0%
LAKELAND SHORES	WASHINGTON	0	0	-	0.0%
LAKEVILLE CITY OF	DAKOTA	0	0	-	0.0%
LAMBERTON CITY OF	REDWOOD	255,492	282,617	27,125	10.6%
LANCASTER CITY OF	KITTSOON	68,326	76,393	8,067	11.8%
LANDFALL	WASHINGTON	95,428	173,943	78,515	82.3%
LANESBORO CITY OF	FILLMORE	206,026	216,984	10,958	5.3%
LAPORTE CITY OF	HUBBARD	8,910	10,228	1,318	14.8%
LAPRAIRIE CITY OF	ITASCA	62,970	77,449	14,479	23.0%
LASALLE CITY OF	WATONWAN	15,268	17,995	2,727	17.9%
LASTRUP CITY OF	MORRISON	2,554	2,692	138	5.4%
LAUDERDALE	RAMSEY	345,438	540,342	194,904	56.4%
LECENTER CITY OF	LESUEUR	530,356	669,096	138,740	26.2%
LENGBY CITY OF	POLK	25,020	26,345	1,325	5.3%
LEONARD CITY OF	CLEARWATER	2,786	3,608	822	29.5%
LEONIDAS CITY OF	ST LOUIS	40,294	42,430	2,136	5.3%
LEROY CITY OF	MOWER	232,169	260,326	28,157	12.1%
MIDWINTER PRAIRIE CITY OF	MCLEOD	325,398	413,056	87,658	26.9%
LESUEUR CITY OF	LESUEUR	890,537	1,015,798	125,261	14.1%
LEWISTON CITY OF	WINONA	317,774	406,932	89,158	28.1%
LEWISVILLE CITY OF	WATONWAN	55,437	63,102	7,665	13.8%
LEXINGTON	ANOKA	413,035	483,615	70,580	17.1%
LILYDALE CITY OF	DAKOTA	0	0	-	0.0%
LINDSTROM CITY OF	CHISAGO	132,163	221,280	89,117	67.4%
LINO LAKES	ANOKA	0	0	-	0.0%
LISMORE CITY OF	NOBLES	62,028	66,784	4,756	7.7%
LITCHFIELD CITY OF	MEEKER	1,613,189	1,857,352	244,163	15.1%
LITTLE CANADA	RAMSEY	0	0	-	0.0%
LITTLE FALLS CITY OF	MORRISON	2,120,694	2,389,056	268,362	12.7%
LITTLEFORK CITY OF	KOOCHICHING	179,735	211,598	31,863	17.7%
LONG BEACH CITY OF	POPE	0	0	-	0.0%
LONG LAKE	HENNEPIN	145,369	167,582	22,213	15.3%
LONG PRAIRIE CITY OF	TODD	707,239	802,401	95,162	13.5%
LONGVILLE CITY OF	CASS	0	0	-	0.0%
LONSDALE CITY OF	RICE	277,373	342,237	64,864	23.4%
LORETTO	HENNEPIN	7,104	7,504	400	5.6%
LOUISBURG CITY OF	LAC QUI PARLE	6,668	10,074	3,406	51.1%
LOURY CITY OF	POPE	49,767	52,416	2,649	5.3%
LUCAN CITY OF	REDWOOD	52,355	55,130	2,775	5.3%
LUVERNE CITY OF	ROCK	1,210,180	1,351,533	141,353	11.7%
LYLE CITY OF	MOWER	140,507	155,030	14,523	10.3%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
LYND CITY OF	LYON	56,382	61,349	4,967	8.8%
MABEL CITY OF	FILLMORE	197,641	220,461	22,820	11.5%
MADELIA CITY OF	WATONWAN	647,531	809,736	162,205	25.0%
MADISON CITY OF	LAC QUI PARLE	715,089	783,367	68,278	9.5%
MADISON LAKE CITY OF	BLUE EARTH	117,636	128,376	10,740	9.1%
MAGNOLIA CITY OF	ROCK	27,173	36,695	9,522	35.0%
MAHNOMEN CITY OF	MAHNOMEN	311,326	357,023	45,697	14.7%
MAHTOMEDI	WASHINGTON	0	0	-	0.0%
MANCHESTER CITY OF	FREEBORN	9,034	10,994	1,960	21.7%
MANHATTAN BEACH CITY OF	CROW WING	0	0	-	0.0%
MANKATO CITY OF	BLUE EARTH	6,864,092	8,023,041	1,158,949	16.9%
MANTORVILLE CITY OF	DODGE	202,188	234,390	32,202	15.9%
MAPLE GROVE	HENNEPIN	0	0	-	0.0%
MAPLE LAKE CITY OF	WRIGHT	329,305	389,248	59,943	18.2%
MAPLE PLAIN	HENNEPIN	311,568	398,246	86,678	27.8%
MAPLETON CITY OF	BLUE EARTH	416,071	527,014	110,943	26.7%
MAPLEVIEW CITY OF	MOWER	59,661	62,823	3,162	5.3%
MAPLEWOOD	RAMSEY	0	0	-	0.0%
MARBLE CITY OF	ITASCA	262,714	276,635	13,921	5.3%
MARIETTA CITY OF	LAC QUI PARLE	60,089	63,276	3,187	5.3%
MARINE ON SAINT CROIX	WASHINGTON	0	0	-	0.0%
MARSHALL CITY OF	LYON	2,375,142	2,698,088	322,946	13.6%
MAYER CITY OF	CARVER	40,612	65,211	24,599	60.6%
MAYNARD CITY OF	CHIPPEWA	124,371	130,966	6,595	5.3%
MAZEPPA CITY OF	WABASHA	134,475	154,356	19,881	14.8%
MCGRATH CITY OF	AITKIN	3,096	3,992	896	28.9%
MCGREGOR CITY OF	AITKIN	84,273	94,895	10,622	12.6%
MCINTOSH CITY OF	POLK	172,259	190,022	17,763	10.3%
MCKINLEY CITY OF	ST LOUIS	59,976	63,165	3,189	5.3%
MEADOWLANDS CITY OF	ST LOUIS	10,795	11,724	929	8.6%
MEDFORD CITY OF	STEELE	172,561	205,621	33,060	19.2%
MEDICINE LAKE	HENNEPIN	0	0	-	0.0%
MEDINA	HENNEPIN	0	0	-	0.0%
MEIRE GROVE CITY OF	STEARNS	10,552	11,113	561	5.3%
MELROSE CITY OF	STEARNS	653,175	743,132	89,957	13.8%
MENAHGA CITY OF	WADENA	283,493	319,702	36,209	12.8%
MENDOTA CITY OF	DAKOTA	830	1,988	1,158	139.5%
MENDOTA HEIGHTS CITY OF	DAKOTA	0	0	-	0.0%
MENTOR CITY OF	POLK	19,450	30,545	11,095	57.0%
MIDDLE RIVER CITY OF	MARSHALL	56,629	73,068	16,439	29.0%
MIESVILLE CITY OF	DAKOTA	0	0	-	0.0%
MILACA CITY OF	MILLE LACS	599,435	704,032	104,597	17.4%
MILAN CITY OF	CHIPPEWA	94,384	99,391	5,007	5.3%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
MILLERVILLE CITY OF	DOUGLAS	1,207	1,527	320	26.5%
MILLVILLE CITY OF	WABASHA	19,208	22,704	3,496	18.2%
MILROY CITY OF	REDWOOD	47,817	53,552	5,735	12.0%
MILTONA CITY OF	DOUGLAS	24,235	29,617	5,382	22.2%
MINNEAPOLIS	HENNEPIN	78,561,939	93,461,901	14,899,962	19.0%
MINNEISKA CITY OF	WABASHA	7,065	7,443	378	5.3%
MINNEOTA CITY OF	LYON	401,273	446,140	44,867	11.2%
MINNESOTA CITY CITY OF	WINONA	28,955	38,440	9,485	32.8%
MINNESOTA LAKE CITY OF	FARIBAULT	152,514	160,612	8,098	5.3%
MINNETONKA BEACH CITY	HENNEPIN	0	0	-	0.0%
MINNETONKA CITY OF	HENNEPIN	0	0	-	0.0%
MINNETRISTA	HENNEPIN	0	0	-	0.0%
MIZPAH CITY OF	KOOCHICHING	4,171	4,971	800	19.2%
MONTEVIDEO CITY OF	CHIPPEWA	1,644,596	1,826,904	182,308	11.1%
MONTGOMERY CITY OF	LESUEUR	689,411	785,507	96,096	13.9%
MONTICELLO CITY OF	WRIGHT	0	348,720	348,720	0.0%
MONTROSE CITY OF	WRIGHT	237,255	424,056	186,801	78.7%
MOORHEAD CITY OF	CLAY	8,059,758	9,129,106	1,069,348	13.3%
MOOSE LAKE CITY OF	CARLTON	386,857	494,857	108,000	27.9%
MORA CITY OF	KANABEC	609,201	729,428	120,227	19.7%
MORGAN CITY OF	REDWOOD	274,453	293,848	19,395	7.1%
MORRIS CITY OF	STEVENS	1,738,170	2,082,185	344,015	19.8%
MORRISTOWN CITY OF	RICE	186,468	255,849	69,381	37.2%
MORTON CITY OF	RENVILLE	116,667	129,133	12,466	10.7%
MOTLEY CITY OF	MORRISON	117,888	145,176	27,288	23.1%
MOUND	HENNEPIN	0	0	-	0.0%
MOUNDS VIEW	RAMSEY	0	179,188	179,188	0.0%
MT IRON CITY OF	ST LOUIS	606,349	926,759	320,410	52.8%
MT LAKE CITY OF	COTTONWOOD	743,576	885,607	142,031	19.1%
MURDOCK CITY OF	SWIFT	57,140	63,710	6,570	11.5%
MYRTLE CITY OF	FREEBORN	9,662	11,363	1,701	17.6%
NASHUA CITY OF	WILKIN	43	965	922	2144.2%
NASHWAUK CITY OF	ITASCA	474,546	499,721	25,175	5.3%
NASSAU CITY OF	LAC QUI PARLE	12,461	17,478	5,017	40.3%
NELSON CITY OF	DOUGLAS	20,136	27,193	7,057	35.0%
NERSTRAND CITY OF	RICE	18,913	19,922	1,009	5.3%
NEVIS CITY OF	HUBBARD	53,847	56,719	2,872	5.3%
NEW AUBURN CITY OF	SIBLEY	86,657	103,135	16,478	19.0%
NEW BRIGHTON	RAMSEY	0	0	-	0.0%
NEW GERMANY CITY OF	CARVER	10,965	18,157	7,192	65.6%
NEW HOPE	HENNEPIN	323,157	753,175	430,018	133.1%
NEW LONDON CITY OF	KANDIYOHI	240,014	299,752	59,738	24.9%
NEW MARKET	SCOTT	2,867	31,888	29,021	1012.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
NEW MUNICH CITY OF	STEARNS	53,853	63,268	9,415	17.5%
NEW PRAGUE	SCOTT	638,707	788,979	150,272	23.5%
NEW RICHLAND CITY OF	WASECA	298,048	349,655	51,607	17.3%
NEW TRIER CITY OF	DAKOTA	419	444	25	6.0%
NEW ULM CITY OF	BROWN	3,890,338	4,359,005	468,667	12.0%
NEW YORK MILLS CITY OF	OTTERTAIL	328,743	366,649	37,906	11.5%
NEWFOLDEN CITY OF	MARSHALL	66,418	74,238	7,820	11.8%
NEWPORT	WASHINGTON	552,137	663,573	111,436	20.2%
NICOLLET CITY OF	NICOLLET	168,486	211,800	43,314	25.7%
NIELSVILLE CITY OF	POLK	19,333	21,138	1,805	9.3%
NIMROD CITY OF	WADENA	2,216	3,075	859	38.8%
NISSWA CITY OF	CROW WING	0	0	-	0.0%
NORCROSS CITY OF	GRANT	19,711	20,758	1,047	5.3%
NORTH BRANCH CITY OF	CHISAGO	252,441	451,359	198,918	78.8%
NORTH MANKATO CITY OF	NICOLLET	1,690,738	2,049,201	358,463	21.2%
NORTH OAKS	RAMSEY	0	0	-	0.0%
NORTH SAINT PAUL	RAMSEY	788,109	1,028,493	240,384	30.5%
NORTHFIELD CITY OF	RICE	2,877,257	3,423,317	546,060	19.0%
NORTHHOME CITY OF	KOOCHICHING	56,739	62,647	5,908	10.4%
NORTHROP CITY OF	MARTIN	38,459	43,239	4,780	12.4%
NORWOOD YOUNG AMERIC	CARVER	170,124	247,372	77,248	45.4%
OAK GROVE	ANOKA	200,000	200,000	-	0.0%
OAK PARK HEIGHTS	WASHINGTON	0	0	-	0.0%
OAKDALE	WASHINGTON	0	0	-	0.0%
ODESSA CITY OF	BIG STONE	44,573	46,934	2,361	5.3%
ODIN CITY OF	WATONWAN	20,058	23,619	3,561	17.8%
OGEMA CITY OF	BECKER	29,488	31,052	1,564	5.3%
OGILVIE CITY OF	KANABEC	104,317	117,341	13,024	12.5%
OKABENA CITY OF	JACKSON	42,359	47,214	4,855	11.5%
OKLEE CITY OF	RED LAKE	106,130	111,757	5,627	5.3%
OLIVIA CITY OF	RENVILLE	824,817	1,066,125	241,308	29.3%
ONAMIA CITY OF	MILLE LACS	176,039	229,595	53,556	30.4%
ORMSBY CITY OF	WATONWAN	22,775	25,724	2,949	12.9%
ORONO	HENNEPIN	0	0	-	0.0%
ORONOCO CITY OF	OLMSTED	66,073	69,592	3,519	5.3%
ORR CITY OF	ST LOUIS	46,440	48,925	2,485	5.4%
ORTONVILLE CITY OF	BIG STONE	721,955	783,920	61,965	8.6%
OSAKIS CITY OF	DOUGLAS	409,206	461,893	52,687	12.9%
OSLO CITY OF	MARSHALL	77,944	82,099	4,155	5.3%
OSSEO	HENNEPIN	347,257	920,824	573,567	165.2%
OSTRANDER CITY OF	FILLMORE	32,904	37,942	5,038	15.3%
OTSEGO CITY OF	WRIGHT	0	339,720	339,720	0.0%
OTTERTAIL CITY OF	OTTERTAIL	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
OWATONNA CITY OF	STEELE	4,521,729	5,232,263	710,534	15.7%
PALISADE CITY OF	AITKIN	16,499	21,830	5,331	32.3%
PARK RAPIDS CITY OF	HUBBARD	561,107	661,811	100,704	17.9%
PARKERS PRAIRIE CITY OF	OTTERTAIL	243,498	273,482	29,984	12.3%
PAYNESVILLE CITY OF	STEARNS	565,438	751,620	186,182	32.9%
PEASE CITY OF	MILLE LACS	13,410	16,633	3,223	24.0%
PELICAN RAPIDS CITY OF	OTTERTAIL	590,813	823,223	232,410	39.3%
PEMBERTON CITY OF	BLUE EARTH	22,711	27,233	4,522	19.9%
PENNOCK CITY OF	KANDIYOHI	93,178	111,034	17,856	19.2%
PEQUOT LAKES CITY OF	CROW WING	89,623	89,623	-	0.0%
PERHAM CITY OF	OTTERTAIL	492,773	567,763	74,990	15.2%
PERLEY CITY OF	NORMAN	18,652	20,982	2,330	12.5%
PETERSON CITY OF	FILLMORE	38,244	43,838	5,594	14.6%
PIERZ CITY OF	MORRISON	225,804	321,999	96,195	42.6%
PILLAGER CITY OF	CASS	103,273	131,364	28,091	27.2%
PINE CITY CITY OF	PINE	469,975	562,137	92,162	19.6%
PINE ISLAND CITY OF	GOODHUE	569,508	669,058	99,550	17.5%
PINE RIVER CITY OF	CASS	218,942	247,816	28,874	13.2%
PINE SPRINGS	WASHINGTON	0	0	-	0.0%
ESTONE CITY OF	PIPESTONE	1,430,240	1,625,933	195,693	13.7%
PLAINVIEW CITY OF	WABASHA	545,172	630,226	85,054	15.6%
PLATO CITY OF	MCLEOD	26,648	28,089	1,441	5.4%
PLUMMER CITY OF	RED LAKE	44,945	47,342	2,397	5.3%
PLYMOUTH	HENNEPIN	0	0	-	0.0%
PORTER CITY OF	YELLOW MEDICINE	42,413	44,662	2,249	5.3%
PRESTON CITY OF	FILLMORE	445,449	497,244	51,795	11.6%
PRINCETON CITY OF	MILLE LACS	683,470	802,847	119,377	17.5%
PRINSBURG CITY OF	KANDIYOHI	83,810	88,268	4,458	5.3%
PRIOR LAKE	SCOTT	0	0	-	0.0%
PROCTOR CITY OF	ST LOUIS	804,565	1,077,303	272,738	33.9%
QUAMBA CITY OF	KANABEC	9,062	15,987	6,925	76.4%
RACINE CITY OF	MOWER	42,784	50,878	8,094	18.9%
RAMSEY	ANOKA	0	0	-	0.0%
RANDALL CITY OF	MORRISON	90,267	117,549	27,282	30.2%
RANDOLPH CITY OF	DAKOTA	4,752	6,382	1,630	34.3%
RANIER CITY OF	KOOCHICHING	20,200	23,840	3,640	18.0%
RAYMOND CITY OF	KANDIYOHI	177,485	198,113	20,628	11.6%
RED LAKE FALLS CITY OF	RED LAKE	522,121	574,823	52,702	10.1%
RED WING CITY OF	GOODHUE	1,422,974	1,915,965	492,991	34.6%
REDWOOD FALLS CITY OF	REDWOOD	1,048,654	1,189,096	140,442	13.4%
REGAL CITY OF	KANDIYOHI	882	1,442	560	63.5%
REMER CITY OF	CASS	46,721	49,399	2,678	5.7%
RENVILLE CITY OF	RENVILLE	411,695	455,033	43,338	10.5%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
REVERE CITY OF	REDWOOD	22,621	23,821	1,200	5.3%
RICE CITY OF	BENTON	83,051	160,705	77,654	93.5%
RICHFIELD	HENNEPIN	1,035,146	1,866,591	831,445	80.3%
RICHMOND CITY OF	STEARNS	243,481	282,170	38,689	15.9%
RICHVILLE CITY OF	OTTERTAIL	9,083	14,268	5,185	57.1%
RIVERTON CITY OF	CROW WING	6,904	7,274	370	5.4%
ROBBINSDALE	HENNEPIN	1,031,015	1,227,863	196,848	19.1%
ROCHESTER CITY OF	OLMSTED	5,323,430	7,518,155	2,194,725	41.2%
ROCK CREEK CITY OF	PINE	110,615	159,440	48,825	44.1%
ROCKFORD (JT)	WRIGHT	275,064	349,748	74,684	27.2%
ROCKVILLE CITY OF	STEARNS	44,602	97,134	52,532	117.8%
ROGERS	HENNEPIN	0	0	-	0.0%
ROLLINGSTONE CITY OF	WINONA	102,369	122,419	20,050	19.6%
RONNEBY CITY OF	BENTON	2,974	3,795	821	27.6%
ROOSEVELT CITY OF	ROSEAU	9,147	13,147	4,000	43.7%
ROSCOE CITY OF	STEARNS	17,621	23,503	5,882	33.4%
ROSE CREEK CITY OF	MOWER	62,720	66,046	3,326	5.3%
ROSEAU CITY OF	ROSEAU	546,883	622,888	76,005	13.9%
ROSEMOUNT CITY OF	DAKOTA	0	0	-	0.0%
ROSEVILLE	RAMSEY	0	0	-	0.0%
ROTHSAY CITY OF	WILKIN	104,841	124,291	19,450	18.6%
ROUND LAKE CITY OF	NOBLES	78,554	105,655	27,101	34.5%
ROYALTON CITY OF	MORRISON	122,108	185,550	63,442	52.0%
RUSH CITY CITY OF	CHISAGO	433,668	564,980	131,312	30.3%
RUSHFORD CITY OF	FILLMORE	452,543	578,448	125,905	27.8%
RUSHFORD VILLAGE CITY OF	FILLMORE	60,188	69,308	9,120	15.2%
RUSHMORE CITY OF	NOBLES	84,636	93,913	9,277	11.0%
RUSSELL CITY OF	LYON	86,523	91,133	4,610	5.3%
RUTHTON CITY OF	PIPESTONE	68,436	75,864	7,428	10.9%
RUTLEDGE CITY OF	PINE	2,275	2,390	115	5.1%
SABIN CITY OF	CLAY	66,382	76,537	10,155	15.3%
SACRED HEART CITY OF	RENVILLE	181,659	191,293	9,634	5.3%
SANBORN CITY OF	REDWOOD	110,786	122,985	12,199	11.0%
SANDSTONE CITY OF	PINE	624,110	819,519	195,409	31.3%
SARGEANT CITY OF	MOWER	7,784	13,784	6,000	77.1%
SARTELL CITY OF	STEARNS	39,438	674,822	635,384	1611.1%
SAUK CENTRE CITY OF	STEARNS	1,021,105	1,149,641	128,536	12.6%
SAUK RAPIDS CITY OF	BENTON	1,811,273	2,184,689	373,416	20.6%
SAVAGE	SCOTT	0	0	-	0.0%
SCANLON CITY OF	CARLTON	212,457	223,712	11,255	5.3%
SEAFORTH CITY OF	REDWOOD	15,417	17,197	1,780	11.5%
SEBEKA CITY OF	WADENA	183,650	193,421	9,771	5.3%
SEDAN CITY OF	POPE	5,617	7,339	1,722	30.7%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
SHAFFER CITY OF	CHISAGO	53,422	62,482	9,060	17.0%
SHAKOPEE	SCOTT	0	0	-	0.0%
SHELLY CITY OF	NORMAN	58,547	64,404	5,857	10.0%
SHERBURN CITY OF	MARTIN	292,315	323,152	30,837	10.5%
SHEVLIN CITY OF	CLEARWATER	15,599	20,959	5,360	34.4%
SHOREVIEW	RAMSEY	0	0	-	0.0%
SHOREWOOD	HENNEPIN	0	0	-	0.0%
SILVER BAY CITY OF	LAKE	395,268	543,672	148,404	37.5%
SILVER LAKE CITY OF	MCLEOD	155,837	177,242	21,405	13.7%
SKYLINE CITY OF	BLUE EARTH	3,222	3,393	171	5.3%
SLAYTON CITY OF	MURRAY	711,071	786,531	75,460	10.6%
SLEEPY EYE CITY OF	BROWN	1,090,595	1,207,715	117,120	10.7%
SOBIESKI CITY OF	MORRISON	6,104	12,945	6,841	112.1%
SOLWAY CITY OF	BELTRAMI	6,021	6,341	320	5.3%
SOUTH HAVEN CITY OF	WRIGHT	25,392	29,633	4,241	16.7%
SOUTH ST. PAUL CITY OF	DAKOTA	1,765,147	2,289,296	524,149	29.7%
SPICER CITY OF	KANDIYOHI	117,284	124,671	7,387	6.3%
SPRING GROVE CITY OF	HOUSTON	378,602	421,080	42,478	11.2%
SPRING HILL CITY OF	STEARNS	2,718	2,866	148	5.5%
SPRING LAKE PARK (JT)	ANOKA	0	0	-	0.0%
SPRING PARK	HENNEPIN	78,802	91,353	12,551	15.9%
SPRING VALLEY CITY OF	FILLMORE	768,300	857,946	89,646	11.7%
SPRINGFIELD CITY OF	BROWN	781,355	910,834	129,479	16.6%
SQUAW LAKE CITY OF	ITASCA	9,443	12,443	3,000	31.8%
ST ANTHONY (JT)	HENNEPIN	0	0	-	0.0%
ST ANTHONY CITY OF	STEARNS	5,199	6,444	1,245	23.9%
ST AUGUSTA CITY OF	STEARNS	213,580	347,466	133,886	62.7%
ST BONIFACIUS	HENNEPIN	228,723	458,211	229,488	100.3%
ST CHARLES CITY OF	WINONA	604,077	765,227	161,150	26.7%
ST CLAIR CITY OF	BLUE EARTH	146,237	165,595	19,358	13.2%
ST CLOUD CITY OF	STEARNS	10,837,532	12,484,113	1,646,581	15.2%
ST FRANCIS	ANOKA	200,000	200,000	-	0.0%
ST HILAIRE CITY OF	PENNINGTON	44,173	57,295	13,122	29.7%
ST JAMES CITY OF	WATONWAN	1,244,671	1,403,793	159,122	12.8%
ST JOSEPH CITY OF	STEARNS	668,673	779,025	110,352	16.5%
ST LEO CITY OF	YELLOW MEDICINE	13,311	16,511	3,200	24.0%
ST LOUIS PARK	HENNEPIN	0	0	-	0.0%
ST MARTIN CITY OF	STEARNS	19,636	25,077	5,441	27.7%
ST MARY'S POINT	WASHINGTON	0	0	-	0.0%
ST MICHAEL CITY OF	WRIGHT	0	516,360	516,360	0.0%
ST PAUL	RAMSEY	52,081,640	62,169,759	10,088,119	19.4%
ST PAUL PARK	WASHINGTON	195,337	294,815	99,478	50.9%
ST PETER CITY OF	NICOLLET	2,047,099	2,585,043	537,944	26.3%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED	SENATE PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
		2006 LGA	2006 LGA		
ST ROSA CITY OF	STEARNS	1,192	1,259	67	5.6%
ST STEPHEN CITY OF	STEARNS	88,029	106,567	18,538	21.1%
ST VINCENT CITY OF	KITTSO	13,962	16,201	2,239	16.0%
STACY CITY OF	CHISAGO	155,744	217,740	61,996	39.8%
STAPLES CITY OF	TODD	892,440	989,201	96,761	10.8%
STARBUCK CITY OF	POPE	306,401	347,410	41,009	13.4%
STEEN CITY OF	ROCK	19,675	26,675	7,000	35.6%
STEPHEN CITY OF	MARSHALL	149,640	167,666	18,026	12.0%
STEWART CITY OF	MCLEOD	156,814	165,136	8,322	5.3%
STEWARTVILLE CITY OF	OLMSTED	675,563	796,031	120,468	17.8%
STILLWATER	WASHINGTON	812,951	1,283,775	470,824	57.9%
STOCKTON CITY OF	WINONA	76,450	122,157	45,707	59.8%
STORDEN CITY OF	COTTONWOOD	69,591	74,679	5,088	7.3%
STRANDQUIST CITY OF	MARSHALL	14,443	16,643	2,200	15.2%
STRATHCONA CITY OF	ROSEAU	3,103	3,267	164	5.3%
STURGEON LAKE CITY OF	PINE	24,751	34,158	9,407	38.0%
SUNBURG CITY OF	KANDIYOHI	24,261	27,241	2,980	12.3%
SUNFISH LAKE CITY OF	DAKOTA	0	0	-	0.0%
SWANVILLE CITY OF	MORRISON	69,460	78,987	9,527	13.7%
TACONITE CITY OF	ITASCA	111,332	117,245	5,913	5.3%
TAMARACK CITY OF	AITKIN	3,167	3,338	171	5.4%
TAOPI CITY OF	MOWER	5,100	6,900	1,800	35.3%
TAUNTON CITY OF	LYON	22,807	33,727	10,920	47.9%
TAYLORS FALLS CITY OF	CHISAGO	146,120	199,460	53,340	36.5%
TENNEY CITY OF	WILKIN	1,266	1,334	68	5.3%
TENSTRIKE CITY OF	BELTRAMI	2,070	2,177	107	5.2%
THIEF RIVER FALLS CITY OF	PENNINGTON	2,168,816	2,458,313	289,497	13.3%
THOMSON CITY OF	CARLTON	11,334	11,942	608	5.4%
TINTAH CITY OF	TRAVERSE	9,906	11,076	1,170	11.8%
TONKA BAY	HENNEPIN	0	0	-	0.0%
TOWER CITY OF	ST LOUIS	102,002	107,475	5,473	5.4%
TRACY CITY OF	LYON	826,225	908,529	82,304	10.0%
TRAIL CITY OF	POLK	2,702	2,846	144	5.3%
TRIMONT CITY OF	MARTIN	192,052	212,576	20,524	10.7%
TROMMALD CITY OF	CROW WING	8,426	8,874	448	5.3%
TROSKY CITY OF	PIPESTONE	9,215	14,015	4,800	52.1%
TRUMAN CITY OF	MARTIN	364,672	404,777	40,105	11.0%
TURTLE RIVER CITY OF	BELTRAMI	0	0	-	0.0%
TWIN LAKES CITY OF	FREEBORN	32,117	33,820	1,703	5.3%
TWIN VALLEY CITY OF	NORMAN	240,337	264,204	23,867	9.9%
TWO HARBORS CITY OF	LAKE	1,066,840	1,205,766	138,926	13.0%
TYLER CITY OF	LINCOLN	330,904	382,318	51,414	15.5%
ULEN CITY OF	CLAY	131,879	148,275	16,396	12.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED 2006 LGA	SENATE PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
UNDERWOOD CITY OF	OTTERTAIL	67,578	75,239	7,661	11.3%
UPSALA CITY OF	MORRISON	56,353	65,291	8,938	15.9%
URBANK CITY OF	OTTERTAIL	4,616	5,685	1,069	23.2%
UTICA CITY OF	WINONA	23,608	26,903	3,295	14.0%
VADNAIS HEIGHTS	RAMSEY	0	0	-	0.0%
VERGAS CITY OF	OTTERTAIL	33,124	49,277	16,153	48.8%
VERMILLION CITY OF	DAKOTA	4,185	4,409	224	5.4%
VERNDALE CITY OF	WADENA	116,746	130,469	13,723	11.8%
VERNON CENTER CITY OF	BLUE EARTH	57,243	65,929	8,686	15.2%
VESTA CITY OF	REDWOOD	72,347	80,088	7,741	10.7%
VICTORIA CITY OF	CARVER	0	0	-	0.0%
VIKING CITY OF	MARSHALL	22,336	23,520	1,184	5.3%
VILLARD CITY OF	POPE	34,811	38,843	4,032	11.6%
VINING CITY OF	OTTERTAIL	9,842	11,084	1,242	12.6%
VIRGINIA CITY OF	ST LOUIS	3,187,988	4,115,897	927,909	29.1%
WABASHA CITY OF	WABASHA	608,922	699,597	90,675	14.9%
WABASSO CITY OF	REDWOOD	148,621	166,613	17,992	12.1%
WACONIA CITY OF	CARVER	0	0	-	0.0%
WADENA CITY OF	WADENA	1,060,865	1,265,659	204,794	19.3%
WADON CITY OF	MILLE LACS	11,538	12,157	619	5.4%
WAITE PARK CITY OF	STEARNS	73,949	235,735	161,786	218.8%
WALDORF CITY OF	WASECA	51,127	53,844	2,717	5.3%
WALKER CITY OF	CASS	113,446	130,786	17,340	15.3%
WALNUT GROVE CITY OF	REDWOOD	200,686	221,468	20,782	10.4%
WALTERS CITY OF	FARIBAUT	22,789	23,996	1,207	5.3%
WALTHAM CITY OF	MOWER	33,401	37,263	3,862	11.6%
WANAMINGO CITY OF	GOODHUE	200,303	229,624	29,321	14.6%
WANDA CITY OF	REDWOOD	18,645	20,660	2,015	10.8%
WARBA CITY OF	ITASCA	11,561	14,276	2,715	23.5%
WARREN CITY OF	MARSHALL	433,891	534,192	100,301	23.1%
WARROAD CITY OF	ROSEAU	488,586	721,686	233,100	47.7%
WASECA CITY OF	WASECA	2,172,172	2,455,984	283,812	13.1%
WATERTOWN CITY OF	CARVER	151,286	228,145	76,859	50.8%
WATERVILLE CITY OF	LESUEUR	480,262	545,737	65,475	13.6%
WATKINS CITY OF	MEEKER	174,387	213,335	38,948	22.3%
WATSON CITY OF	CHIPPEWA	50,123	55,126	5,003	10.0%
WAUBUN CITY OF	MAHNOMEN	70,052	83,956	13,904	19.8%
WAVERLY CITY OF	WRIGHT	67,454	71,079	3,625	5.4%
WAYZATA	HENNEPIN	0	0	-	0.0%
WELLS CITY OF	MARTIN	202,566	224,150	21,584	10.7%
WELLS CITY OF	FARIBAUT	812,522	1,026,325	213,803	26.3%
WENDELL CITY OF	GRANT	40,632	42,790	2,158	5.3%
WEST CONCORD CITY OF	DODGE	204,434	229,090	24,656	12.1%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

		PROJECTED 2006 LGA	SENATE PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
WEST SAINT PAUL CITY OF DAKOTA		240,436	668,297	427,861	178.0%
WEST UNION CITY OF TODD		3,512	5,712	2,200	62.6%
WESTBROOK CITY OF COTTONWOOD		238,243	255,014	16,771	7.0%
WESTPORT CITY OF POPE		2,405	4,205	1,800	74.8%
WHALAN CITY OF FILLMORE		10,081	10,618	537	5.3%
WHEATON CITY OF TRAVERSE		533,372	588,760	55,388	10.4%
WHITE BEAR LAKE (JT) RAMSEY		483,500	1,106,095	622,595	128.8%
WILDER CITY OF JACKSON		13,854	15,493	1,639	11.8%
WILLERNIE WASHINGTON		43,396	57,317	13,921	32.1%
WILLIAMS CITY OF LAKE OF THE WOODS		32,438	36,633	4,195	12.9%
WILLMAR CITY OF KANDIYOHI		4,251,631	4,783,211	531,580	12.5%
WILLOW RIVER CITY OF PINE		34,622	36,445	1,823	5.3%
WILMONT CITY OF NOBLES		74,482	82,675	8,193	11.0%
WILTON CITY OF BELTRAMI		1,243	4,115	2,872	231.1%
WINDOM CITY OF COTTONWOOD		1,064,362	1,190,528	126,166	11.9%
WINGER CITY OF POLK		38,036	40,058	2,022	5.3%
WINNEBAGO CITY OF FARIBAULT		510,798	564,934	54,136	10.6%
WINONA CITY OF WINONA		8,950,746	9,978,233	1,027,487	11.5%
WINSTED CITY OF MCLEOD		552,829	630,083	77,254	14.0%
WINTHROP CITY OF SIBLEY		376,390	421,807	45,417	12.1%
WINTON CITY OF ST LOUIS		29,743	31,320	1,577	5.3%
WOLF LAKE CITY OF BECKER		1,243	3,243	2,000	160.9%
WOLVERTON CITY OF WILKIN		21,221	23,858	2,637	12.4%
WOOD LAKE CITY OF YELLOW MEDICINE		103,924	109,707	5,783	5.6%
WOODBURY WASHINGTON		0	0	-	0.0%
WOODLAND HENNEPIN		0	0	-	0.0%
WOODSTOCK CITY OF PIPESTONE		30,619	34,122	3,503	11.4%
WORTHINGTON CITY OF NOBLES		2,740,209	3,042,144	301,935	11.0%
WRENSHALL CITY OF CARLTON		53,215	56,036	2,821	5.3%
WRIGHT CITY OF CARLTON		8,522	8,970	448	5.3%
WYKOFF CITY OF FILLMORE		112,059	120,840	8,781	7.8%
WYOMING CITY OF CHISAGO		0	0	-	0.0%
ZEMPLE CITY OF ITASCA		532	562	30	5.6%
ZIMMERMAN CITY OF SHERBURNE		276,069	353,116	77,047	27.9%
ZUMBRO FALLS CITY OF WABASHA		32,010	38,322	6,312	19.7%
ZUMBROTA CITY OF GOODHUE		423,018	507,523	84,505	20.0%
		436,558,200	522,558,200	86,000,000	19.7%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
A CITY OF	NORMAN	539,615	595,270	55,655	9.3%
ADAMS CITY OF	MOWER	166,336	186,872	20,536	11.0%
ADRIAN CITY OF	NOBLES	367,347	406,964	39,617	9.7%
AFTON	WASHINGTON	0	0	-	0.0%
AITKIN CITY OF	AITKIN	522,959	776,219	253,260	32.6%
AKELEY CITY OF	HUBBARD	61,817	61,817	-	0.0%
ALBANY CITY OF	STEARNS	462,048	602,120	140,072	23.3%
ALBERT LEA CITY OF	FREEBORN	5,449,680	6,024,570	574,890	9.5%
ALBERTA CITY OF	STEVENS	22,299	25,344	3,045	12.0%
ALBERTVILLE CITY OF	WRIGHT	0	0	-	0.0%
ALDEN CITY OF	FREEBORN	127,962	143,910	15,948	11.1%
ALDRICH CITY OF	WADENA	3,547	4,747	1,200	25.3%
ALEXANDRIA CITY OF	DOUGLAS	1,610,876	2,269,838	658,962	29.0%
ALPHA CITY OF	JACKSON	31,554	34,679	3,125	9.0%
ALTURA CITY OF	WINONA	38,665	38,893	228	0.6%
ALVARADO CITY OF	MARSHALL	32,529	41,729	9,200	22.0%
AMBOY CITY OF	BLUE EARTH	105,534	114,066	8,532	7.5%
ANDOVER	ANOKA	0	0	-	0.0%
ANNANDALE CITY OF	WRIGHT	279,663	338,783	59,120	17.5%
ANOKA	ANOKA	1,309,373	1,731,787	422,414	24.4%
APPLE VALLEY CITY OF	DAKOTA	0	0	-	0.0%
APPLETON CITY OF	SWIFT	849,142	1,112,079	262,937	23.6%
ARCO CITY OF	LINCOLN	21,655	23,848	2,193	9.2%
ARDEN HILLS	RAMSEY	0	0	-	0.0%
ARGYLE CITY OF	MARSHALL	167,001	185,656	18,655	10.0%
ARLINGTON CITY OF	SIBLEY	606,667	678,557	71,890	10.6%
ASHBY CITY OF	GRANT	98,208	109,948	11,740	10.7%
ASKOV CITY OF	PINE	52,240	59,134	6,894	11.7%
ATWATER CITY OF	KANDIYOHI	242,092	272,451	30,359	11.1%
AUDUBON CITY OF	BECKER	74,403	119,830	45,427	37.9%
AURORA CITY OF	ST LOUIS	601,107	672,031	70,924	10.6%
AUSTIN CITY OF	MOWER	6,826,286	7,564,485	738,199	9.8%
AVOCA CITY OF	MURRAY	27,202	30,169	2,967	9.8%
AVON CITY OF	STEARNS	223,131	260,070	36,939	14.2%
BABBITT CITY OF	ST LOUIS	185,422	395,826	210,404	53.2%
BACKUS CITY OF	CASS	25,300	31,010	5,710	18.4%
BADGER CITY OF	ROSEAU	88,457	98,584	10,127	10.3%
BAGLEY CITY OF	CLEARWATER	389,477	434,051	44,574	10.3%
BALATON CITY OF	LYON	164,625	182,088	17,463	9.6%
BARNESVILLE CITY OF	CLAY	426,066	540,205	114,139	21.1%
BARNUM CITY OF	CARLTON	108,450	122,783	14,333	11.7%
BARRETT CITY OF	GRANT	54,726	61,769	7,043	11.4%
BARRY CITY OF	BIG STONE	2,382	2,874	492	17.1%
BATTLE LAKE CITY OF	OTTERTAIL	96,485	105,735	9,250	8.7%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
BAUDETTE CITY OF	LAKE OF THE WOODS	278,632	315,238	36,606	11.6%
BAXTER CITY OF	CROW WING	0	0	-	0.0%
BAYPORT	WASHINGTON	329,896	652,131	322,235	49.4%
BEARDSLEY CITY OF	BIG STONE	65,700	72,381	6,681	9.2%
BEAVER BAY CITY OF	LAKE	26,981	26,981	-	0.0%
BEAVER CREEK CITY OF	ROCK	47,273	47,273	-	0.0%
BECKER CITY OF	SHERBURNE	0	0	-	0.0%
BEJOU CITY OF	MAHNOMEN	17,457	19,148	1,691	8.8%
BELGRADE CITY OF	STEARNS	141,411	160,020	18,609	11.6%
BELLE PLAINE	SCOTT	345,982	474,916	128,934	27.1%
BELLECHESTER CITY OF	GOODHUE	16,752	19,943	3,191	16.0%
BELLINGHAM CITY OF	LAC QUI PARLE	64,750	66,076	1,326	2.0%
BELTRAMI CITY OF	POLK	22,382	24,754	2,372	9.6%
BELVIEW CITY OF	REDWOOD	94,921	98,898	3,977	4.0%
BEMIDJI CITY OF	BELTRAMI	3,303,950	3,768,275	464,325	12.3%
BENA CITY OF	CASS	22,407	24,671	2,264	9.2%
BENSON CITY OF	SWIFT	829,741	919,009	89,268	9.7%
BERTHA CITY OF	TODD	132,887	132,887	-	0.0%
BETHEL	ANOKA	23,051	23,947	896	3.7%
BIG FALLS CITY OF	KOOCHICHING	62,729	62,729	-	0.0%
BIG LAKE CITY OF	SHERBURNE	454,851	611,608	156,757	25.6%
BIGELOW CITY OF	NOBLES	42,145	52,062	9,917	19.0%
BIGFORK CITY OF	ITASCA	90,064	90,064	-	0.0%
BINGHAM LAKE CITY OF	COTTONWOOD	30,501	34,869	4,368	12.5%
BIRCHWOOD	WASHINGTON	0	0	-	0.0%
BIRD ISLAND CITY OF	RENVILLE	358,406	397,255	38,849	9.8%
BISCAY CITY OF	MCLEOD	7,222	12,490	5,268	42.2%
BIWABIK CITY OF	ST LOUIS	360,169	360,169	-	0.0%
BLACKDUCK CITY OF	BELTRAMI	169,607	190,907	21,300	11.2%
BLAINE (JT)	ANOKA	0	0	-	0.0%
BLOMKEST CITY OF	KANDIYOHI	17,626	19,548	1,922	9.8%
BLOOMING PRAIRIE CITY	STEELE	612,984	723,758	110,774	15.3%
BLOOMINGTON	HENNEPIN	0	0	-	0.0%
BLUE EARTH CITY OF	FARIBAULT	1,182,380	1,509,435	327,055	21.7%
BLUFFTON CITY OF	OTTERTAIL	17,577	29,891	12,314	41.2%
BOCK CITY OF	MILLE LACS	9,377	13,621	4,244	31.2%
BORUP CITY OF	NORMAN	12,809	15,209	2,400	15.8%
BOVEY CITY OF	ITASCA	296,892	296,892	-	0.0%
BOWLUS CITY OF	MORRISON	27,230	32,639	5,409	16.6%
BOY RIVER CITY OF	CASS	2,358	3,558	1,200	33.7%
BOYD CITY OF	LAC QUI PARLE	77,530	77,530	-	0.0%
BRAHAM CITY OF	ISANTI	353,075	420,222	67,147	16.0%
BRAINERD CITY OF	CROW WING	3,854,275	4,355,858	501,583	11.5%
BRANDON CITY OF	DOUGLAS	86,059	97,356	11,297	11.6%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ECKENRIDGE CITY OF	WILKIN	1,144,623	1,266,716	122,093	9.6%
BREEZY POINT CITY OF	CROW WING	0	0	-	0.0%
BREWSTER CITY OF	NOBLES	100,846	146,997	46,151	31.4%
BRICELYN CITY OF	FARIBAULT	113,790	125,398	11,608	9.3%
BROOK PARK CITY OF	PINE	20,710	20,710	-	0.0%
BROOKLYN CENTER	HENNEPIN	582,375	1,136,848	554,473	48.8%
BROOKLYN PARK	HENNEPIN	0	0	-	0.0%
BROOKS CITY OF	RED LAKE	18,795	26,132	7,337	28.1%
BROOKSTON CITY OF	ST LOUIS	7,492	7,948	456	5.7%
BROOTEN CITY OF	STEARNS	144,667	158,373	13,706	8.7%
BROWERVILLE CITY OF	TODD	172,369	203,865	31,496	15.4%
BROWNS VALLEY CITY OF	TRAVERSE	289,140	289,140	-	0.0%
BROWNSDALE CITY OF	MOWER	134,214	163,455	29,241	17.9%
BROWNSVILLE CITY OF	HOUSTON	62,136	72,736	10,600	14.6%
BROWNTON CITY OF	MCLEOD	187,923	210,496	22,573	10.7%
BRUNO CITY OF	PINE	20,791	20,791	-	0.0%
BUCKMAN CITY OF	MORRISON	13,759	17,796	4,037	22.7%
BUFFALO CITY OF	WRIGHT	1,217,098	1,666,819	449,721	27.0%
BUFFALO LAKE CITY OF	RENVILLE	187,711	209,469	21,758	10.4%
BUHL CITY OF	ST LOUIS	391,845	391,845	-	0.0%
BURNSVILLE CITY OF	DAKOTA	0	0	-	0.0%
BURTRUM CITY OF	TODD	21,500	24,610	3,110	12.6%
BUTTERFIELD CITY OF	WATONWAN	134,395	148,740	14,345	9.6%
BYRON CITY OF	OLMSTED	188,433	264,486	76,053	28.8%
CALEDONIA CITY OF	HOUSTON	730,144	858,347	128,203	14.9%
CALLAWAY CITY OF	BECKER	33,981	38,205	4,224	11.1%
CALUMET CITY OF	ITASCA	141,079	141,079	-	0.0%
CAMBRIDGE CITY OF	ISANTI	533,150	710,738	177,588	25.0%
CAMPBELL CITY OF	WILKIN	45,951	50,959	5,008	9.8%
CANBY CITY OF	YELLOW MEDICINE	634,868	699,986	65,118	9.3%
CANNON FALLS CITY OF	GOODHUE	548,264	662,254	113,990	17.2%
CANTON CITY OF	FILLMORE	80,602	80,815	213	0.3%
CARLOS CITY OF	DOUGLAS	40,704	40,704	-	0.0%
CARLTON CITY OF	CARLTON	206,812	232,330	25,518	11.0%
CARVER CITY OF	CARVER	124,971	188,729	63,758	33.8%
CASS LAKE CITY OF	CASS	338,580	338,580	-	0.0%
CEDAR MILLS CITY OF	MEEKER	4,056	7,014	2,958	42.2%
CENTER CITY CITY OF	CHISAGO	48,930	48,930	-	0.0%
CENTERVILLE	ANOKA	0	0	-	0.0%
CEYLON CITY OF	MARTIN	122,364	126,343	3,979	3.1%
CHAMPLIN	HENNEPIN	0	25,000	25,000	100.0%
CHANDLER CITY OF	MURRAY	55,589	62,810	7,221	11.5%
CHANHASSEN (JT) CITY OF	CARVER	0	0	-	0.0%
CHASKA CITY OF	CARVER	50,000	50,000	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
CHATFIELD CITY OF	FILLMORE	666,773	781,142	114,369	14.6%
CHICKAMAW BEACH CITY OF	CASS	0	0	-	0.0%
CHISAGO CITY OF	CHISAGO	259,592	334,607	75,015	22.4%
CHISHOLM CITY OF	ST LOUIS	2,228,172	2,701,162	472,990	17.5%
CHOKIO CITY OF	STEVENS	121,551	121,551	-	0.0%
CIRCLE PINES	ANOKA	0	0	-	0.0%
CLARA CITY OF	CHIPPEWA	371,476	413,100	41,624	10.1%
CLAREMONT CITY OF	DODGE	144,319	161,033	16,714	10.4%
CLARISSA CITY OF	TODD	185,179	185,179	-	0.0%
CLARKFIELD CITY OF	YELLOW MEDICINE	314,440	320,182	5,742	1.8%
CLARKS GROVE CITY OF	FREEBORN	117,034	141,034	24,000	17.0%
CLEAR LAKE CITY OF	SHERBURNE	40,705	40,705	-	0.0%
CLEARBROOK CITY OF	CLEARWATER	129,966	143,983	14,017	9.7%
CLEARWATER CITY OF	WRIGHT	111,271	143,604	32,333	22.5%
CLEMENTS CITY OF	REDWOOD	32,926	36,562	3,636	9.9%
CLEVELAND CITY OF	LESUEUR	105,888	122,924	17,036	13.9%
CLIMAX CITY OF	POLK	46,094	46,094	-	0.0%
CLINTON CITY OF	BIG STONE	162,802	162,802	-	0.0%
CLITHERALL CITY OF	OTTERTAIL	13,148	14,108	960	6.8%
CLONTARF CITY OF	SWIFT	12,838	19,438	6,600	34.0%
CLOQUET CITY OF	CARLTON	2,212,877	2,422,451	209,574	8.7%
COATES CITY OF	DAKOTA	0	0	-	0.0%
COBDEN CITY OF	BROWN	2,380	2,880	500	17.4%
COHASSET CITY OF	ITASCA	0	0	-	0.0%
COKATO CITY OF	WRIGHT	434,068	505,849	71,781	14.2%
COLD SPRING CITY OF	STEARNS	510,319	600,729	90,410	15.1%
COLERAINE CITY OF	ITASCA	378,103	378,103	-	0.0%
COLOGNE CITY OF	CARVER	82,397	107,840	25,443	23.6%
COLUMBIA HEIGHTS	ANOKA	792,393	1,205,361	412,968	34.3%
COMFREY CITY OF	BROWN	110,990	110,990	-	0.0%
COMSTOCK CITY OF	CLAY	13,962	16,762	2,800	16.7%
CONGER CITY OF	FREEBORN	25,109	25,109	-	0.0%
COOK CITY OF	ST LOUIS	138,969	156,458	17,489	11.2%
COON RAPIDS	ANOKA	450,000	450,000	-	0.0%
CORCORAN	HENNEPIN	0	0	-	0.0%
CORRELL CITY OF	BIG STONE	8,784	9,760	976	10.0%
COSMOS CITY OF	MEEKER	125,327	137,055	11,728	8.6%
COTTAGE GROVE	WASHINGTON	0	0	-	0.0%
COTTONWOOD CITY OF	LYON	245,777	279,209	33,432	12.0%
COURTLAND CITY OF	NICOLLET	54,375	75,662	21,287	28.1%
CROMWELL CITY OF	CARLTON	21,841	26,366	4,525	17.2%
CROOKSTON CITY OF	POLK	2,792,733	3,074,879	282,146	9.2%
CROSBY CITY OF	CROW WING	679,608	849,242	169,634	20.0%
CROSSLAKE CITY OF	CROW WING	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
CRYSTAL	HENNEPIN	285,850	753,271	467,421	62.1%
CURRIE CITY OF	MURRAY	59,255	65,301	6,046	9.3%
CUYUNA CITY OF	CROW WING	13,071	13,071	-	0.0%
CYRUS CITY OF	POPE	62,846	70,109	7,263	10.4%
DAKOTA CITY OF	WINONA	27,498	34,040	6,542	19.2%
DALTON CITY OF	OTTERTAIL	40,717	45,932	5,215	11.4%
DANUBE CITY OF	RENVILLE	114,122	126,474	12,352	9.8%
DANVERS CITY OF	SWIFT	7,458	8,400	942	11.2%
DARFUR CITY OF	WATONWAN	24,191	34,191	10,000	29.2%
DARWIN CITY OF	MEEKER	15,792	25,792	10,000	38.8%
DASSEL CITY OF	MEEKER	314,913	356,647	41,734	11.7%
DAWSON CITY OF	LAC QUI PARLE	530,785	586,180	55,395	9.5%
DAYTON (JT)	HENNEPIN	0	0	-	0.0%
DEEPHAVEN	HENNEPIN	0	0	-	0.0%
DEER CREEK CITY OF	OTTERTAIL	52,629	60,930	8,301	13.6%
DEER RIVER CITY OF	ITASCA	250,271	277,971	27,700	10.0%
DEERWOOD CITY OF	CROW WING	41,492	41,492	-	0.0%
DEGRAFF CITY OF	SWIFT	14,903	20,322	5,419	26.7%
DELANO CITY OF	WRIGHT	154,340	252,778	98,438	38.9%
DELAVAN CITY OF	FARIBAULT	48,812	51,229	2,417	4.7%
DELL CITY OF	REDWOOD	14,566	16,304	1,738	10.7%
DELLWOOD	WASHINGTON	0	0	-	0.0%
DENHAM CITY OF	PINE	0	0	-	0.0%
DENNISON CITY OF	GOODHUE	16,712	18,488	1,776	9.6%
DENT CITY OF	OTTERTAIL	24,695	36,695	12,000	32.7%
DETROIT LAKES CITY OF	BECKER	936,170	1,150,289	214,119	18.6%
DEXTER CITY OF	MOWER	64,799	72,961	8,162	11.2%
DILWORTH CITY OF	CLAY	470,278	541,040	70,762	13.1%
DODGE CENTER CITY OF	DODGE	727,205	833,537	106,332	12.8%
DONALDSON CITY OF	KITTSO	4,558	5,348	790	14.8%
DONNELLY CITY OF	STEVENS	40,656	47,560	6,904	14.5%
DORAN CITY OF	WILKIN	11,406	12,881	1,475	11.5%
DOVER CITY OF	OLMSTED	84,634	116,437	31,803	27.3%
DOVRA	MURRAY	10,567	11,992	1,425	11.9%
DULUTH CITY OF	ST LOUIS	25,265,714	28,380,071	3,114,357	11.0%
DUMONT CITY OF	TRAVERSE	22,223	22,223	-	0.0%
DUNDAS CITY OF	RICE	74,692	96,175	21,483	22.3%
DUNDEE CITY OF	NOBLES	17,839	20,583	2,744	13.3%
DUNNELL CITY OF	MARTIN	54,098	59,497	5,399	9.1%
EAGAN CITY OF	DAKOTA	0	0	-	0.0%
EAGLE BEND CITY OF	TODD	163,031	163,031	-	0.0%
EAGLE LAKE CITY OF	BLUE EARTH	310,349	438,380	128,031	29.2%
EAST BETHEL	ANOKA	0	0	-	0.0%
EAST GRAND FORKS CITY OF	POLK	2,456,817	3,127,183	670,366	21.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
EAST GULL LAKE CITY OF	CASS	0	0	-	0.0%
EASTON CITY OF	FARIBAULT	38,470	38,470	-	0.0%
ECHO CITY OF	YELLOW MEDICINE	83,347	83,347	-	0.0%
EDEN PRAIRIE	HENNEPIN	0	0	-	0.0%
EDEN VALLEY CITY OF	MEEKER	204,770	231,566	26,796	11.6%
EDGERTON CITY OF	PIPESTONE	264,986	296,348	31,362	10.6%
EDINA	HENNEPIN	0	0	-	0.0%
EFFIE CITY OF	ITASCA	3,753	9,753	6,000	61.5%
EITZEN CITY OF	HOUSTON	26,514	31,269	4,755	15.2%
ELBA CITY OF	WINONA	11,892	19,366	7,474	38.6%
ELBOW LAKE CITY OF	GRANT	374,487	414,856	40,369	9.7%
ELGIN CITY OF	WABASHA	179,143	236,422	57,279	24.2%
ELIZABETH CITY OF	OTTERTAIL	25,839	29,031	3,192	11.0%
ELK RIVER CITY OF	SHERBURNE	686,820	867,540	180,720	20.8%
ELKO	SCOTT	0	0	-	0.0%
ELKTON CITY OF	MOWER	13,804	13,804	-	0.0%
ELLENDALE CITY OF	STEELE	99,162	113,562	14,400	12.7%
ELLSWORTH CITY OF	NOBLES	142,365	156,688	14,323	9.1%
ELMDALE CITY OF	MORRISON	5,751	6,758	1,007	14.9%
ELMORE CITY OF	FARIBAULT	194,581	214,626	20,045	9.3%
ELROSA CITY OF	STEARNS	18,162	21,780	3,618	16.6%
ELY CITY OF	ST LOUIS	1,487,847	1,791,961	304,114	17.0%
ELYSIAN CITY OF	LESUEUR	63,984	63,984	-	0.0%
EMILY CITY OF	CROW WING	0	0	-	0.0%
EMMONS CITY OF	FREEBORN	75,416	76,348	932	1.2%
ERHARD CITY OF	OTTERTAIL	19,567	23,567	4,000	17.0%
ERSKINE CITY OF	POLK	83,909	93,809	9,900	10.6%
EVAN CITY OF	BROWN	9,354	13,093	3,739	28.6%
EVANSVILLE CITY OF	DOUGLAS	102,701	116,117	13,416	11.6%
EVELETH CITY OF	ST LOUIS	1,759,239	2,161,111	401,872	18.6%
EXCELSIOR	HENNEPIN	117,145	151,416	34,271	22.6%
EYOTA CITY OF	OLMSTED	313,870	454,951	141,081	31.0%
FAIRFAX CITY OF	RENVILLE	388,885	430,014	41,129	9.6%
FAIRMONT CITY OF	MARTIN	3,594,250	4,302,668	708,418	16.5%
FALCON HEIGHTS	RAMSEY	170,270	289,705	119,435	41.2%
FARIBAULT CITY OF	RICE	6,040,145	6,848,330	808,185	11.8%
FARMINGTON CITY OF	DAKOTA	0	0	-	0.0%
FARWELL CITY OF	POPE	16,806	16,806	-	0.0%
FEDERAL DAM CITY OF	CASS	1,710	1,710	-	0.0%
FELTON CITY OF	CLAY	31,963	31,963	-	0.0%
FERGUS FALLS CITY OF	OTTERTAIL	3,799,430	4,266,049	466,619	10.9%
FERTILE CITY OF	POLK	216,637	240,309	23,672	9.9%
FIFTY LAKES CITY OF	CROW WING	0	0	-	0.0%
FINLAYSON CITY OF	PINE	32,097	39,228	7,131	18.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
HER CITY OF	POLK	59,254	78,564	19,310	24.6%
HLENSBURG CITY OF	MORRISON	20,801	21,599	798	3.7%
FLOODWOOD CITY OF	ST LOUIS	144,844	144,844	-	0.0%
FLORENCE CITY OF	LYON	10,560	10,560	-	0.0%
FOLEY CITY OF	BENTON	603,806	811,212	207,406	25.6%
FORADA CITY OF	DOUGLAS	0	0	-	0.0%
FOREST LAKE	WASHINGTON	0	0	-	0.0%
FORESTON CITY OF	MILLE LACS	54,798	78,914	24,116	30.6%
FORT RIPLEY CITY OF	CROW WING	0	0	-	0.0%
FOSSTON CITY OF	POLK	471,854	555,822	83,968	15.1%
FOUNTAIN CITY OF	FILLMORE	46,333	55,271	8,938	16.2%
FOXHOME CITY OF	WILKIN	22,650	25,229	2,579	10.2%
FRANKLIN CITY OF	RENVILLE	138,378	138,378	-	0.0%
FRAZEE CITY OF	BECKER	309,018	403,164	94,146	23.4%
FREEBORN CITY OF	FREEBORN	46,063	52,070	6,007	11.5%
FREEPORT CITY OF	STEARNS	77,525	77,525	-	0.0%
FRIDLEY	ANOKA	0	0	-	0.0%
FROST CITY OF	FARIBAULT	49,260	51,161	1,901	3.7%
FULDA CITY OF	MURRAY	392,527	433,290	40,763	9.4%
FUNKLEY CITY OF	BELTRAMI	41	41	-	0.0%
FIELD CITY OF	DOUGLAS	26,186	37,431	11,245	30.0%
GARRISON CITY OF	CROW WING	0	0	-	0.0%
GARVIN CITY OF	LYON	42,957	42,957	-	0.0%
GARY CITY OF	NORMAN	59,095	59,095	-	0.0%
GAYLORD CITY OF	SIBLEY	682,962	808,138	125,176	15.5%
GEM LAKE	RAMSEY	0	0	-	0.0%
GENEVA CITY OF	FREEBORN	61,206	71,170	9,964	14.0%
GENOLA CITY OF	MORRISON	1,053	2,731	1,678	61.4%
GEORGETOWN CITY OF	CLAY	9,135	10,706	1,571	14.7%
GHENT CITY OF	LYON	54,684	61,355	6,671	10.9%
GIBBON CITY OF	SIBLEY	196,203	217,900	21,697	10.0%
GILBERT CITY OF	ST LOUIS	693,196	742,777	49,581	6.7%
GILMAN CITY OF	BENTON	1,938	5,216	3,278	62.8%
GLENCOE CITY OF	MCLEOD	1,080,707	1,235,701	154,994	12.5%
GLENVILLE CITY OF	FREEBORN	142,114	172,881	30,767	17.8%
GLENWOOD CITY OF	POPE	694,971	785,224	90,253	11.5%
GLYNDON CITY OF	CLAY	218,993	281,302	62,309	22.2%
GOLDEN VALLEY	HENNEPIN	0	0	-	0.0%
GONVICK CITY OF	CLEARWATER	65,933	65,933	-	0.0%
GOOD THUNDER CITY OF	BLUE EARTH	118,220	132,588	14,368	10.8%
GOODHUE CITY OF	GOODHUE	166,849	195,336	28,487	14.6%
GOODRIDGE CITY OF	PENNINGTON	23,259	23,259	-	0.0%
GOODVIEW CITY OF	WINONA	86,182	148,983	62,801	42.2%
GRACEVILLE CITY OF	BIG STONE	185,443	185,443	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
GRANADA CITY OF	MARTIN	78,465	88,442	9,977	11.3%
GRAND MARAIS CITY OF	COOK	204,709	204,709	-	0.0%
GRAND MEADOW CITY OF	MOWER	224,512	252,560	28,048	11.1%
GRAND RAPIDS CITY OF	ITASCA	1,255,606	1,501,847	246,241	16.4%
GRANITE FALLS CITY OF	YELLOW MEDICINE	639,966	724,613	84,647	11.7%
GRANT	WASHINGTON	0	0	-	0.0%
GRASSTON CITY OF	KANABEC	18,260	18,260	-	0.0%
GREEN ISLE CITY OF	SIBLEY	38,366	38,366	-	0.0%
GREENBUSH CITY OF	ROSEAU	174,655	190,983	16,328	8.5%
GREENFIELD	HENNEPIN	0	0	-	0.0%
GREENWALD CITY OF	STEARNS	14,976	24,976	10,000	40.0%
GREENWOOD	HENNEPIN	0	0	-	0.0%
GREY EAGLE CITY OF	TODD	72,940	72,940	-	0.0%
GROVE CITY CITY OF	MEEKER	144,947	158,340	13,393	8.5%
GRYGLA CITY OF	MARSHALL	37,107	37,107	-	0.0%
GULLY CITY OF	POLK	11,636	14,247	2,611	18.3%
HACKENSACK CITY OF	CASS	6,454	6,454	-	0.0%
HADLEY CITY OF	MURRAY	11,696	13,199	1,503	11.4%
HALLOCK CITY OF	KITTSOON	379,536	417,463	37,927	9.1%
HALMA CITY OF	KITTSOON	8,124	8,989	865	9.6%
HALSTAD CITY OF	NORMAN	144,671	160,059	15,388	9.6%
HAM LAKE	ANOKA	0	0	-	0.0%
HAMBURG CITY OF	CARVER	39,752	51,677	11,925	23.1%
HAMMOND CITY OF	WABASHA	25,438	34,758	9,320	26.8%
HAMPTON CITY OF	DAKOTA	36,750	63,082	26,332	41.7%
HANCOCK CITY OF	STEVENS	186,188	205,714	19,526	9.5%
HANLEY FALLS CITY OF	YELLOW MEDICINE	65,035	71,484	6,449	9.0%
HANOVER (JT)	WRIGHT	187,245	329,267	142,022	43.1%
HANSKA CITY OF	BROWN	96,748	107,958	11,210	10.4%
HARDING CITY OF	MORRISON	656	1,498	842	56.2%
HARDWICK CITY OF	ROCK	42,307	46,830	4,523	9.7%
HARMONY CITY OF	FILLMORE	321,309	358,361	37,052	10.3%
HARRIS CITY OF	CHISAGO	123,870	161,132	37,262	23.1%
HARTLAND CITY OF	FREEBORN	50,326	56,833	6,507	11.4%
HASTINGS (JT) CITY OF	DAKOTA	89,586	505,018	415,432	82.3%
HATFIELD CITY OF	PIPESTONE	3,481	4,432	951	21.5%
HAWLEY CITY OF	CLAY	363,117	487,109	123,992	25.5%
HAYFIELD CITY OF	DODGE	340,042	382,432	42,390	11.1%
HAYWARD CITY OF	FREEBORN	28,599	30,605	2,006	6.6%
HAZEL RUN CITY OF	YELLOW MEDICINE	13,362	14,869	1,507	10.1%
HECTOR CITY OF	RENVILLE	297,034	332,098	35,064	10.6%
HEIDELBERG CITY OF	LESUEUR	66	66	-	0.0%
HENDERSON CITY OF	SIBLEY	219,152	247,460	28,308	11.4%
HENDRICKS CITY OF	LINCOLN	171,473	190,159	18,686	9.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
ANDRUM CITY OF	NORMAN	56,996	63,697	6,701	10.5%
BENNING CITY OF	OTTERTAIL	192,958	215,837	22,879	10.6%
HENRIETTE CITY OF	PINE	6,062	9,262	3,200	34.5%
HERMAN CITY OF	GRANT	129,787	129,787	-	0.0%
HERMANTOWN CITY OF	ST LOUIS	326,414	508,948	182,534	35.9%
HERON LAKE CITY OF	JACKSON	228,792	252,118	23,326	9.3%
HEWITT CITY OF	TODD	51,304	57,221	5,917	10.3%
HIBBING CITY OF	ST LOUIS	6,740,035	8,355,264	1,615,229	19.3%
HILL CITY CITY OF	AITKIN	51,960	60,058	8,098	13.5%
HILLMAN CITY OF	MORRISON	3,242	4,650	1,408	30.3%
HILLS CITY OF	ROCK	120,756	135,281	14,525	10.7%
HILLTOP	ANOKA	118,206	138,729	20,523	14.8%
HINCKLEY CITY OF	PINE	225,390	275,057	49,667	18.1%
HITTERDAL CITY OF	CLAY	43,990	43,990	-	0.0%
HOFFMAN CITY OF	GRANT	141,765	160,678	18,913	11.8%
HOKAH CITY OF	HOUSTON	174,052	174,052	-	0.0%
HOLDINGFORD CITY OF	STEARNS	117,720	128,488	10,768	8.4%
HOLLAND CITY OF	PIPESTONE	41,908	46,460	4,552	9.8%
HOLLANDALE CITY OF	FREEBORN	35,863	41,640	5,777	13.9%
HOLLOWAY CITY OF	SWIFT	17,203	17,203	-	0.0%
HOLT CITY OF	MARSHALL	11,821	13,821	2,000	14.5%
HOPKINS	HENNEPIN	50,000	50,000	-	0.0%
HOUSTON CITY OF	HOUSTON	292,122	324,212	32,090	9.9%
HOWARD LAKE CITY OF	WRIGHT	417,925	517,396	99,471	19.2%
HOYT LAKES CITY OF	ST LOUIS	317,053	490,066	173,013	35.3%
HUGO	WASHINGTON	0	0	-	0.0%
HUMBOLDT CITY OF	KITTSOON	10,360	11,598	1,238	10.7%
HUTCHINSON CITY OF	MCLEOD	2,099,268	2,977,062	877,794	29.5%
IHLEN CITY OF	PIPESTONE	16,153	16,691	538	3.2%
INDEPENDENCE	HENNEPIN	0	0	-	0.0%
INTL FALLS CITY OF	KOOCHICHING	2,990,707	3,593,900	603,193	16.8%
INVER GROVE HEIGHTS CITY OF	DAKOTA	0	0	-	0.0%
IONA CITY OF	MURRAY	36,358	36,358	-	0.0%
IRON JUNCTION CITY OF	ST LOUIS	8,149	10,289	2,140	20.8%
IRONTON CITY OF	CROW WING	122,944	122,944	-	0.0%
ISANTI CITY OF	ISANTI	443,039	535,718	92,679	17.3%
ISLE CITY OF	MILLE LACS	65,647	85,427	19,780	23.2%
IVANHOE CITY OF	LINCOLN	182,881	182,881	-	0.0%
JACKSON CITY OF	JACKSON	1,019,265	1,130,966	111,701	9.9%
JANESVILLE CITY OF	WASECA	554,789	743,082	188,293	25.3%
JANESVILLE CITY OF	PIPESTONE	159,462	176,467	17,005	9.6%
JEFFERS CITY OF	COTTONWOOD	104,976	115,788	10,812	9.3%
JENKINS CITY OF	CROW WING	4,254	6,760	2,506	37.1%
JOHNSON CITY OF	BIG STONE	5,690	6,866	1,176	17.1%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
JORDAN	SCOTT	262,725	366,428	103,703	28.3%
KANDIYOHI CITY OF	KANDIYOHI	80,509	91,800	11,291	12.3%
KARLSTAD CITY OF	KITTSO	201,166	222,282	21,116	9.5%
KASOTA CITY OF	LESUEUR	99,939	118,207	18,268	15.5%
KASSON CITY OF	DODGE	820,854	969,757	148,903	15.4%
KEEWATIN CITY OF	ITASCA	417,141	417,141	-	0.0%
KELLIHER CITY OF	BELTRAMI	82,093	95,883	13,790	14.4%
KELLOGG CITY OF	WABASHA	69,537	80,067	10,530	13.2%
KENNEDY CITY OF	KITTSO	58,026	63,904	5,878	9.2%
KENNETH CITY OF	ROCK	12,520	12,520	-	0.0%
KENSINGTON CITY OF	DOUGLAS	48,941	55,140	6,199	11.2%
KENT CITY OF	WILKIN	18,467	20,131	1,664	8.3%
KENYON CITY OF	GOODHUE	449,116	519,068	69,952	13.5%
KERKHOVEN CITY OF	SWIFT	147,240	165,474	18,234	11.0%
KERRICK CITY OF	PINE	4,215	4,215	-	0.0%
KETTLE RIVER CITY OF	CARLTON	27,187	27,187	-	0.0%
KIESTER CITY OF	FARIBAULT	153,913	153,913	-	0.0%
KILKENNY CITY OF	LESUEUR	32,551	32,551	-	0.0%
KIMBALL CITY OF	STEARNS	119,458	137,376	17,918	13.0%
KINBRAE CITY OF	NOBLES	563	563	-	0.0%
KINGSTON CITY OF	MEEKER	8,732	8,732	-	0.0%
KINNEY CITY OF	ST LOUIS	71,575	71,575	-	0.0%
LACRESCENT CITY OF	HOUSTON	486,283	596,154	109,871	18.4%
LAFAYETTE CITY OF	NICOLLET	121,392	135,281	13,889	10.3%
LAKE BENTON CITY OF	LINCOLN	211,796	211,796	-	0.0%
LAKE BRONSON CITY OF	KITTSO	59,381	65,063	5,682	8.7%
LAKE CITY CITY OF	WABASHA	840,421	1,001,159	160,738	16.1%
LAKE CRYSTAL CITY OF	BLUE EARTH	584,078	804,948	220,870	27.4%
LAKE ELMO	WASHINGTON	0	0	-	0.0%
LAKE HENRY CITY OF	STEARNS	6,275	7,546	1,271	16.8%
LAKE LILLIAN CITY OF	KANDIYOHI	41,775	41,775	-	0.0%
LAKE PARK CITY OF	BECKER	171,530	204,470	32,940	16.1%
LAKE SAINT CROIX BEACH	WASHINGTON	30,419	52,053	21,634	41.6%
LAKE SHORE CITY OF	CASS	0	0	-	0.0%
LAKE WILSON CITY OF	MURRAY	61,780	68,443	6,663	9.7%
LAKEFIELD CITY OF	JACKSON	605,392	666,819	61,427	9.2%
LAKELAND	WASHINGTON	79,790	94,060	14,270	15.2%
LAKELAND SHORES	WASHINGTON	0	0	-	0.0%
LAKEVILLE CITY OF	DAKOTA	0	0	-	0.0%
LAMBERTON CITY OF	REDWOOD	255,492	282,434	26,942	9.5%
LANCASTER CITY OF	KITTSO	68,326	74,897	6,571	8.8%
LANDFALL	WASHINGTON	95,428	173,831	78,403	45.1%
LANESBORO CITY OF	FILLMORE	206,026	206,026	-	0.0%
LAPORTE CITY OF	HUBBARD	8,910	10,222	1,312	12.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
PRAIRIE CITY OF	ITASCA	62,970	77,399	14,429	18.6%
SALLE CITY OF	WATONWAN	15,268	17,983	2,715	15.1%
LASTRUP CITY OF	MORRISON	2,554	2,554	-	0.0%
LAUDERDALE	RAMSEY	345,438	540,342	194,904	36.1%
LECENTER CITY OF	LESUEUR	530,356	669,096	138,740	20.7%
LENGBY CITY OF	POLK	25,020	25,020	-	0.0%
LEONARD CITY OF	CLEARWATER	2,786	3,606	820	22.7%
LEONIDAS CITY OF	ST LOUIS	40,294	40,294	-	0.0%
LEROY CITY OF	MOWER	232,169	260,158	27,989	10.8%
LESTER PRAIRIE CITY OF	MCLEOD	325,398	412,790	87,392	21.2%
LESUEUR CITY OF	LESUEUR	890,537	1,015,142	124,605	12.3%
LEWISTON CITY OF	WINONA	317,774	406,670	88,896	21.9%
LEWISVILLE CITY OF	WATONWAN	55,437	63,061	7,624	12.1%
LEXINGTON	ANOKA	413,035	483,303	70,268	14.5%
LILYDALE CITY OF	DAKOTA	0	0	-	0.0%
LINDSTROM CITY OF	CHISAGO	132,163	221,137	88,974	40.2%
LINO LAKES	ANOKA	0	0	-	0.0%
LISMORE CITY OF	NOBLES	62,028	63,451	1,423	2.2%
LITCHFIELD CITY OF	MEEKER	1,613,189	1,856,152	242,963	13.1%
LITTLE CANADA	RAMSEY	0	0	-	0.0%
LITTLE FALLS CITY OF	MORRISON	2,120,694	2,387,512	266,818	11.2%
LITTLEFORK CITY OF	KOOCHICHING	179,735	211,461	31,726	15.0%
LONG BEACH CITY OF	POPE	0	0	-	0.0%
LONG LAKE	HENNEPIN	145,369	167,473	22,104	13.2%
LONG PRAIRIE CITY OF	TODD	707,239	801,882	94,643	11.8%
LONGVILLE CITY OF	CASS	0	0	-	0.0%
LONSDALE CITY OF	RICE	277,373	342,016	64,643	18.9%
LORETTO	HENNEPIN	7,104	7,104	-	0.0%
LOUISBURG CITY OF	LAC QUI PARLE	6,668	10,074	3,406	33.8%
LOWRY CITY OF	POPE	49,767	49,767	-	0.0%
LUCAN CITY OF	REDWOOD	52,355	52,355	-	0.0%
LUVERNE CITY OF	ROCK	1,210,180	1,350,660	140,480	10.4%
LYLE CITY OF	MOWER	140,507	154,930	14,423	9.3%
LYND CITY OF	LYON	56,382	58,333	1,951	3.3%
MABEL CITY OF	FILLMORE	197,641	216,716	19,075	8.8%
MADELIA CITY OF	WATONWAN	647,531	809,736	162,205	20.0%
MADISON CITY OF	LAC QUI PARLE	715,089	782,861	67,772	8.7%
MADISON LAKE CITY OF	BLUE EARTH	117,636	122,085	4,449	3.6%
MAGNOLIA CITY OF	ROCK	27,173	36,695	9,522	25.9%
MAHNOMEN CITY OF	MAHNOMEN	311,326	356,792	45,466	12.7%
MAHTOMEDI	WASHINGTON	0	0	-	0.0%
MARCHESTER CITY OF	FREEBORN	9,034	10,994	1,960	17.8%
MANHATTAN BEACH CITY OF	CROW WING	0	0	-	0.0%
MANKATO CITY OF	BLUE EARTH	6,864,092	8,018,996	1,154,904	14.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
MANTORVILLE CITY OF	DODGE	202,188	234,239	32,051	13.7%
MAPLE GROVE	HENNEPIN	0	0	-	0.0%
MAPLE LAKE CITY OF	WRIGHT	329,305	388,996	59,691	15.3%
MAPLE PLAIN	HENNEPIN	311,568	397,988	86,420	21.7%
MAPLETON CITY OF	BLUE EARTH	416,071	526,673	110,602	21.0%
MAPLEVIEW CITY OF	MOWER	59,661	59,661	-	0.0%
MAPLEWOOD	RAMSEY	0	0	-	0.0%
MARBLE CITY OF	ITASCA	262,714	262,714	-	0.0%
MARIETTA CITY OF	LAC QUI PARLE	60,089	60,089	-	0.0%
MARINE ON SAINT CROIX	WASHINGTON	0	0	-	0.0%
MARSHALL CITY OF	LYON	2,375,142	2,696,648	321,506	11.9%
MAYER CITY OF	CARVER	40,612	65,169	24,557	37.7%
MAYNARD CITY OF	CHIPPEWA	124,371	124,371	-	0.0%
MAZEPPA CITY OF	WABASHA	134,475	154,256	19,781	12.8%
MCGRATH CITY OF	AITKIN	3,096	3,989	893	22.4%
MCGREGOR CITY OF	AITKIN	84,273	94,833	10,560	11.1%
MCINTOSH CITY OF	POLK	172,259	189,899	17,640	9.3%
MCKINLEY CITY OF	ST LOUIS	59,976	59,976	-	0.0%
MEADOWLANDS CITY OF	ST LOUIS	10,795	11,135	340	3.1%
MEDFORD CITY OF	STEELE	172,561	205,488	32,927	16.0%
MEDICINE LAKE	HENNEPIN	0	0	-	0.0%
MEDINA	HENNEPIN	0	0	-	0.0%
MEIRE GROVE CITY OF	STEARNS	10,552	10,552	-	0.0%
MELROSE CITY OF	STEARNS	653,175	742,652	89,477	12.0%
MENAHGA CITY OF	WADENA	283,493	319,495	36,002	11.3%
MENDOTA CITY OF	DAKOTA	830	1,987	1,157	58.2%
MENDOTA HEIGHTS CITY OF	DAKOTA	0	0	-	0.0%
MENTOR CITY OF	POLK	19,450	30,525	11,075	36.3%
MIDDLE RIVER CITY OF	MARSHALL	56,629	73,021	16,392	22.4%
MIESVILLE CITY OF	DAKOTA	0	0	-	0.0%
MILACA CITY OF	MILLE LACS	599,435	703,577	104,142	14.8%
MILAN CITY OF	CHIPPEWA	94,384	94,384	-	0.0%
MILLERVILLE CITY OF	DOUGLAS	1,207	1,527	320	21.0%
MILLVILLE CITY OF	WABASHA	19,208	22,689	3,481	15.3%
MILROY CITY OF	REDWOOD	47,817	53,517	5,700	10.7%
MILTONA CITY OF	DOUGLAS	24,235	29,598	5,363	18.1%
MINNEAPOLIS	HENNEPIN	78,561,939	93,401,537	14,839,598	15.9%
MINNEISKA CITY OF	WABASHA	7,065	7,065	-	0.0%
MINNEOTA CITY OF	LYON	401,273	445,852	44,579	10.0%
MINNESOTA CITY CITY OF	WINONA	28,955	38,415	9,460	24.6%
MINNESOTA LAKE CITY OF	FARIBAULT	152,514	152,514	-	0.0%
MINNETONKA BEACH CITY	HENNEPIN	0	0	-	0.0%
MINNETONKA CITY OF	HENNEPIN	0	0	-	0.0%
MINNETRISTA	HENNEPIN	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ANDOVER CITY OF	KOOCHICHING	4,171	4,971	800	16.1%
ANTONETOWN CITY OF	CHIPPEWA	1,644,596	1,825,724	181,128	9.9%
MONTGOMERY CITY OF	LESUEUR	689,411	785,000	95,589	12.2%
MONTICELLO CITY OF	WRIGHT	0	348,720	348,720	100.0%
MONTROSE CITY OF	WRIGHT	237,255	424,056	186,801	44.1%
MOORHEAD CITY OF	CLAY	8,059,758	9,124,290	1,064,532	11.7%
MOOSE LAKE CITY OF	CARLTON	386,857	494,857	108,000	21.8%
MORA CITY OF	KANABEC	609,201	728,957	119,756	16.4%
MORGAN CITY OF	REDWOOD	274,453	279,086	4,633	1.7%
MORRIS CITY OF	STEVENS	1,738,170	2,080,840	342,670	16.5%
MORRISTOWN CITY OF	RICE	186,468	255,684	69,216	27.1%
MORTON CITY OF	RENVILLE	116,667	129,049	12,382	9.6%
MOTLEY CITY OF	MORRISON	117,888	145,082	27,194	18.7%
MOUND	HENNEPIN	0	0	-	0.0%
MOUNDS VIEW	RAMSEY	0	179,072	179,072	100.0%
MT IRON CITY OF	ST LOUIS	606,349	926,759	320,410	34.6%
MT LAKE CITY OF	COTTONWOOD	743,576	885,035	141,459	16.0%
MURDOCK CITY OF	SWIFT	57,140	60,838	3,698	6.1%
MYRTLE CITY OF	FREEBORN	9,662	11,356	1,694	14.9%
NASHUA CITY OF	WILKIN	43	964	921	95.5%
NASHUA CITY OF	ITASCA	474,546	474,546	-	0.0%
NASSAU CITY OF	LAC QUI PARLE	12,461	17,478	5,017	28.7%
NELSON CITY OF	DOUGLAS	20,136	27,175	7,039	25.9%
NERSTRAND CITY OF	RICE	18,913	18,913	-	0.0%
NEVIS CITY OF	HUBBARD	53,847	53,847	-	0.0%
NEW AUBURN CITY OF	SIBLEY	86,657	103,069	16,412	15.9%
NEW BRIGHTON	RAMSEY	0	0	-	0.0%
NEW GERMANY CITY OF	CARVER	10,965	18,145	7,180	39.6%
NEW HOPE	HENNEPIN	323,157	752,689	429,532	57.1%
NEW LONDON CITY OF	KANDIYOHI	240,014	299,559	59,545	19.9%
NEW MARKET	SCOTT	2,867	31,868	29,001	91.0%
NEW MUNICH CITY OF	STEARNS	53,853	63,228	9,375	14.8%
NEW PRAGUE	SCOTT	638,707	788,470	149,763	19.0%
NEW RICHLAND CITY OF	WASECA	298,048	349,429	51,381	14.7%
NEW TRIER CITY OF	DAKOTA	419	419	-	0.0%
NEW ULM CITY OF	BROWN	3,890,338	4,356,541	466,203	10.7%
NEW YORK MILLS CITY OF	OTTERTAIL	328,743	366,412	37,669	10.3%
NEWFOLDEN CITY OF	MARSHALL	66,418	71,146	4,728	6.6%
NEWPORT	WASHINGTON	552,137	663,241	111,104	16.8%
NICOLLET CITY OF	NICOLLET	168,486	211,663	43,177	20.4%
NORFOLK CITY OF	POLK	19,333	21,124	1,791	8.5%
NORFOLK CITY OF	WADENA	2,216	3,073	857	27.9%
NISSWA CITY OF	CROW WING	0	0	-	0.0%
NORCROSS CITY OF	GRANT	19,711	19,711	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
NORTH BRANCH CITY OF	CHISAGO	252,441	451,067	198,626	44.0%
NORTH MANKATO CITY OF	NICOLLET	1,690,738	2,048,174	357,436	17.5%
NORTH OAKS	RAMSEY	0	0	-	0.0%
NORTH SAINT PAUL	RAMSEY	788,109	1,027,829	239,720	23.3%
NORTHFIELD CITY OF	RICE	2,877,257	3,421,636	544,379	15.9%
NORTHHOME CITY OF	KOOCHICHING	56,739	62,607	5,868	9.4%
NORTHROP CITY OF	MARTIN	38,459	43,212	4,753	11.0%
NORWOOD YOUNG AMERIC	CARVER	170,124	247,212	77,088	31.2%
OAK GROVE	ANOKA	200,000	200,000	-	0.0%
OAK PARK HEIGHTS	WASHINGTON	0	0	-	0.0%
OAKDALE	WASHINGTON	0	0	-	0.0%
ODESSA CITY OF	BIG STONE	44,573	44,573	-	0.0%
ODIN CITY OF	WATONWAN	20,058	23,604	3,546	15.0%
OGEMA CITY OF	BECKER	29,488	29,488	-	0.0%
OGILVIE CITY OF	KANABEC	104,317	117,265	12,948	11.0%
OKABENA CITY OF	JACKSON	42,359	45,626	3,267	7.2%
OKLEE CITY OF	RED LAKE	106,130	106,130	-	0.0%
OLIVIA CITY OF	RENVILLE	824,817	1,065,437	240,620	22.6%
ONAMIA CITY OF	MILLE LACS	176,039	229,447	53,408	23.3%
ORMSBY CITY OF	WATONWAN	22,775	25,708	2,933	11.4%
ORONO	HENNEPIN	0	0	-	0.0%
ORONOCO CITY OF	OLMSTED	66,073	66,073	-	0.0%
ORR CITY OF	ST LOUIS	46,440	46,440	-	0.0%
ORTONVILLE CITY OF	BIG STONE	721,955	783,414	61,459	7.8%
OSAKIS CITY OF	DOUGLAS	409,206	461,595	52,389	11.3%
OSLO CITY OF	MARSHALL	77,944	77,944	-	0.0%
OSSEO	HENNEPIN	347,257	920,452	573,195	62.3%
OSTRANDER CITY OF	FILLMORE	32,904	37,918	5,014	13.2%
OTSEGO CITY OF	WRIGHT	0	339,720	339,720	100.0%
OTTERTAIL CITY OF	OTTERTAIL	0	0	-	0.0%
OWATONNA CITY OF	STEELE	4,521,729	5,229,607	707,878	13.5%
PALISADE CITY OF	AITKIN	16,499	21,816	5,317	24.4%
PARK RAPIDS CITY OF	HUBBARD	561,107	661,383	100,276	15.2%
PARKERS PRAIRIE CITY OF	OTTERTAIL	243,498	273,306	29,808	10.9%
PAYNESVILLE CITY OF	STEARNS	565,438	751,620	186,182	24.8%
PEASE CITY OF	MILLE LACS	13,410	16,622	3,212	19.3%
PELICAN RAPIDS CITY OF	OTTERTAIL	590,813	823,223	232,410	28.2%
PEMBERTON CITY OF	BLUE EARTH	22,711	27,216	4,505	16.6%
PENNOCK CITY OF	KANDIYOHI	93,178	110,963	17,785	16.0%
PEQUOT LAKES CITY OF	CROW WING	89,623	89,623	-	0.0%
PERHAM CITY OF	OTTERTAIL	492,773	567,397	74,624	13.2%
PERLEY CITY OF	NORMAN	18,652	20,968	2,316	11.0%
PETERSON CITY OF	FILLMORE	38,244	43,810	5,566	12.7%
PIERZ CITY OF	MORRISON	225,804	321,999	96,195	29.9%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
LAGER CITY OF	CASS	103,273	131,305	28,032	21.3%
PINE CITY CITY OF	PINE	469,975	561,774	91,799	16.3%
PINE ISLAND CITY OF	GOODHUE	569,508	668,692	99,184	14.8%
PINE RIVER CITY OF	CASS	218,942	247,656	28,714	11.6%
PINE SPRINGS	WASHINGTON	0	0	-	0.0%
PIPESTONE CITY OF	PIPESTONE	1,430,240	1,624,883	194,643	12.0%
PLAINVIEW CITY OF	WABASHA	545,172	629,819	84,647	13.4%
PLATO CITY OF	MCLEOD	26,648	26,648	-	0.0%
PLUMMER CITY OF	RED LAKE	44,945	44,945	-	0.0%
PLYMOUTH	HENNEPIN	0	0	-	0.0%
PORTER CITY OF	YELLOW MEDICINE	42,413	42,413	-	0.0%
PRESTON CITY OF	FILLMORE	445,449	496,923	51,474	10.4%
PRINCETON CITY OF	MILLE LACS	683,470	802,328	118,858	14.8%
PRINSBURG CITY OF	KANDIYOHI	83,810	83,810	-	0.0%
PRIOR LAKE	SCOTT	0	0	-	0.0%
PROCTOR CITY OF	ST LOUIS	804,565	1,077,303	272,738	25.3%
QUAMBA CITY OF	KANABEC	9,062	15,977	6,915	43.3%
RACINE CITY OF	MOWER	42,784	50,845	8,061	15.9%
RAMSEY	ANOKA	0	0	-	0.0%
RANDALL CITY OF	MORRISON	90,267	117,473	27,206	23.2%
RANDOLPH CITY OF	DAKOTA	4,752	6,378	1,626	25.5%
RANIER CITY OF	KOOCHICHING	20,200	23,825	3,625	15.2%
RAYMOND CITY OF	KANDIYOHI	177,485	197,985	20,500	10.4%
RED LAKE FALLS CITY OF	RED LAKE	522,121	574,452	52,331	9.1%
RED WING CITY OF	GOODHUE	1,422,974	1,915,159	492,185	25.7%
REDWOOD FALLS CITY OF	REDWOOD	1,048,654	1,188,328	139,674	11.8%
REGAL CITY OF	KANDIYOHI	882	1,441	559	38.8%
REMER CITY OF	CASS	46,721	46,868	147	0.3%
RENVILLE CITY OF	RENVILLE	411,695	454,739	43,044	9.5%
REVERE CITY OF	REDWOOD	22,621	22,621	-	0.0%
RICE CITY OF	BENTON	83,051	160,601	77,550	48.3%
RICHFIELD	HENNEPIN	1,035,146	1,865,385	830,239	44.5%
RICHMOND CITY OF	STEARNS	243,481	281,988	38,507	13.7%
RICHVILLE CITY OF	OTTERTAIL	9,083	14,259	5,176	36.3%
RIVERTON CITY OF	CROW WING	6,904	6,904	-	0.0%
ROBBINSDALE	HENNEPIN	1,031,015	1,227,070	196,055	16.0%
ROCHESTER CITY OF	OLMSTED	5,323,430	7,514,914	2,191,484	29.2%
ROCK CREEK CITY OF	PINE	110,615	159,337	48,722	30.6%
ROCKFORD (JT)	WRIGHT	275,064	349,522	74,458	21.3%
ROCKVILLE CITY OF	STEARNS	44,602	97,071	52,469	54.1%
ROGERS	HENNEPIN	0	0	-	0.0%
ROLLINGSTONE CITY OF	WINONA	102,369	122,339	19,970	16.3%
RONNEBY CITY OF	BENTON	2,974	3,792	818	21.6%
ROOSEVELT CITY OF	ROSEAU	9,147	13,147	4,000	30.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ROSCOE CITY OF	STEARNS	17,621	23,487	5,866	25.0%
ROSE CREEK CITY OF	MOWER	62,720	62,720	-	0.0%
ROSEAU CITY OF	ROSEAU	546,883	622,486	75,603	12.1%
ROSEMOUNT CITY OF	DAKOTA	0	0	-	0.0%
ROSEVILLE	RAMSEY	0	0	-	0.0%
ROTHSAY CITY OF	WILKIN	104,841	124,210	19,369	15.6%
ROUND LAKE CITY OF	NOBLES	78,554	105,655	27,101	25.7%
ROYALTON CITY OF	MORRISON	122,108	185,550	63,442	34.2%
RUSH CITY CITY OF	CHISAGO	433,668	564,980	131,312	23.2%
RUSHFORD CITY OF	FILLMORE	452,543	578,074	125,531	21.7%
RUSHFORD VILLAGE CITY OF	FILLMORE	60,188	69,263	9,075	13.1%
RUSHMORE CITY OF	NOBLES	84,636	93,852	9,216	9.8%
RUSSELL CITY OF	LYON	86,523	86,523	-	0.0%
RUTHTON CITY OF	PIPESTONE	68,436	75,815	7,379	9.7%
RUTLEDGE CITY OF	PINE	2,275	2,275	-	0.0%
SABIN CITY OF	CLAY	66,382	76,488	10,106	13.2%
SACRED HEART CITY OF	RENVILLE	181,659	181,659	-	0.0%
SANBORN CITY OF	REDWOOD	110,786	122,905	12,119	9.9%
SANDSTONE CITY OF	PINE	624,110	819,519	195,409	23.8%
SARGEANT CITY OF	MOWER	7,784	13,784	6,000	43.5%
SARTELL CITY OF	STEARNS	39,438	674,667	635,229	94.2%
SAUK CENTRE CITY OF	STEARNS	1,021,105	1,148,899	127,794	11.1%
SAUK RAPIDS CITY OF	BENTON	1,811,273	2,183,548	372,275	17.0%
SAVAGE	SCOTT	0	0	-	0.0%
SCANLON CITY OF	CARLTON	212,457	212,457	-	0.0%
SEAFORTH CITY OF	REDWOOD	15,417	16,930	1,513	8.9%
SEBEKA CITY OF	WADENA	183,650	183,650	-	0.0%
SEDAN CITY OF	POPE	5,617	7,334	1,717	23.4%
SHAFFER CITY OF	CHISAGO	53,422	62,442	9,020	14.4%
SHAKOPEE	SCOTT	0	0	-	0.0%
SHELLY CITY OF	NORMAN	58,547	64,362	5,815	9.0%
SHERBURN CITY OF	MARTIN	292,315	322,943	30,628	9.5%
SHEVLIN CITY OF	CLEARWATER	15,599	20,959	5,360	25.6%
SHOREVIEW	RAMSEY	0	0	-	0.0%
SHOREWOOD	HENNEPIN	0	0	-	0.0%
SILVER BAY CITY OF	LAKE	395,268	543,321	148,053	27.2%
SILVER LAKE CITY OF	MCLEOD	155,837	177,128	21,291	12.0%
SKYLINE CITY OF	BLUE EARTH	3,222	3,222	-	0.0%
SLAYTON CITY OF	MURRAY	711,071	786,023	74,952	9.5%
SLEEPY EYE CITY OF	BROWN	1,090,595	1,206,935	116,340	9.6%
SOBIESKI CITY OF	MORRISON	6,104	12,937	6,833	52.8%
SOLWAY CITY OF	BELTRAMI	6,021	6,021	-	0.0%
SOUTH HAVEN CITY OF	WRIGHT	25,392	29,614	4,222	14.3%
SOUTH ST. PAUL CITY OF	DAKOTA	1,765,147	2,287,817	522,670	22.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
ICER CITY OF	KANDIYOHI	117,284	124,591	7,307	5.9%
SPRING GROVE CITY OF	HOUSTON	378,602	420,809	42,207	10.0%
SPRING HILL CITY OF	STEARNS	2,718	2,718	-	0.0%
SPRING LAKE PARK (JT)	ANOKA	0	0	-	0.0%
SPRING PARK	HENNEPIN	78,802	91,294	12,492	13.7%
SPRING VALLEY CITY OF	FILLMORE	768,300	857,391	89,091	10.4%
SPRINGFIELD CITY OF	BROWN	781,355	910,245	128,890	14.2%
SQUAW LAKE CITY OF	ITASCA	9,443	12,443	3,000	24.1%
ST ANTHONY (JT)	HENNEPIN	0	0	-	0.0%
ST ANTHONY CITY OF	STEARNS	5,199	6,444	1,245	19.3%
ST AUGUSTA CITY OF	STEARNS	213,580	347,466	133,886	38.5%
ST BONIFACIUS	HENNEPIN	228,723	457,915	229,192	50.1%
ST CHARLES CITY OF	WINONA	604,077	764,733	160,656	21.0%
ST CLAIR CITY OF	BLUE EARTH	146,237	165,488	19,251	11.6%
ST CLOUD CITY OF	STEARNS	10,837,532	12,477,664	1,640,132	13.1%
ST FRANCIS	ANOKA	200,000	200,000	-	0.0%
ST HILAIRE CITY OF	PENNINGTON	44,173	57,295	13,122	22.9%
ST JAMES CITY OF	WATONWAN	1,244,671	1,402,886	158,215	11.3%
ST JOSEPH CITY OF	STEARNS	668,673	778,522	109,849	14.1%
ST LEO CITY OF	YELLOW MEDICINE	13,311	16,511	3,200	19.4%
LOUIS PARK	HENNEPIN	0	0	-	0.0%
ST MARTIN CITY OF	STEARNS	19,636	25,061	5,425	21.6%
ST MARY'S POINT	WASHINGTON	0	0	-	0.0%
ST MICHAEL CITY OF	WRIGHT	0	516,360	516,360	100.0%
ST PAUL	RAMSEY	52,081,640	62,129,605	10,047,965	16.2%
ST PAUL PARK	WASHINGTON	195,337	294,625	99,288	33.7%
ST PETER CITY OF	NICOLLET	2,047,099	2,585,043	537,944	20.8%
ST ROSA CITY OF	STEARNS	1,192	1,192	-	0.0%
ST STEPHEN CITY OF	STEARNS	88,029	106,498	18,469	17.3%
ST VINCENT CITY OF	KITTSO	13,962	16,201	2,239	13.8%
STACY CITY OF	CHISAGO	155,744	217,740	61,996	28.5%
STAPLES CITY OF	TODD	892,440	988,562	96,122	9.7%
STARBUCK CITY OF	POPE	306,401	347,186	40,785	11.7%
STEEN CITY OF	ROCK	19,675	26,675	7,000	26.2%
STEPHEN CITY OF	MARSHALL	149,640	167,557	17,917	10.7%
STEWART CITY OF	MCLEOD	156,814	156,814	-	0.0%
STEWARTVILLE CITY OF	OLMSTED	675,563	795,517	119,954	15.1%
STILLWATER	WASHINGTON	812,951	1,282,946	469,995	36.6%
STOCKTON CITY OF	WINONA	76,450	122,157	45,707	37.4%
STORDEN CITY OF	COTTONWOOD	69,591	70,927	1,336	1.9%
GRANDQUIST CITY OF	MARSHALL	14,443	16,643	2,200	13.2%
WATERLOO CITY OF	ROSEAU	3,103	3,103	-	0.0%
STURGEON LAKE CITY OF	PINE	24,751	34,136	9,385	27.5%
SUNBURG CITY OF	KANDIYOHI	24,261	27,223	2,962	10.9%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
SUNFISH LAKE CITY OF	DAKOTA	0	0	-	0.0%
SWANVILLE CITY OF	MORRISON	69,460	78,936	9,476	12.0%
TACONITE CITY OF	ITASCA	111,332	111,332	-	0.0%
TAMARACK CITY OF	AITKIN	3,167	3,167	-	0.0%
TAOPI CITY OF	MOWER	5,100	6,900	1,800	26.1%
TAUNTON CITY OF	LYON	22,807	33,727	10,920	32.4%
TAYLORS FALLS CITY OF	CHISAGO	146,120	174,347	28,227	16.2%
TENNEY CITY OF	WILKIN	1,266	1,266	-	0.0%
TENSTRIKE CITY OF	BELTRAMI	2,070	2,070	-	0.0%
THIEF RIVER FALLS CITY OF	PENNINGTON	2,168,816	2,456,726	287,910	11.7%
THOMSON CITY OF	CARLTON	11,334	11,334	-	0.0%
TINTAH CITY OF	TRAVERSE	9,906	11,069	1,163	10.5%
TONKA BAY	HENNEPIN	0	0	-	0.0%
TOWER CITY OF	ST LOUIS	102,002	102,002	-	0.0%
TRACY CITY OF	LYON	826,225	907,943	81,718	9.0%
TRAIL CITY OF	POLK	2,702	2,702	-	0.0%
TRIMONT CITY OF	MARTIN	192,052	202,261	10,209	5.0%
TROMMALD CITY OF	CROW WING	8,426	8,426	-	0.0%
TROSKY CITY OF	PIPESTONE	9,215	14,015	4,800	34.2%
TRUMAN CITY OF	MARTIN	364,672	404,516	39,844	9.8%
TURTLE RIVER CITY OF	BELTRAMI	0	0	-	0.0%
TWIN LAKES CITY OF	FREEBORN	32,117	32,117	-	0.0%
TWIN VALLEY CITY OF	NORMAN	240,337	264,033	23,696	9.0%
TWO HARBORS CITY OF	LAKE	1,066,840	1,204,988	138,148	11.5%
TYLER CITY OF	LINCOLN	330,904	382,071	51,167	13.4%
ULEN CITY OF	CLAY	131,879	148,179	16,300	11.0%
UNDERWOOD CITY OF	OTTERTAIL	67,578	74,019	6,441	8.7%
UPSALA CITY OF	MORRISON	56,353	65,249	8,896	13.6%
URBANK CITY OF	OTTERTAIL	4,616	5,685	1,069	18.8%
UTICA CITY OF	WINONA	23,608	26,886	3,278	12.2%
VADNAIS HEIGHTS	RAMSEY	0	0	-	0.0%
VERGAS CITY OF	OTTERTAIL	33,124	49,246	16,122	32.7%
VERMILLION CITY OF	DAKOTA	4,185	4,185	-	0.0%
VERNDALE CITY OF	WADENA	116,746	130,384	13,638	10.5%
VERNON CENTER CITY OF	BLUE EARTH	57,243	65,887	8,644	13.1%
VESTA CITY OF	REDWOOD	72,347	80,036	7,689	9.6%
VICTORIA CITY OF	CARVER	0	0	-	0.0%
VIKING CITY OF	MARSHALL	22,336	22,336	-	0.0%
VILLARD CITY OF	POPE	34,811	37,074	2,263	6.1%
VINING CITY OF	OTTERTAIL	9,842	11,077	1,235	11.1%
VIRGINIA CITY OF	ST LOUIS	3,187,988	4,113,239	925,251	22.5%
WABASHA CITY OF	WABASHA	608,922	699,146	90,224	12.9%
WABASSO CITY OF	REDWOOD	148,621	166,505	17,884	10.7%
WACONIA CITY OF	CARVER	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
WADENA CITY OF	WADENA	1,060,865	1,264,842	203,977	16.1%
WAHAKON CITY OF	MILLE LACS	11,538	11,538	-	0.0%
WAITE PARK CITY OF	STEARNS	73,949	235,583	161,634	68.6%
WALDORF CITY OF	WASECA	51,127	51,127	-	0.0%
WALKER CITY OF	CASS	113,446	130,702	17,256	13.2%
WALNUT GROVE CITY OF	REDWOOD	200,686	221,325	20,639	9.3%
WALTERS CITY OF	FARIBAULT	22,789	22,789	-	0.0%
WALTHAM CITY OF	MOWER	33,401	37,239	3,838	10.3%
WANAMINGO CITY OF	GOODHUE	200,303	229,476	29,173	12.7%
WANDA CITY OF	REDWOOD	18,645	20,647	2,002	9.7%
WARBA CITY OF	ITASCA	11,561	14,267	2,706	19.0%
WARREN CITY OF	MARSHALL	433,891	534,192	100,301	18.8%
WARROAD CITY OF	ROSEAU	488,586	721,686	233,100	32.3%
WASECA CITY OF	WASECA	2,172,172	2,454,398	282,226	11.5%
WATERTOWN CITY OF	CARVER	151,286	227,997	76,711	33.6%
WATERVILLE CITY OF	LESUEUR	480,262	545,384	65,122	11.9%
WATKINS CITY OF	MEEKER	174,387	213,197	38,810	18.2%
WATSON CITY OF	CHIPPEWA	50,123	55,091	4,968	9.0%
WAUBUN CITY OF	MAHNOMEN	70,052	83,901	13,849	16.5%
WAVERLY CITY OF	WRIGHT	67,454	67,454	-	0.0%
WAZATA	HENNEPIN	0	0	-	0.0%
WELCAME CITY OF	MARTIN	202,566	224,005	21,439	9.6%
WELLS CITY OF	FARIBAULT	812,522	1,026,325	213,803	20.8%
WENDELL CITY OF	GRANT	40,632	40,632	-	0.0%
WEST CONCORD CITY OF	DODGE	204,434	228,942	24,508	10.7%
WEST SAINT PAUL CITY OF	DAKOTA	240,436	667,865	427,429	64.0%
WEST UNION CITY OF	TODD	3,512	5,712	2,200	38.5%
WESTBROOK CITY OF	COTTONWOOD	238,243	242,208	3,965	1.6%
WESTPORT CITY OF	POPE	2,405	4,205	1,800	42.8%
WHALAN CITY OF	FILLMORE	10,081	10,081	-	0.0%
WHEATON CITY OF	TRAVERSE	533,372	588,380	55,008	9.3%
WHITE BEAR LAKE (JT)	RAMSEY	483,500	1,105,381	621,881	56.3%
WILDER CITY OF	JACKSON	13,854	15,483	1,629	10.5%
WILLERNIE	WASHINGTON	43,396	57,280	13,884	24.2%
WILLIAMS CITY OF	LAKE OF THE WOODS	32,438	36,609	4,171	11.4%
WILLMAR CITY OF	KANDIYOHI	4,251,631	4,780,651	529,020	11.1%
WILLOW RIVER CITY OF	PINE	34,622	34,622	-	0.0%
WILMONT CITY OF	NOBLES	74,482	82,622	8,140	9.9%
WILTON CITY OF	BELTRAMI	1,243	4,115	2,872	69.8%
WINDOM CITY OF	COTTONWOOD	1,064,362	1,189,759	125,397	10.5%
WINGER CITY OF	POLK	38,036	38,036	-	0.0%
WINNEBAGO CITY OF	FARIBAULT	510,798	564,569	53,771	9.5%
WINONA CITY OF	WINONA	8,950,746	9,972,646	1,021,900	10.2%
WINSTED CITY OF	MCLEOD	552,829	629,676	76,847	12.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
WINTHROP CITY OF	SIBLEY	376,390	421,535	45,145	10.7%
WINTON CITY OF	ST LOUIS	29,743	29,743	-	0.0%
WOLF LAKE CITY OF	BECKER	1,243	3,243	2,000	61.7%
WOLVERTON CITY OF	WILKIN	21,221	23,691	2,470	10.4%
WOOD LAKE CITY OF	YELLOW MEDICINE	103,924	104,124	200	0.2%
WOODBURY	WASHINGTON	0	0	-	0.0%
WOODLAND	HENNEPIN	0	0	-	0.0%
WOODSTOCK CITY OF	PIPESTONE	30,619	32,835	2,216	6.7%
WORTHINGTON CITY OF	NOBLES	2,740,209	3,040,425	300,216	9.9%
WRENSHALL CITY OF	CARLTON	53,215	53,215	-	0.0%
WRIGHT CITY OF	CARLTON	8,522	8,522	-	0.0%
WYKOFF CITY OF	FILLMORE	112,059	114,819	2,760	2.4%
WYOMING CITY OF	CHISAGO	0	0	-	0.0%
ZEMPLE CITY OF	ITASCA	532	532	-	0.0%
ZIMMERMAN CITY OF	SHERBURNE	276,069	352,888	76,819	21.8%
ZUMBRO FALLS CITY OF	WABASHA	32,010	38,297	6,287	16.4%
ZUMBROTA CITY OF	GOODHUE	423,018	507,195	84,177	16.6%
		436,558,200	521,558,200	85,000,000	16.3%

MARTY
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1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 53, after line 19, insert:

4 "Sec. 2. Minnesota Statutes 2004, section 469.175,
5 subdivision 2, is amended to read:

6 Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] (a) Before
7 formation of a tax increment financing district, the authority
8 shall provide the county auditor and clerk of the school board
9 with the proposed tax increment financing plan for the district
10 and the authority's estimate of the fiscal and economic
11 implications of the proposed tax increment financing district.
12 The authority must provide the proposed tax increment financing
13 plan and the information on the fiscal and economic implications
14 of the plan to the county auditor and the clerk of the school
15 district board at least 30 days before the public hearing
16 required by subdivision 3. The information on the fiscal and
17 economic implications may be included in or as part of the tax
18 increment financing plan. The county auditor and clerk of the
19 school board shall provide copies to the members of the boards,
20 as directed by their respective boards. The 30-day requirement
21 is waived if the boards of the county and school district submit
22 written comments on the proposal and any modification of the
23 proposal to the authority after receipt of the information.

24 (b) For purposes of this subdivision, "fiscal and economic
25 implications of the proposed tax increment financing district"
26 includes:

27 (1) an estimate of the total amount of tax increment that
28 will be generated over the life of the district;

29 (2) a description of the probable impact of the district on
30 city-provided services such as police and fire protection,
31 public infrastructure, and borrowing costs attributable to the
32 district;

33 (3) the estimated amount of tax increments over the life of
34 the district that would be attributable to school district
35 levies, assuming the school district's share of the total local
36 tax rate for all taxing jurisdictions remained the same;

1 (4) the estimated amount of tax increments over the life of
2 the district that would be attributable to county levies,
3 assuming the county's share of the total local tax rate for all
4 taxing jurisdictions remained the same; and

5 (5) any additional information requested by the county or
6 the school district that would enable it to determine additional
7 costs that will accrue to it due to the development proposed for
8 the district.

9 **[EFFECTIVE DATE.]** This section is effective for all
10 districts for which certification is requested after December
11 31, 2005."

12 Renumber the sections in sequence and correct the internal
13 references

14 Amend the title accordingly

Tomassoni

1 Senator moves to amend S.F. No. (TaxIII-1) as
2 follows:

3 Page 85, after line 14, insert:

4 "ARTICLE 7

5 TAX SHELTER AND VOLUNTARY COMPLIANCE INITIATIVES

6 Section 1. [289A.121] [REGISTRATION OF TAX SHELTERS.]

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

9 (a) "Abusive tax avoidance transaction" means a Minnesota
10 tax shelter or a reportable transaction.

11 (b) "Material advisor" has the meaning given in section
12 111(b)(1) of the Internal Revenue Code, and must be interpreted
13 in accordance with any regulations or rulings adopted or issued
14 by the Internal Revenue Service that govern that section.

15 (c) "Minnesota tax shelter" means a transaction which is
16 not a reportable transaction, which substantially reduces a tax
17 imposed under chapter 290 and has one or more of the following
18 characteristics:

19 (1) it is offered to the taxpayer under conditions of
20 confidentiality, as that term is defined in Treas. Reg. section
21 1.6011-4(3)(ii), and for which the taxpayer has paid a fee;

22 (2) the terms of the transaction offer the taxpayer or a
23 related party the right to a full or partial refund of fees if
24 all or part of the intended tax consequences of the transaction
25 are not realized, or if fees are contingent upon the taxpayer
26 realizing tax benefits;

27 (3) it is a transaction or a series of related transactions
28 that result in a corporation or a partnership with only
29 corporate partners claiming a reduction in net income in excess
30 of \$10,000,000 in any combination of tax years;

31 (4) it is a transaction or a series of related transactions
32 that result in an individual, a partnership with one or more
33 corporate partners, S corporation, or trust claiming a reduction
34 in net income in excess of \$4,000,000 in any combination of
35 taxable years, whether or not any losses flow through to one or
36 more shareholders or beneficiaries; or

1 (5) it is a transaction or series of related transactions,
2 identified as a Minnesota tax shelter in a rule promulgated by
3 the commissioner of revenue, entered into after the date the
4 rule becomes effective.

5 (d) "Reportable transaction" has the meaning given in
6 Treas. Reg. section 1.6011-4 between February 29, 2000, and
7 January 1, 2006.

8 Subd. 2. [REPORTS BY MATERIAL ADVISORS.] (a) On the first
9 day that a material advisor sells a Minnesota tax shelter or
10 reportable transaction, the material advisor must file with the
11 commissioner a copy of any federal tax shelter registration
12 information relating to reportable transactions if that
13 registration is applicable to any person subject to taxation
14 under chapter 290.

15 (b) On or before April 15, 2006, material advisors must
16 report to the commissioner all federal tax shelters used by a
17 person subject to tax under chapter 290 that the material
18 advisor offered for sale between February 28, 2000, and January
19 1, 2006, which were reportable transactions.

20 (c) On or before April 15, 2006, material advisors must
21 report to the commissioner all Minnesota tax shelters that the
22 material advisor offered for sale between February 28, 2000, and
23 January 1, 2006, if the transactions would have had to be
24 disclosed under subdivision 3 had it been in effect at that time.

25 (d) In addition to the requirements set forth in paragraphs
26 (a), (b), and (c), a material advisor must report to the
27 commissioner any transactions entered into on or after April 15,
28 2006, that become listed as reportable transactions or a
29 Minnesota tax shelter.

30 Subd. 3. [MAINTAINING PARTICIPANT LISTS.] Any person
31 organizing or selling Minnesota tax shelters or reportable
32 transactions must maintain a list of participants that are
33 subject to a tax imposed by this chapter.

34 Subd. 4. [REPORTING.] All persons, including material
35 advisors who organize or sell Minnesota tax shelters or
36 reportable transactions, must provide the following information

1 to the commissioner within 20 days from receiving a written
2 request from the commissioner to provide the information:

- 3 (1) legal name of the taxpayer;
4 (2) Minnesota tax identification number;
5 (3) federal tax identification number; and
6 (4) description of the Minnesota tax shelter or reportable
7 transaction.

8 Subd. 5. [DISCLOSURE STATEMENTS BY TAXPAYERS.] Every
9 person subject to taxation under this chapter who has
10 participated in a reportable transaction or a Minnesota tax
11 shelter which resulted in a tax decrease must file a disclosure
12 statement on a form prescribed by the commissioner. The form
13 must be filed with the tax return.

14 Sec. 2. Minnesota Statutes 2004, section 289A.38, is
15 amended by adding a subdivision to read:

16 Subd. 15. [VOLUNTARY COMPLIANCE
17 INITIATIVE.] Notwithstanding other limitations in the
18 subdivision, an amount of tax related to a reportable
19 transaction or a Minnesota tax shelter that is not reported in
20 the voluntary compliance initiative described in section 4 may
21 be assessed within eight and one-half years after the date the
22 return is filed.

23 Sec. 3. Minnesota Statutes 2004, section 289A.60, is
24 amended by adding a subdivision to read:

25 Subd. 26. [PENALTY FOR FAILURE TO REPORT A TAX
26 SHELTER.] (a) A penalty of \$15,000 is imposed on a person who
27 fails to register a tax shelter as required under section
28 289A.121 on or before the date prescribed.

29 (b) A penalty of \$10,000 is imposed on a person who fails
30 to report to the commissioner a Minnesota tax shelter or a
31 reportable transaction within 20 days of the date prescribed
32 under section 289A.121. For each day after the 20th day that
33 the person organizing or selling the Minnesota tax shelter or
34 reportable transaction failed to make the information required
35 in section 289A.121, subdivision 2, available to the
36 commissioner after the commissioner made a written request for

1 the list, an additional \$10,000 penalty is imposed on that
2 person.

3 (c) A penalty is imposed on a person who fails to make a
4 report required by section 289A.121, subdivision 2, on or before
5 the date prescribed. The penalty is the greater of:

6 (1) \$100,000; or

7 (2) 50 percent of the gross income that the person derived
8 from the activity.

9 (d) A penalty is imposed on a person who intentionally
10 disregards the requirement to maintain and provide information
11 required in section 289A.121. The penalty is the greater of:

12 (1) \$100,000; or

13 (2) 75 percent of the gross income that the person derived
14 from the activity.

15 (e) A penalty of \$15,000 is imposed on a person who fails
16 to provide a list required under section 289A.121, subdivision
17 4, which does not contain all the information required in that
18 section.

19 Sec. 4. [TAX SHELTER VOLUNTARY COMPLIANCE INITIATIVE.]
20 Subdivision 1. [COMMISSIONER TO INITIATE.] The
21 commissioner of revenue shall develop and administer a Minnesota
22 tax shelter voluntary compliance initiative for taxpayers
23 subject to Minnesota Statutes, section 289A.60, subdivision 26,
24 as provided in this chapter.

25 Subd. 2. [TERM; APPLICATION.] The Minnesota tax shelter
26 voluntary compliance initiative shall be conducted from July 1,
27 2005, to December 31, 2005, pursuant to Minnesota Statutes,
28 section 270.07. The Minnesota tax shelter voluntary compliance
29 initiative shall apply to tax liabilities and penalties
30 attributable to Minnesota tax shelters and reportable
31 transactions for tax years beginning before January 1, 2005. An
32 abusive tax avoidance transaction means a Minnesota tax shelter
33 or a reportable transaction as defined in Minnesota Statutes,
34 section 289A.121, subdivision 1.

35 Subd. 3. [IMPLEMENTATION.] The commissioner of revenue may
36 issue forms and instructions and take other actions necessary,

1 including the use of agreements pursuant to Minnesota Statutes,
2 section 270.67, to implement the Minnesota tax shelter voluntary
3 compliance initiative.

4 Subd. 4. [PERSONS NOT ELIGIBLE TO PARTICIPATE.] (a) Any
5 person is not eligible for participation in the Minnesota tax
6 shelter voluntary compliance initiative, if:

7 (1) the taxpayer was convicted of a crime in connection
8 with an abusive tax avoidance transaction or transactions;

9 (2) a criminal complaint was filed against the taxpayer in
10 connection with an abusive tax avoidance transaction or
11 transactions;

12 (3) the taxpayer is the subject of a criminal investigation
13 in connection with an abusive tax avoidance transaction or
14 transactions; or

15 (4) the taxpayer was eligible to participate in the
16 Internal Revenue Service's Offshore Voluntary Compliance
17 Initiative, as set forth in Revenue Procedure 2003-11.

18 Subd. 5. [ELIGIBLE PARTICIPANTS.] (a) Any person who is
19 not ineligible to participate in the Minnesota tax shelter
20 voluntary compliance initiative under subdivision 4, is eligible
21 to participate in the Minnesota tax shelter voluntary compliance
22 initiative.

23 (b) A person participating in the Minnesota tax shelter
24 voluntary compliance initiative waiving the right to an
25 administrative appeal, a claim for refund, or an action in
26 district court must do both of the following:

27 (1) the participating person must file an amended return
28 for each taxable year for which the taxpayer has filed a tax
29 return using an abusive tax avoidance transaction to underreport
30 the taxpayer's tax liability for that tax year. Each amended
31 return shall report all income from all sources, without regard
32 to the abusive tax avoidance transaction; and

33 (2) the participating person must pay taxes and interest
34 due in full, except that the commissioner of revenue may enter
35 into an installment payment agreement pursuant to Minnesota
36 Statutes, section 270.67, prior to taxpayer filing an amended

1 return.

2 (c) The commissioner of revenue shall abate all penalties
3 imposed under Minnesota Statutes, chapter 289A, which could have
4 been assessed in connection with the use of an abusive tax
5 avoidance transaction, for each taxable year for which the
6 taxpayer elects to participate in the Minnesota tax shelter
7 voluntary compliance initiative, to the extent those penalties
8 are a result of underreporting of tax liabilities attributable
9 to the use of abusive tax avoidance transactions, for which a
10 participating person files an amended return in compliance with
11 paragraph (b).

12 (d) No criminal action shall be brought against a taxpayer
13 for the taxable years reported under the Minnesota tax shelter
14 voluntary compliance initiative with respect to the issues for
15 which a taxpayer voluntarily complies under this chapter.

16 (e) A person filing an amended return under this paragraph
17 of the Minnesota tax shelter voluntary compliance initiative may
18 not file a claim for refund, an administrative appeal, or an
19 action in district court in regard to the amount of taxes or
20 interest paid with the amended return.

21 (f) A person participating in the Minnesota tax shelter
22 voluntary compliance initiative not waiving the right to an
23 administrative appeal, a claim for refund, or an action in
24 district court must do both of the following:

25 (1) the participating person must file an amended return
26 for each taxable year for which the taxpayer has filed a tax
27 return using an abusive tax avoidance transaction to underreport
28 the taxpayer's tax liability for that tax year. Each amended
29 return shall report all income from all sources, without regard
30 to the abusive tax avoidance transactions; and

31 (2) the participating person must pay taxes and interest
32 due in full, except that the commissioner of revenue may enter
33 into an installment payment agreement pursuant to Minnesota
34 Statutes, section 270.67, prior to taxpayer filing an amended
35 return.

36 (g) The commissioner of revenue shall abate all penalties

1 imposed under Minnesota Statutes, chapter 289A, except for the
2 penalty for intentional disregard of law or rules imposed under
3 Minnesota Statutes, section 289A.60, subdivision 5, which could
4 have been assessed in connection with the use of an abusive tax
5 avoidance transaction, for each taxable year for which the
6 taxpayer elects to participate in the Minnesota tax shelter
7 voluntary compliance initiative, to the extent those penalties
8 are a result of underreporting of tax liabilities attributable
9 to the use of abusive tax avoidance transactions, for which a
10 participating person files an amended return in compliance with
11 paragraph (b).

12 (h) No criminal action shall be brought against a taxpayer
13 for the taxable years reported under the Minnesota tax shelter
14 voluntary compliance initiative with respect to the issues for
15 which a taxpayer voluntarily complies under this chapter.

16 Sec. 5. [COMMISSIONER ORDERS AND PENALTIES.]

17 After December 31, 2005, the commissioner of revenue may
18 issue an order of assessment within the time period permitted
19 under Minnesota Statutes, section 289A.38, upon an amended
20 return filed under this chapter for an underreported amount of
21 tax, may impose penalties on an underreported amount of tax on
22 an amended return filed under this chapter, or initiate a
23 criminal action against any person based on any underreported
24 amount of tax on an amended return filed under this chapter.

25 A penalty is imposed upon any person who:

26 (1) is not ineligible to file an amended return pursuant to
27 this chapter;

28 (2) has engaged in abusive tax shelter transactions; and

29 (3) fails to voluntarily amend their tax returns for each
30 taxable year for which an amended return may be filed and the
31 person underreported income attributable to an abusive tax
32 shelter transaction.

33 The penalty is equal to 200 percent of the underreported tax
34 that is attributable to the abusive tax shelter transaction."

35 Amend the title accordingly

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07
Individual Income Tax						
Deferred Payment of Compensation			Berglin	1,900	2,000	3,900
Dairy Credit				0	(2,900)	(2,900)
Income Tax Package: AMT Fix, 4th Bracket						
@ 10.65%, MJ Standard Deduction				413,816	381,483	795,299
Corporate Franchise Tax						
Abusive Tax Shelters				60,520	2,040	62,560
FOC Changes: Definition, Repeal Royalty Subtraction; Limit Deemed Dividend Deduction			Bergin	132,100	98,500	230,600
Total Individual and Corporate Changes				608,336	481,123	1,089,459
Sales Tax						
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)
Souvenir Clothing			Pogemiller	850	850	1,700
Streamlined Sales Tax				8,680	30,720	39,400
Total Sales Tax				9,287	31,492	40,779
Property Tax						
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700
Modify Definition of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0 Unknown	Unknown	
LGA				0	(86,000)	(86,000)
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)
School Debt Service Levies				0	(5,200)	(5,200)
Clean Water Legacy				(31,500)	(3,000)	(34,500)
County Criminal Justice				(15,135)	(15,000)	(30,135)
Total Property Tax				15,173	22,367	37,540
International Economic Development Zone						
Cargo Bill				0	(700)	(700)
ALN						

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07
Total International Economic Development				0	(700)	(700)
Miscellaneous						
Appropriation for Taxpayer Assistance						
Services	GF	1216	Rest	(125)	(125)	(250)
Rochester				(2,000)	0	(2,000)
Duluth Appropriation			Solon	(320)	0	(320)
Total Miscellaneous				(2,445)	(125)	(2,570)
Grand Total				630,351	534,157	1,164,508

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07
<u>TAX III by Revenue and Expenditure Detail</u>						
Revenues						
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700
Streamlined Sales Tax				8,680	30,720	39,400
Souvenir Clothing			Pogemiller	850	850	1,700
Income Tax Package: AMT Fix, 4th Bracket						
@ 10.65%, MJ Standard Deduction				413,816	381,483	795,299
Abusive Tax Shelters				60,520	2,040	62,560
Tax Loopholes	GF	254	Berglin	134,000	100,500	234,500
Grand Total Revenues				681,066	649,093	1,330,159
Tax Expenditures						
Individual and Corporate Income Tax						
Dairy Credit				0	0	0
Total Income Tax				0	(2,900)	(2,900)
Sales Tax						
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)
Total Sales Tax				(243)	(78)	(321)
Property Tax Aids and Credits						
Modify Definition of Year in Debt and Levy				0	Unknown	Unknown
Limitations/HRAs	GF	2158	McGinn	(105)	0	(105)
White Bear Lake LGA	GF	782	Reiter	0	(86,000)	(86,000)
LGA						
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)
School Debt Service Levies	GF	1743	Wergin	0	(5,200)	(5,200)
Clean Water Legacy--Ongoing Costs				(31,500)	(3,000)	(34,500)
County Criminal Justice Aid				(15,135)	(15,000)	(30,135)
Total Aids and Credits				(48,027)	(111,133)	(159,160)
International Economic Development Zone						
Cargo Bill				0	(700)	(700)
Total International Economic Development				0	(700)	(700)

ALN

Senate Counsel, Research and Fiscal Analysis

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07
Miscellaneous						
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)
Rochester				(2,000)	0	(2,000)
Duluth Appropriation			Solon	(320)	0	(320)
Total Miscellaneous				(2,445)	(125)	(2,570)
Total Tax Expenditures				(50,715)	(114,936)	(165,651)
Balance				630,351	534,157	1,164,508

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
Individual Income Tax									
Dairy Investment Credit	GF		Ortman Sams	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Expand Education Credit to Cover Border State Tuition	GF	558	Ortman	(9,000)	(9,500)	(18,500)	(9,900)	(10,400)	(20,300)
Deferred Payment of Compensation			Berglin	1,900	2,000	3,900	2,100	2,300	4,400
Credit of Post-Secondary Education Expenses	GF	1888	Pappas	(5,810)	(16,110)	(21,920)	(20,760)	(21,180)	(41,940)
In Tax Package: AMT Fix, 4th B. , MJ Standard Deduction				518,400	457,400	975,800	484,500	528,700	1,013,200
Corporate Franchise Tax									
FOC Changes: Definition, Repeal Royalty Subtraction; Limit Deemed Dividend Deduction			Bergin	132,100	98,500	230,600	98,700	100,800	199,500
Total Individual and Corporate Changes				637,590	529,390	1,166,980	551,140	596,220	1,147,360
Sales Tax									
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)	(8)	(8)	(16)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)	(40)	(25)	(65)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)	Negl.	Negl.	0
Souvenir Clothing			Pogemiller	850	850	1,700	850	850	1,700
Streamlined Sales Tax				9,070	30,300	39,370	45,340	63,440	108,780
Total Sales Tax				9,677	31,072	40,749	46,142	64,257	110,399
Property Tax									
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700	169,200	207,800	377,000
Modification of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0	Unknown	Unknown	Unknown	Unknown	Unknown
LGA				0	(86,000)	(86,000)	(91,000)	(97,000)	(188,000)
Judicial Employees Post Retirement Benefit/Aid Adjustment	GF	1962	Betzold	(66)	0	(66)	0	0	0
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)	0	0	0
County Criminal Justice Aid				(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)	(2,702)	(2,987)	(5,689)
School Debt Service Levies				0	(5,200)	(5,200)	(5,200)	(5,200)	(10,400)
Property Tax Relief Appropriation				(135,000)	0	(135,000)	(107,500)	(107,500)	(215,000)
Total Property Tax				(88,258)	25,367	(62,891)	(52,202)	(19,887)	(72,089)
International Economic Development Zone									
Cargo Bill				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Total International Economic Development				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Miscellaneous									
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)	(200)	(200)	(400)
Card			Scheid	1,174	1,291	2,465	1,421	1,563	2,984
Duluth Appropriation			Solon	(320)	0	(320)	0	0	0
Total Miscellaneous				729	1,166	1,895	1,221	1,363	2,584
Grand Total				559,738	586,295	1,146,033	545,251	640,903	1,186,154

Item	Fund	Bill	Author	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
<u>TAX III by Revenue and Expenditure Detail</u>									
Revenues									
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700	169,200	207,800	377,000
Streamlined Sales Tax				9,070	30,300	39,370	45,340	63,440	108,780
Souvenir Clothing			Pogemiller	850	850	1,700	850	850	1,700
Income Tax Package: AMT Fix, 11% 4th Bracket, MJ Standard Deduction				518,400	457,400	975,800	484,500	528,700	1,013,200
Tax Loopholes	GF	254	Berglin	134,000	100,500	234,500	100,800	103,100	203,900
Card Club			Scheid	1,174	1,291	2,465	1,421	1,563	2,984
Grand Total Revenues				726,694	723,841	1,450,535	802,111	905,453	1,707,564
Tax Expenditures									
Individual and Corporate Income Tax									
Dairy Investment Credit	GF		Ortman Sams	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Expand Education Credit to Cover Border State Tuition	GF	558	Ortman	(9,000)	(9,500)	(18,500)	(9,900)	(10,400)	(20,300)
Credit of Post-Secondary Education Expenses	GF	1888	Pappas	(5,810)	(16,110)	(21,920)	(20,760)	(21,180)	(41,940)
Total Income Tax				(14,810)	(28,510)	(43,320)	(34,160)	(35,580)	(69,740)
Sales Tax									
Catholic Charities Food Service Exemption			Marty	(58)	(8)	(66)	(8)	(8)	(16)
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)	(40)	(25)	(65)
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)	Negl.	Negl.	0
Total Sales Tax				(243)	(78)	(321)	(48)	(33)	(81)
Property Tax Aids and Credits									
Modify Definition of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0	Unknown	Unknown	Unknown	Unknown	Unknown
LGA				0	(86,000)	(86,000)	(91,000)	(97,000)	(188,000)
County Criminal Justice Aid				(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)
County CDTF MOE Reduction		2054	Berglin	(1,287)	(1,933)	(3,220)	(2,702)	(2,987)	(5,689)
Judicial Employees Post Retirement Benefit/Aid Adjustment	GF	1962	Betzold	(66)	0	(66)	0	0	0
School Debt Service Levies	GF	1743	Wergin	0	(5,200)	(5,200)	(5,200)	(5,200)	(10,400)
Property Tax Relief Appropriation				(135,000)	0	(135,000)	(107,500)	(107,500)	(215,000)
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)	0	0	0
Total Aids and Credits				(151,458)	(108,133)	(259,591)	(221,402)	(227,687)	(449,089)
International Economic Development Zone									
Cargo Bill				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Total International Economic Development				0	(700)	(700)	(1,050)	(1,050)	(2,100)
Miscellaneous									
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)	(200)	(200)	(400)
Duluth Appropriation			Solon	(320)	0	(320)	0	0	0
Total Miscellaneous				(445)	(125)	(570)	(200)	(200)	(400)
Total Tax Expenditures				(166,956)	(137,546)	(304,502)	(256,860)	(264,550)	(521,410)
Balance				559,738	586,295	1,146,033	545,251	640,903	1,186,154

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
	Total	798,037	786,080	10,573,990	13.25	10,415,560	13.25
1	Aitkin	1,248	1,219	16,536	13.25	16,152	13.25
1.03	Minneapolis	36,957	35,607	489,680	13.25	471,793	13.25
2	Hill City	316	295	4,187	13.25	3,909	13.25
4	Mcgregor	524	508	6,943	13.25	6,731	13.25
6	South St. Paul	3,112	3,009	41,234	13.25	39,869	13.25
11	Anoka-Hennepin	40,713	40,589	539,447	13.25	537,804	13.25
12	Centennial	7,060	7,032	93,545	13.25	93,174	13.25
13	Columbia Heights	2,989	3,009	39,604	13.25	39,869	13.25
14	Fridley	2,420	2,384	32,065	13.25	31,588	13.25
15	St. Francis	5,872	5,750	77,804	13.25	76,188	13.25
16	Spring Lake Park	4,418	4,394	58,539	13.25	58,221	13.25
22	Detroit Lakes	2,662	2,609	35,272	13.25	34,569	13.25
23	Frazee	1,097	1,092	14,535	13.25	14,469	13.25
25	Pine Point	67	69	888	13.25	914	13.25
31	Bemidji	4,593	4,574	60,857	13.25	60,606	13.25
32	Blackduck	727	708	9,633	13.25	9,381	13.25
36	Kelliher	266	253	3,525	13.25	3,352	13.25
38	Red Lake	1,568	1,605	20,776	13.25	21,266	13.25
47	Sauk Rapids	3,609	3,578	47,819	13.25	47,409	13.25
51	Foley	1,629	1,588	21,584	13.25	21,041	13.25
62	Ortonville	456	428	6,042	13.25	5,671	13.25
75	St. Clair	588	566	7,791	13.25	7,500	13.25
77	Mankato	7,025	7,008	93,081	13.25	92,856	13.25
81	Comfrey	153	153	2,027	13.25	2,027	13.25
84	Sleepy Eye	591	580	7,831	13.25	7,685	13.25
85	Springfield	625	586	8,281	13.25	7,765	13.25
88	New Ulm	2,184	2,051	28,938	13.25	27,176	13.25
91	Barnum	602	600	7,977	13.25	7,950	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
93	Carlton	606	584	8,030	13.25	7,738	13.25
94	Cloquet	2,502	2,473	33,152	13.25	32,767	13.25
95	Cromwell	310	314	4,108	13.25	4,161	13.25
97	Moose Lake	755	745	10,004	13.25	9,871	13.25
99	Esko	1,124	1,124	14,893	13.25	14,893	13.25
100	Wrenshall	360	331	4,770	13.25	4,386	13.25
108	Norwood	928	902	12,296	13.25	11,952	13.25
110	Waconia	2,562	2,589	33,947	13.25	34,304	13.25
111	Watertown-Mayer	1,526	1,496	20,220	13.25	19,822	13.25
112	Chaska	8,812	8,814	116,759	13.25	116,786	13.25
113	Walker-Akeley	970	954	12,853	13.25	12,641	13.25
115	Cass Lake	1,172	1,185	15,529	13.25	15,701	13.25
116	Pillager	741	714	9,818	13.25	9,461	13.25
118	Remer	481	455	6,373	13.25	6,029	13.25
129	Montevideo	1,455	1,413	19,279	13.25	18,722	13.25
138	North Branch	4,054	4,111	53,716	13.25	54,471	13.25
139	Rush City	1,040	1,008	13,780	13.25	13,356	13.25
146	Barnesville	769	768	10,189	13.25	10,176	13.25
150	Hawley	904	902	11,978	13.25	11,952	13.25
152	Moorhead	6,019	5,413	79,752	13.25	71,722	13.25
162	Bagley	1,076	1,052	14,257	13.25	13,939	13.25
166	Cook County	606	598	8,030	13.25	7,924	13.25
173	Mountain Lake	517	506	6,850	13.25	6,705	13.25
177	Windom	927	902	12,283	13.25	11,952	13.25
181	Brainerd	7,168	7,011	94,976	13.25	92,896	13.25
182	Crosby	1,314	1,285	17,411	13.25	17,026	13.25
186	Pequot Lakes	1,464	1,473	19,398	13.25	19,517	13.25
191	Burnsville	10,470	10,262	138,728	13.25	135,972	13.25
192	Farmington	6,051	6,353	80,176	13.25	84,177	13.25
194	Lakeville	10,934	10,987	144,876	13.25	145,578	13.25
195	Randolph	479	485	6,347	13.25	6,426	13.25

FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base

		FY 2006	FY 2007	FY 2006	FY 2006	FY 2007	FY 2007
		AADMs	AADMs	Deferred Maint.	Per AADM	Deferred Maint.	Per AADM
				Aid		Aid	
196	Rosemount-Apple	26,688	25,982	353,616	13.25	344,262	13.25
197	West St. Paul	4,944	4,908	65,508	13.25	65,031	13.25
199	Inver Grove	3,616	3,523	47,912	13.25	46,680	13.25
200	Hastings	5,000	4,932	66,250	13.25	65,349	13.25
203	Hayfield	934	943	12,376	13.25	12,495	13.25
204	Kasson-Mantorvil	1,971	1,974	26,116	13.25	26,156	13.25
206	Alexandria	4,038	3,921	53,504	13.25	51,953	13.25
207	Brandon	296	293	3,922	13.25	3,882	13.25
208	Evansville	205	205	2,716	13.25	2,716	13.25
213	Osakis	667	649	8,838	13.25	8,599	13.25
227	Chatfield	911	914	12,071	13.25	12,111	13.25
229	Lanesboro	341	336	4,518	13.25	4,452	13.25
238	Mabel-Canton	305	355	4,041	13.25	4,704	13.25
239	Rushford-Peterso	585	563	7,751	13.25	7,460	13.25
241	Albert Lea	3,528	3,327	46,746	13.25	44,083	13.25
242	Alden	398	384	5,274	13.25	5,088	13.25
252	Cannon Falls	1,345	1,315	17,821	13.25	17,424	13.25
253	Goodhue	613	525	8,122	13.25	6,956	13.25
255	Pine Island	1,250	1,241	16,563	13.25	16,443	13.25
256	Red Wing	2,815	2,759	37,299	13.25	36,557	13.25
261	Ashby	275	264	3,644	13.25	3,498	13.25
264	Herman-Norcross	120	113	1,590	13.25	1,497	13.25
270	Hopkins	8,010	7,910	106,133	13.25	104,808	13.25
271	Bloomington	10,583	10,536	140,225	13.25	139,602	13.25
272	Eden Prairie	9,873	9,701	130,817	13.25	128,538	13.25
273	Edina	7,579	7,501	100,422	13.25	99,388	13.25
276	Minnetonka	7,553	7,442	100,077	13.25	98,607	13.25
277	Westonka	2,332	2,355	30,899	13.25	31,204	13.25
278	Orono	2,492	2,469	33,019	13.25	32,714	13.25
279	Osseo	21,450	21,361	284,213	13.25	283,033	13.25
280	Richfield	3,984	3,808	52,788	13.25	50,456	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
281	Robbinsdale	13,546	13,420	179,485	13.25	177,815	13.25
282	St. Anthony-New	1,649	1,643	21,849	13.25	21,770	13.25
283	St. Louis Park	4,318	4,209	57,214	13.25	55,769	13.25
284	Wayzata	9,879	9,937	130,897	13.25	131,665	13.25
286	Brooklyn Center	1,642	1,621	21,757	13.25	21,478	13.25
294	Houston	729	725	9,659	13.25	9,606	13.25
297	Spring Grove	356	342	4,717	13.25	4,532	13.25
299	Caledonia	869	828	11,514	13.25	10,971	13.25
300	Lacrescent	1,445	1,407	19,146	13.25	18,643	13.25
306	Laporte	295	274	3,909	13.25	3,631	13.25
308	Nevis	506	515	6,705	13.25	6,824	13.25
309	Park Rapids	1,799	1,759	23,837	13.25	23,307	13.25
314	Braham	900	886	11,925	13.25	11,740	13.25
316	Greenway	1,296	1,293	17,172	13.25	17,132	13.25
317	Deer River	994	965	13,171	13.25	12,786	13.25
318	Grand Rapids	3,704	3,600	49,078	13.25	47,700	13.25
319	Nashwauk-Keewati	663	647	8,785	13.25	8,573	13.25
323	Franconia	26	27	345	13.25	358	13.25
330	Heron Lake-Okabe	302	285	4,002	13.25	3,776	13.25
332	Mora	1,799	1,728	23,837	13.25	22,896	13.25
333	Ogilvie	721	713	9,553	13.25	9,447	13.25
345	New London-Spice	1,610	1,467	21,333	13.25	19,438	13.25
347	Willmar	4,010	3,923	53,133	13.25	51,980	13.25
356	Lancaster	162	159	2,147	13.25	2,107	13.25
361	International Fa	1,384	1,326	18,338	13.25	17,570	13.25
362	Littlefork-Big F	331	317	4,386	13.25	4,200	13.25
363	South Koochichin	350	337	4,638	13.25	4,465	13.25
371	Bellingham	118	115	1,564	13.25	1,524	13.25
378	Dawson	558	540	7,394	13.25	7,155	13.25
381	Lake Superior	1,496	1,436	19,822	13.25	19,027	13.25
390	Lake Of The Wood	652	619	8,639	13.25	8,202	13.25

FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
391	Cleveland	389	381	5,154	13.25	5,048	13.25
392	Lecenter	677	672	8,970	13.25	8,904	13.25
394	Montgomery	1,114	1,080	14,761	13.25	14,310	13.25
402	Hendricks	152	146	2,014	13.25	1,935	13.25
403	Ivanhoe	196	181	2,597	13.25	2,398	13.25
404	Lake Benton	234	225	3,101	13.25	2,981	13.25
409	Tyler	294	287	3,896	13.25	3,803	13.25
411	Balaton	147	140	1,948	13.25	1,855	13.25
413	Marshall	2,145	2,190	28,421	13.25	29,018	13.25
414	Minneota	471	478	6,241	13.25	6,334	13.25
415	Lynd	140	141	1,855	13.25	1,868	13.25
417	Tracy	737	697	9,765	13.25	9,235	13.25
418	Russell	132	122	1,749	13.25	1,617	13.25
423	Hutchinson	2,939	2,890	38,942	13.25	38,293	13.25
424	Lester Prairie	480	465	6,360	13.25	6,161	13.25
432	Mahnomen	732	716	9,699	13.25	9,487	13.25
435	Waubun	609	599	8,069	13.25	7,937	13.25
441	Newfolden	352	328	4,664	13.25	4,346	13.25
447	Grygla	192	190	2,544	13.25	2,518	13.25
458	Truman	398	386	5,274	13.25	5,115	13.25
463	Eden Valley	804	712	10,653	13.25	9,434	13.25
465	Litchfield	1,963	1,892	26,010	13.25	25,069	13.25
466	Dassel-Cokato	2,146	2,107	28,435	13.25	27,918	13.25
473	Isle	559	546	7,407	13.25	7,235	13.25
477	Princeton	3,509	3,629	46,494	13.25	48,084	13.25
480	Onamia	704	684	9,328	13.25	9,063	13.25
482	Little Falls	2,589	2,514	34,304	13.25	33,311	13.25
484	Pierz	970	925	12,853	13.25	12,256	13.25
485	Royalton	684	660	9,063	13.25	8,745	13.25
486	Swanville	304	307	4,028	13.25	4,068	13.25
487	Upsala	384	378	5,088	13.25	5,009	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
492	Austin	3,898	3,814	51,649	13.25	50,536	13.25
495	Grand Meadow	348	337	4,611	13.25	4,465	13.25
497	Lyle	249	245	3,299	13.25	3,246	13.25
499	Leroy	369	369	4,889	13.25	4,889	13.25
500	Southland	603	590	7,990	13.25	7,818	13.25
505	Fulda	439	410	5,817	13.25	5,433	13.25
507	Nicollet	286	282	3,790	13.25	3,737	13.25
508	St. Peter	1,733	1,696	22,962	13.25	22,472	13.25
511	Adrian	617	597	8,175	13.25	7,910	13.25
513	Brewster	190	187	2,518	13.25	2,478	13.25
514	Ellsworth	174	173	2,306	13.25	2,292	13.25
516	Round Lake	124	112	1,643	13.25	1,484	13.25
518	Worthington	2,205	2,185	29,216	13.25	28,951	13.25
531	Byron	1,545	1,541	20,471	13.25	20,418	13.25
533	Dover-Eyota	1,222	1,212	16,192	13.25	16,059	13.25
534	Stewartville	1,699	1,719	22,512	13.25	22,777	13.25
535	Rochester	16,160	16,238	214,120	13.25	215,154	13.25
542	Battle Lake	516	499	6,837	13.25	6,612	13.25
544	Fergus Falls	2,604	2,565	34,503	13.25	33,986	13.25
545	Henning	346	347	4,585	13.25	4,598	13.25
547	Parkers Prairie	546	516	7,235	13.25	6,837	13.25
548	Pelican Rapids	1,074	1,020	14,231	13.25	13,515	13.25
549	Perham	1,514	1,466	20,061	13.25	19,425	13.25
550	Underwood	462	448	6,122	13.25	5,936	13.25
553	New York Mills	738	707	9,779	13.25	9,368	13.25
561	Goodridge	169	163	2,239	13.25	2,160	13.25
564	Thief River Fall	2,077	2,074	27,520	13.25	27,481	13.25
577	Willow River	454	424	6,016	13.25	5,618	13.25
578	Pine City	1,664	1,639	22,048	13.25	21,717	13.25
581	Edgerton	289	275	3,829	13.25	3,644	13.25
584	Ruthton	120	117	1,590	13.25	1,550	13.25

FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base

		FY 2006	FY 2007	FY 2006	FY 2006	FY 2007	FY 2007
		AADMs	AADMs	Deferred Maint.	Per AADM	Deferred Maint.	Per AADM
				Aid		Aid	
592	Climax	162	171	2,147	13.25	2,266	13.25
593	Crookston	1,347	1,306	17,848	13.25	17,305	13.25
595	East Grand Forks	1,710	1,700	22,658	13.25	22,525	13.25
599	Fertile-Beltrami	514	490	6,811	13.25	6,493	13.25
600	Fisher	299	297	3,962	13.25	3,935	13.25
601	Fosston	702	686	9,302	13.25	9,090	13.25
611	Cyrus	107	107	1,418	13.25	1,418	13.25
621	Mounds View	9,709	9,485	128,644	13.25	125,676	13.25
622	North St. Paul-M	11,072	10,708	146,704	13.25	141,881	13.25
623	Roseville	6,240	6,154	82,680	13.25	81,541	13.25
624	White Bear Lake	8,692	8,545	115,169	13.25	113,221	13.25
625	St. Paul	39,326	38,234	521,070	13.25	506,601	13.25
627	Oklee	200	198	2,650	13.25	2,624	13.25
628	Plummer	148	144	1,961	13.25	1,908	13.25
630	Red Lake Falls	381	348	5,048	13.25	4,611	13.25
635	Milroy	128	131	1,696	13.25	1,736	13.25
640	Wabasso	385	379	5,101	13.25	5,022	13.25
656	Faribault	4,179	4,283	55,372	13.25	56,750	13.25
659	Northfield	3,810	3,710	50,483	13.25	49,158	13.25
671	Hills-Beaver Cre	300	302	3,975	13.25	4,002	13.25
676	Badger	213	212	2,822	13.25	2,809	13.25
682	Roseau	1,402	1,379	18,577	13.25	18,272	13.25
690	Warroad	1,207	1,185	15,993	13.25	15,701	13.25
695	Chisholm	733	721	9,712	13.25	9,553	13.25
696	Ely	560	526	7,420	13.25	6,970	13.25
698	Floodwood	404	385	5,353	13.25	5,101	13.25
700	Hermantown	1,950	1,912	25,838	13.25	25,334	13.25
701	Hibbing	2,459	2,318	32,582	13.25	30,714	13.25
704	Proctor	1,799	1,793	23,837	13.25	23,757	13.25
706	Virginia	1,566	1,575	20,750	13.25	20,869	13.25
707	Nett Lake	122	121	1,617	13.25	1,603	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
709	Duluth	10,508	10,295	139,231	13.25	136,409	13.25
712	Mountain Iron-Bu	555	550	7,354	13.25	7,288	13.25
716	Belle Plaine	1,558	1,604	20,644	13.25	21,253	13.25
717	Jordan	1,624	1,678	21,518	13.25	22,234	13.25
719	Prior Lake	6,471	7,132	85,741	13.25	94,499	13.25
720	Shakopee	5,376	5,593	71,232	13.25	74,107	13.25
721	New Prague	3,237	3,422	42,890	13.25	45,342	13.25
726	Becker	2,667	2,793	35,338	13.25	37,007	13.25
727	Big Lake	3,363	3,480	44,560	13.25	46,110	13.25
728	Elk River	11,401	10,007	151,063	13.25	132,593	13.25
738	Holdingsford	1,056	1,012	13,992	13.25	13,409	13.25
739	Kimball	804	758	10,653	13.25	10,044	13.25
740	Melrose	1,486	1,455	19,690	13.25	19,279	13.25
741	Paynesville	1,061	1,029	14,058	13.25	13,634	13.25
742	St. Cloud	9,304	9,132	123,278	13.25	120,999	13.25
743	Sauk Centre	1,086	1,064	14,390	13.25	14,098	13.25
745	Albany	1,586	1,594	21,015	13.25	21,121	13.25
748	Sartell	2,910	2,935	38,558	13.25	38,889	13.25
750	Cold Spring	2,342	2,332	31,032	13.25	30,899	13.25
756	Blooming Prairie	757	747	10,030	13.25	9,898	13.25
761	Owatonna	4,874	4,936	64,581	13.25	65,402	13.25
763	Medford	779	817	10,322	13.25	10,825	13.25
768	Hancock	218	221	2,889	13.25	2,928	13.25
769	Morris	936	900	12,402	13.25	11,925	13.25
771	Chokio-Alberta	196	184	2,597	13.25	2,438	13.25
775	Kerkhoven-Murdoc	577	565	7,645	13.25	7,486	13.25
777	Benson	1,010	981	13,383	13.25	12,998	13.25
786	Bertha-Hewitt	437	430	5,790	13.25	5,698	13.25
787	Browerville	481	466	6,373	13.25	6,175	13.25
801	Browns Valley	127	125	1,683	13.25	1,656	13.25
803	Wheaton	429	426	5,684	13.25	5,645	13.25

FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base

		FY 2006 AADM's	FY 2007 AADM's	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
806	Elgin-Millville	493	469	6,532	13.25	6,214	13.25
810	Plainview	1,090	1,054	14,443	13.25	13,966	13.25
811	Wabasha	672	653	8,904	13.25	8,652	13.25
813	Lake City	1,406	1,393	18,630	13.25	18,457	13.25
815	Prinsburg	0	0	0	#DIV/0!	0	#DIV/0!
818	Verndale	452	455	5,989	13.25	6,029	13.25
820	Sebeka	566	554	7,500	13.25	7,341	13.25
821	Menahga	759	766	10,057	13.25	10,150	13.25
829	Waseca	2,030	1,932	26,898	13.25	25,599	13.25
831	Forest Lake	7,520	7,475	99,640	13.25	99,044	13.25
832	Mahtomedi	3,012	2,985	39,909	13.25	39,551	13.25
833	South Washington	16,367	16,565	216,863	13.25	219,486	13.25
834	Stillwater	9,866	9,066	130,725	13.25	120,125	13.25
836	Butterfield	200	205	2,650	13.25	2,716	13.25
837	Madelia	591	591	7,831	13.25	7,831	13.25
840	St. James	1,250	1,250	16,563	13.25	16,563	13.25
846	Breckenridge	881	871	11,673	13.25	11,541	13.25
850	Rothsay	216	208	2,862	13.25	2,756	13.25
852	Campbell-Tintah	129	123	1,709	13.25	1,630	13.25
857	Lewiston	735	734	9,739	13.25	9,726	13.25
858	St. Charles	1,046	1,032	13,860	13.25	13,674	13.25
861	Winona	3,598	3,465	47,674	13.25	45,911	13.25
876	Annandale	1,748	1,696	23,161	13.25	22,472	13.25
877	Buffalo	5,608	5,838	74,306	13.25	77,354	13.25
879	Delano	1,963	2,001	26,010	13.25	26,513	13.25
881	Maple Lake	907	878	12,018	13.25	11,634	13.25
882	Monticello	4,076	4,181	54,007	13.25	55,398	13.25
883	Rockford	1,684	1,693	22,313	13.25	22,432	13.25
885	St. Michael-Albe	4,131	4,390	54,736	13.25	58,168	13.25
891	Canby	596	583	7,897	13.25	7,725	13.25
911	Cambridge-Isanti	5,317	5,383	70,450	13.25	71,325	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006	FY 2007	FY 2006	FY 2006	FY 2007	FY 2007
		AADMs	AADMs	Deferred Maint.	Per AADM	Deferred Maint.	Per AADM
				Aid		Aid	
912	Milaca	1,821	1,800	24,128	13.25	23,850	13.25
914	Ulen-Hitterdal	283	275	3,750	13.25	3,644	13.25
2071	Lake Crystal-Wel	806	808	10,680	13.25	10,706	13.25
2125	Triton	1,125	1,115	14,906	13.25	14,774	13.25
2134	United South Central	951	934	12,601	13.25	12,376	13.25
2135	Maple River	1,246	1,245	16,510	13.25	16,496	13.25
2137	Kingsland	834	803	11,051	13.25	10,640	13.25
2142	St. Louis County	2,216	2,127	29,362	13.25	28,183	13.25
2143	Waterville-Elysian-Morristown	990	967	13,118	13.25	12,813	13.25
2144	Chisago Lakes Area	3,525	3,465	46,706	13.25	45,911	13.25
2149	Minnewaska	1,318	1,257	17,464	13.25	16,655	13.25
2154	Eveleth-Gilbert	1,347	1,329	17,848	13.25	17,609	13.25
2155	Wadena-Deer Creek	1,195	1,186	15,834	13.25	15,715	13.25
2159	Buffalo Lake-Hector	547	532	7,248	13.25	7,049	13.25
2164	Dilworth-Glyndon	1,352	1,359	17,914	13.25	18,007	13.25
2165	Hinckley-Finlays	1,022	1,000	13,542	13.25	13,250	13.25
2167	Lakeview	549	546	7,274	13.25	7,235	13.25
2168	NRHEG	953	935	12,627	13.25	12,389	13.25
2169	Murray County	729	726	9,659	13.25	9,620	13.25
2170	Staples-Motley	1,421	1,391	18,828	13.25	18,431	13.25
2171	Kittson Central	354	341	4,691	13.25	4,518	13.25
2172	Kenyon-Wanamingo	904	890	11,978	13.25	11,793	13.25
2174	Pine River-Backu	988	940	13,091	13.25	12,455	13.25
2176	Warren-Alvarado-	487	472	6,453	13.25	6,254	13.25
2180	MACCRAY	787	761	10,428	13.25	10,083	13.25
2184	Luverne	1,272	1,272	16,854	13.25	16,854	13.25
2190	Yellow Medicine East	1,105	1,086	14,641	13.25	14,390	13.25
2198	Filmore Central	654	629	8,666	13.25	8,334	13.25
2215	Norman County East	381	370	5,048	13.25	4,903	13.25
2310	Sibley East	1,245	1,223	16,496	13.25	16,205	13.25
2311	Clearbrook-Gonvick	528	444	6,996	13.25	5,883	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006 AADMs	FY 2007 AADMs	FY 2006 Deferred Maint. Aid	FY 2006 Per AADM	FY 2007 Deferred Maint. Aid	FY 2007 Per AADM
2342	West Central Area	812	794	10,759	13.25	10,521	13.25
2358	Karlstad-Strandq	267	269	3,538	13.25	3,564	13.25
2364	Belgrade-Brooten-Elr	734	718	9,726	13.25	9,514	13.25
2365	G.F.W.	854	842	11,316	13.25	11,157	13.25
2396	A.C.G.C.	825	811	10,931	13.25	10,746	13.25
2397	Lesueur-Henderso	1,317	1,276	17,450	13.25	16,907	13.25
2448	Martin County	856	815	11,342	13.25	10,799	13.25
2527	Halstad-Hendrum	310	300	4,108	13.25	3,975	13.25
2534	Olivia-Bird Isla	852	833	11,289	13.25	11,037	13.25
2536	Granada Huntley-	293	289	3,882	13.25	3,829	13.25
2580	Sandstone-Askov	925	904	12,256	13.25	11,978	13.25
2609	Win-E-Mac	497	483	6,585	13.25	6,400	13.25
2683	Greenbush-Middle Riv	457	454	6,055	13.25	6,016	13.25
2687	Howard Lake-Waverly-Winsted	994	978	13,171	13.25	12,959	13.25
2689	Pipestone-Jasper	1,234	1,209	16,351	13.25	16,019	13.25
2711	Mesabi East	941	926	12,468	13.25	12,270	13.25
2752	Fairmont Area Schools	1,748	1,695	23,161	13.25	22,459	13.25
2753	Long Prairie-Grey Ea	1,092	1,068	14,469	13.25	14,151	13.25
2754	Cedar Mountain	393	386	5,207	13.25	5,115	13.25
2759	Eagle Bend-Clarissa	351	336	4,651	13.25	4,452	13.25
2805	Zumbrota-Mazeppa	1,168	1,130	15,476	13.25	14,973	13.25
2835	Janesville-Waldo	556	568	7,367	13.25	7,526	13.25
2853	Madison-Marietta-Lacqui Parle-A	1,059	1,025	14,032	13.25	13,581	13.25
2854	Ada-Borup	524	505	6,943	13.25	6,691	13.25
2856	Stephen-Argyle	355	341	4,704	13.25	4,518	13.25
2859	Glencoe-Silver Lake	1,666	1,690	22,075	13.25	22,393	13.25
2860	Blue Earth-Delavan-Elmore	1,272	1,243	16,854	13.25	16,470	13.25
2884	Red Rock Central	478	465	6,334	13.25	6,161	13.25
2886	Glenville-Emmons	417	392	5,525	13.25	5,194	13.25
2887	McLeod West Schools	481	475	6,373	13.25	6,294	13.25
2888	Clinton-Graceville-Beardsley	451	411	5,976	13.25	5,446	13.25

**FY 2006 & 2007, Deferred Maintenance Aid
February Forecast Base**

		FY 2006	FY 2007	FY 2006	FY 2006	FY 2007	FY 2007
		AADMs	AADMs	Deferred Maint.	Per AADM	Deferred Maint.	Per AADM
				Aid		Aid	
2889	Lake Park-Audubon	638	636	8,454	13.25	8,427	13.25
2890	DRSH	644	620	8,533	13.25	8,215	13.25
2895	Jackson County Central	1,189	1,151	15,754	13.25	15,251	13.25
2897	Redwood Area Schools	1,425	1,392	18,881	13.25	18,444	13.25
2898	Westbrook-Walnut Grove	519	505	6,877	13.25	6,691	13.25

Senate Proposed County Criminal Justice Aid

PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID BASED ON \$15 MILLION APPROPRIATION

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
AITKIN	15,810	0.31073101%	23,305	513	0.29232602%	21,924	45,229
ANOKA	313,197	6.15559900%	461,670	12,482	7.11269652%	533,452	995,122
BECKER	31,159	0.61240149%	45,930	760	0.43307558%	32,481	78,411
BELTRAMI	41,607	0.81774732%	61,331	1,527	0.87014001%	65,261	126,592
BENTON	36,970	0.72661135%	54,496	612	0.34873981%	26,155	80,651
BIG STONE	5,648	0.11100625%	8,325	103	0.05869314%	4,402	12,727
BLUE EARTH	57,435	1.12883210%	84,662	2,181	1.24281294%	93,211	177,873
BROWN	26,832	0.52735828%	39,552	440	0.25072797%	18,805	58,357
CARLTON	33,154	0.65161138%	48,871	859	0.48948937%	36,712	85,583
CARVER	78,444	1.54174468%	115,631	1,269	0.72312225%	54,234	169,865
CASS	28,191	0.55406818%	41,555	1,348	0.76813931%	57,610	99,165
CHIPPEWA	12,827	0.25210289%	18,908	195	0.11111808%	8,334	27,242
CHISAGO	46,472	0.91336442%	68,502	1,257	0.71628421%	53,721	122,223
CLAY	51,934	1.02071501%	76,554	1,435	0.81771507%	61,329	137,883
CLEARWATER	8,390	0.16489773%	12,367	213	0.12137513%	9,103	21,470
COOK	5,280	0.10377354%	7,783	158	0.09003413%	6,753	14,536
COTTONWOOD	11,999	0.23582931%	17,687	337	0.19203483%	14,403	32,090
CROW WING	58,391	1.14762140%	86,072	1,861	1.06046533%	79,535	165,607
DAKOTA	375,642	7.38289804%	553,718	10,463	5.96219706%	447,165	1,000,883
DODGE	19,015	0.37372234%	28,029	283	0.16126367%	12,095	40,124
DOUGLAS	34,112	0.67043999%	50,283	772	0.43991361%	32,994	83,277
FARIBAULT	15,723	0.30902111%	23,177	274	0.15613514%	11,710	34,887
FILLMORE	21,294	0.41851399%	31,389	106	0.06040265%	4,530	35,919
FREEBORN	32,035	0.62961846%	47,221	654	0.37267293%	27,950	75,171
GOODHUE	45,183	0.88803031%	66,602	1,524	0.86843050%	65,132	131,734
GRANT	6,241	0.12266112%	9,200	123	0.07008986%	5,257	14,457
HENNEPIN	1,139,833	22.40236934%	1,680,179	52,556	29.94831585%	2,246,124	3,926,303
HOUSTON	19,965	0.39239371%	29,430	273	0.15556531%	11,667	41,097
HUBBARD	18,635	0.36625379%	27,469	642	0.36583490%	27,438	54,907
ISANTI	35,321	0.69420177%	52,065	705	0.40173458%	30,130	82,195
ITASCA	44,198	0.86867104%	65,150	576	0.32822570%	24,617	89,767

Senate Proposed County Criminal Justice Aid

PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID BASED ON \$15 MILLION APPROPRIATION

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
JACKSON	11,168	0.21949677%	16,462	236	0.13448136%	10,086	26,548
KANABEC	15,831	0.31114375%	23,336	447	0.25471682%	19,104	42,440
KANDIYOHI	41,288	0.81147767%	60,861	1,213	0.69121142%	51,841	112,702
KITTSOON	4,958	0.09744493%	7,308	77	0.04387739%	3,291	10,599
KOOCHICHING	13,986	0.27488197%	20,616	378	0.21539812%	16,155	36,771
LAC QUI PARLE	7,879	0.15485450%	11,614	100	0.05698363%	4,274	15,888
LAKE	11,160	0.21933954%	16,450	153	0.08718495%	6,539	22,989
LAKE OF THE WOODS	4,387	0.08622245%	6,467	95	0.05413445%	4,060	10,527
LE SUEUR	26,664	0.52405640%	39,304	200	0.11396726%	8,548	47,852
LINCOLN	6,171	0.12128533%	9,096	50	0.02849181%	2,137	11,233
LYON	25,000	0.49135201%	36,851	509	0.29004667%	21,754	58,605
MCLEOD	35,872	0.70503117%	52,877	1,003	0.57154580%	42,866	95,743
MAHNOMEN	5,108	0.10039304%	7,529	244	0.13904005%	10,428	17,957
MARSHALL	9,979	0.19612807%	14,710	122	0.06952003%	5,214	19,924
MARTIN	21,228	0.41721682%	31,291	618	0.35215883%	26,412	57,703
MEEKER	23,182	0.45562089%	34,172	616	0.35101915%	26,326	60,498
MILLE LACS	24,254	0.47669006%	35,752	941	0.53621595%	40,216	75,968
MORRISON	32,618	0.64107679%	48,081	855	0.48721003%	36,541	84,622
MOWER	38,909	0.76472061%	57,354	1,440	0.82056425%	61,542	118,896
MURRAY	8,995	0.17678845%	13,259	128	0.07293905%	5,470	18,729
NICOLLET	30,881	0.60693766%	45,520	738	0.42053918%	31,540	77,060
NOBLES	20,646	0.40577814%	30,433	445	0.25357715%	19,018	49,451
NORMAN	7,223	0.14196142%	10,647	86	0.04900592%	3,675	14,322
OLMSTED	132,013	2.59459411%	194,595	3,750	2.13688607%	160,266	354,861
OTTER TAIL	58,785	1.15536511%	86,652	1,173	0.66841796%	50,131	136,783
PENNINGTON	13,654	0.26835681%	20,127	400	0.22793451%	17,095	37,222
PINE	27,734	0.54508626%	40,881	968	0.55160153%	41,370	82,251
PIPESTONE	9,675	0.19015323%	14,261	101	0.05755347%	4,317	18,578
POLK	31,025	0.60976784%	45,733	849	0.48379101%	36,284	82,017
POPE	11,246	0.22102979%	16,577	160	0.09117381%	6,838	23,415
RAMSEY	515,274	10.12723659%	759,543	26,931	15.34626102%	1,150,970	1,910,513

Senate Proposed County Criminal Justice Aid

PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID BASED ON \$15 MILLION APPROPRIATION

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
RED LAKE	4,317	0.08484667%	6,364	40	0.02279345%	1,710	8,074
REDWOOD	16,317	0.32069563%	24,052	390	0.22223615%	16,668	40,720
RENVILLE	16,864	0.33144641%	24,858	335	0.19089516%	14,317	39,175
RICE	59,749	1.17431165%	88,073	1,909	1.08781747%	81,586	169,659
ROCK	9,651	0.18968153%	14,226	124	0.07065970%	5,299	19,525
ROSEAU	16,323	0.32081355%	24,061	332	0.18918565%	14,189	38,250
ST LOUIS	198,721	3.90567850%	292,926	8,249	4.70057952%	352,543	645,469
SCOTT	105,196	2.06753063%	155,065	2,640	1.50436780%	112,828	267,893
SHERBURNE	74,763	1.46939801%	110,205	1,528	0.87070985%	65,303	175,508
SIBLEY	15,366	0.30200460%	22,650	82	0.04672658%	3,504	26,154
STEARNS	137,777	2.70788023%	203,091	4,712	2.68506858%	201,380	404,471
STEELE	34,691	0.68181970%	51,137	1,012	0.57667432%	43,251	94,388
STEVENS	9,957	0.19569568%	14,677	175	0.09972135%	7,479	22,156
SWIFT	11,698	0.22991343%	17,244	211	0.12023546%	9,018	26,262
TODD	24,315	0.47788896%	35,842	605	0.34475095%	25,856	61,698
TRAVERSE	3,912	0.07688676%	5,767	21	0.01196656%	897	6,664
WABASHA	22,108	0.43451241%	32,588	382	0.21767746%	16,326	48,914
WADENA	13,619	0.26766892%	20,075	302	0.17209056%	12,907	32,982
WASECA	19,451	0.38229152%	28,672	422	0.24047091%	18,035	46,707
WASHINGTON	213,395	4.19408247%	314,556	6,170	3.51588989%	263,692	578,248
WATONWAN	11,683	0.22961862%	17,221	290	0.16525252%	12,394	29,615
WILKIN	6,951	0.13661551%	10,246	196	0.11168791%	8,377	18,623
WINONA	49,674	0.97629679%	73,222	1,095	0.62397073%	46,798	120,020
WRIGHT	103,010	2.02456681%	151,843	2,635	1.50151861%	112,614	264,457
YELLOW MEDICINE	10,764	0.21155652%	15,867	105	0.05983281%	4,487	20,354
TOTALS	5,088,002	100.00000000%	7,500,000	175,489	100.00000000%	7,500,000	15,000,000

Tam
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1 Senator moves to amend S.F. No. (TaxIII-2) as
2 follows:

3 Page 6, line 30, delete "11" and insert "10.65"

4 Page 7, lines 12 and 27, delete "11" and insert "10.65"

5 Page 9, after line 32, insert:

6 "Sec. 6. Minnesota Statutes 2004, section 290.06, is
7 amended by adding a subdivision to read:

8 Subd. 32. [DAIRY INVESTMENT CREDIT.] (a) A dairy
9 investment credit is allowed against the tax computed under this
10 chapter equal to the credit amount in the table, based on the
11 amount paid or incurred by the taxpayer in the tax year and
12 certified by the commissioner of agriculture under paragraph
13 (f), for qualifying expenditures:

<u>Amount of</u> <u>qualifying expenditures</u>	<u>Credit amount</u>
14 <u>up to \$500,000</u>	16 <u>ten percent of</u> 17 <u>qualifying expenditures</u>
18 <u>over \$500,000, but not</u> 19 <u>more than \$600,000</u>	20 <u>\$50,000, plus nine percent</u> 21 <u>of the amount of qualified</u> <u>expenditures in excess of</u> <u>\$500,000</u>
22 <u>over \$600,000, but not</u> 23 <u>more than \$700,000</u>	24 <u>\$59,000, plus seven percent</u> 25 <u>of the amount of qualified</u> <u>expenditures in excess of</u> <u>\$600,000</u>
26 <u>over \$700,000, but not</u> 27 <u>more than \$800,000</u>	28 <u>\$66,000, plus five percent</u> 29 <u>of the amount of qualified</u> <u>expenditures in excess of</u> <u>\$700,000</u>
30 <u>over \$800,000, but not</u> 31 <u>more than \$900,000</u>	32 <u>\$71,000, plus three percent</u> 33 <u>of the amount of qualified</u> <u>expenditures in excess of</u> <u>\$800,000</u>
34 <u>over \$900,000, but not</u> 35 <u>more than \$1,000,000</u>	36 <u>\$74,000, plus one percent</u> 37 <u>of the amount of qualified</u> <u>expenditures in excess of</u> <u>\$900,000</u>
38 <u>\$1,000,000 or more</u>	<u>\$75,000</u>

39 (b) "Qualifying expenditures," for purposes of this
40 subdivision, means the expenses incurred for dairy animals for
41 the construction or improvement of buildings or facilities, or
42 the acquisition of equipment, for dairy animal housing,
43 confinement, animal feeding, milk production, and waste
44 management, including, but not limited to, the following:

45 (1) freestall barns;

- 1 (2) fences;
- 2 (3) watering facilities;
- 3 (4) feed storage and handling equipment;
- 4 (5) milking parlors;
- 5 (6) robotic equipment;
- 6 (7) scales;
- 7 (8) milk storage and cooling facilities;
- 8 (9) bulk tanks;
- 9 (10) manure handling equipment and storage facilities;
- 10 (11) digesters;
- 11 (12) equipment used to produce energy; and
- 12 (13) on-farm processing.

13 Qualifying expenditures only include amounts that are
14 capitalized and deducted under either section 167 or 179 of the
15 Internal Revenue Code in computing federal taxable income.

16 (c) The credit is limited to the liability for tax, as
17 computed under this section for the taxable year for which the
18 credit certificate is issued. If the amount of the credit
19 determined under this section for any taxable year exceeds this
20 limitation, the excess is a dairy investment credit carryover to
21 each of the 15 succeeding taxable years. The entire amount of
22 the excess unused credit for the taxable year is carried first
23 to the earliest of the taxable years to which the credit may be
24 carried and then to each successive year to which the credit may
25 be carried. The amount of the unused credit which may be added
26 under this paragraph shall not exceed the taxpayer's liability
27 for tax less the dairy investment credit for the taxable year.

28 (d) For a partnership or S corporation, the maximum amount
29 of the credit applies to the entity, not the individual partner
30 or shareholder.

31 (e) To be eligible for the dairy investment credit in this
32 subdivision, a taxpayer must apply to the commissioner of
33 agriculture for a tax credit certificate. The application must
34 be made on forms prescribed by the commissioner of agriculture
35 and must include a statement of the qualifying expenditures by
36 the taxpayer.

1 (f) The commissioner of agriculture shall certify credits
 2 in the order the forms required under paragraph (e) are received
 3 and approved by the commissioner of agriculture, until the
 4 maximum credit amount for the taxable year has been reached.
 5 The maximum credit amount is \$900,000 for tax years beginning
 6 after December 31, 2004, and before January 1, 2006; \$2,000,000
 7 for tax years beginning after December 31, 2005, and before
 8 January 1, 2007; \$3,500,000 for tax years beginning after
 9 December 31, 2006, and before January 1, 2008; and \$4,000,000
 10 per year for tax years beginning after December 31, 2007.

11 Any eligible applications for which certificates are not
 12 issued in a tax year because the commissioner of agriculture has
 13 issued certificates totaling the maximum credit amount for that
 14 tax year remain eligible for a credit certificate in subsequent
 15 tax years, in the order in which the forms were received by the
 16 commissioner of agriculture.

17 [EFFECTIVE DATE.] This section is effective for assets
 18 placed in service in taxable years beginning after December 31,
 19 2004."

20 Page 58, delete line 32 and insert "2007 only."

21 Page 85, delete lines 12 to 14 and insert:

22 "The following amounts are appropriated to the commissioner
 23 of natural resources and must be deposited in the clean water
 24 legacy account in the environmental fund:

25 (1) \$31,500,000 in fiscal year 2006;

26 (2) \$3,000,000 in fiscal year 2007; and

27 (3) \$40,000,000 in fiscal years 2008 and subsequent years,

28 but only after at least 50 percent of the Minnesota^{Total maximum daily loads}
 29 been established and approved by the Environmental Protection
 30 Agency under the federal Clean Water Act.

31 Sec. 18. [APPROPRIATION; AID PAYMENT SHIFTS.]

32 In fiscal year 2008, \$25,000,000 is appropriated from the
 33 general fund to the commissioner of finance to be used to buy
 34 back the aid payment shift provided in Minnesota Statutes,
 35 section 16A.152, subdivision 2, clause (3).

36 Sec. 19. [DEFERRED MAINTENANCE AID.]

1 For fiscal years 2006 and 2007 only, a district's deferred
2 maintenance aid is equal to \$13.25 multiplied times its adjusted
3 average daily membership for that year.

4 Sec. 20. [APPROPRIATIONS.]

5 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
6 indicated in this section are appropriated from the general fund
7 to the Department of Education for the fiscal years designated.

8 Subd. 2. [DEFERRED MAINTENANCE AID.] For deferred
9 maintenance revenue under section 19, \$10,574,000 in fiscal year
10 2006 and \$10,416,000 in fiscal year 2007."

11 Renumber the sections in sequence and correct the internal
12 references

13 Amend the title accordingly

COMMITTEE REPORT - WITH AMENDMENTS

Committee on Taxes

S.F. No. 2206

Resolution

Re-referred (from another committee)

Amendments: TaxIII - 2

BL1099

BL1096

BL1095 - as amended

BL1097

BL1087

BL1046

BL1093

BL1061

BL1101 - as amended

BL1100

BL1046

Committee recommendation:

And when so amended the bill do pass. OR

And when so amended the bill do pass and be placed on the Consent Calendar. OR

And when so amended the bill do pass and be re-referred to the Committee on

No recommendation: And when so amended the bill be

(re-referred to the Committee on . OR

(reported to the Senate).

May 5, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which
2 was referred

3 S.F. No. 2206: A bill for an act relating to taxation;
4 defining the term tax for purposes of Minnesota Statutes;
5 amending Minnesota Statutes 2004, section 645.44, by adding a
6 subdivision.

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

9 Delete everything after the enacting clause and insert:

10 "ARTICLE 1

11 INDIVIDUAL INCOME TAX

12 Section 1. Minnesota Statutes 2004, section 16A.152,
13 subdivision 2, is amended to read:

14 Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] (a) If on the
15 basis of a forecast of general fund revenues and expenditures,
16 the commissioner of finance determines that there will be a
17 positive unrestricted budgetary general fund balance at the
18 close of the biennium, the commissioner of finance must allocate
19 money to the following accounts and purposes in priority order:

20 (1) the cash flow account established in subdivision 1
21 until that account reaches \$350,000,000;

22 (2) the budget reserve account established in subdivision
23 1a until that account reaches \$653,000,000;

24 (3) the amount necessary to increase the aid payment
25 schedule for school district aids and credits payments in
26 section 127A.45 to not more than 90 percent; and

27 (4) the amount necessary to restore all or a portion of the
28 net aid reductions under section 127A.441 and to reduce the
29 property tax revenue recognition shift under section 123B.75,
30 subdivision 5, paragraph (c), and Laws 2003, First Special
31 Session chapter 9, article 5, section 34, as amended by Laws
32 2003, First Special Session chapter 23, section 20, by the same
33 amount;

34 (5) the amount necessary to eliminate requirements for
35 accelerated payments of June tax liabilities under sections
36 287.12; 287.29; 289A.20, subdivision 4; 297F.09, subdivision 10,
37 and 297G.09, subdivision 9;

38 (6) the amount necessary to provide that interest is

1 payable on claims for refunds of the sales tax paid on exempt
2 capital equipment from the date the claim is filed with the
3 commissioner and on other exempt items as provided in Minnesota
4 Statutes 2002, section 297A.75, subdivision 4; and
5 (7) the amount necessary to make payments of local
6 government aids and taconite aid reimbursements in four
7 installments in each of the months of March, July, September,
8 and November as provided in Minnesota Statutes 1980, section
9 477A.01.

10 (b) The amounts necessary to meet the requirements of this
11 section are appropriated from the general fund within two weeks
12 after the forecast is released or, in the case of transfers
13 under paragraph (a), clauses (3) and (4), as necessary to meet
14 the appropriations schedules otherwise established in statute.

15 (c) To the extent that a positive unrestricted budgetary
16 general fund balance is projected, appropriations under this
17 section must be made before any transfer is made under section
18 16A.1522.

19 (d) The commissioner of finance shall certify the total
20 dollar amount of the reductions under paragraph (a), clauses (3)
21 and (4), to the commissioner of education. The commissioner of
22 education shall increase the aid payment percentage and reduce
23 the property tax shift percentage by these amounts and apply
24 those reductions to the current fiscal year and thereafter.

25 Sec. 2. Minnesota Statutes 2004, section 290.01,
26 subdivision 7b, is amended to read:

27 Subd. 7b. [RESIDENT TRUST.] (a) Resident trust means a
28 trust, except a grantor type trust, which either (1) was created
29 by a will of a decedent who at death was domiciled in this state
30 or (2) is an irrevocable trust, the grantor of which was
31 domiciled in this state at the time the trust became
32 irrevocable. For the purpose of this subdivision, a trust is
33 considered irrevocable to the extent the grantor is not treated
34 as the owner thereof under sections 671 to 678 of the Internal
35 Revenue Code. The term "grantor type trust" means a trust where
36 the income or gains of the trust are taxable to the grantor or

1 others treated as substantial owners under sections 671 to 678
2 of the Internal Revenue Code.

3 (b) (1) A trust, other than a grantor type trust, that
4 became irrevocable before January 1, 1996, or that was
5 administered in Minnesota before January 1, 1996, is a resident
6 trust only if two or more of the following conditions are
7 satisfied:

8 (i) a majority of the discretionary decisions of the
9 trustees relative to the investment of trust assets are made in
10 Minnesota;

11 (ii) a majority of the discretionary decisions of the
12 trustees relative to the distributions of trust income and
13 principal are made in Minnesota;

14 (iii) the official books and records of the trust,
15 consisting of the original minutes of trustee meetings and the
16 original trust instruments, are located in Minnesota.

17 (2) For purposes of this paragraph, if the trustees
18 delegate decisions and actions to an agent or custodian, the
19 actions and decisions of the agent or custodian must not be
20 taken into account in determining whether the trust is
21 administered in Minnesota, if:

22 (i) the delegation was permitted under the trust agreement;

23 (ii) the trustees retain the power to revoke the delegation
24 on reasonable notice; and

25 (iii) the trustees monitor and evaluate the performance of
26 the agent or custodian on a regular basis as is reasonably
27 determined by the trustees.

28 [EFFECTIVE DATE.] This section is effective the day
29 following final enactment.

30 Sec. 3. Minnesota Statutes 2004, section 290.01,
31 subdivision 19a, as amended by 2005 S.F. No. 1683, article 2, if
32 enacted, is amended to read:

33 Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For
34 individuals, estates, and trusts, there shall be added to
35 federal taxable income:

36 (1)(i) interest income on obligations of any state other

1 than Minnesota or a political or governmental subdivision,
2 municipality, or governmental agency or instrumentality of any
3 state other than Minnesota exempt from federal income taxes
4 under the Internal Revenue Code or any other federal statute;
5 and

6 (ii) exempt-interest dividends as defined in section
7 852(b)(5) of the Internal Revenue Code, except the portion of
8 the exempt-interest dividends derived from interest income on
9 obligations of the state of Minnesota or its political or
10 governmental subdivisions, municipalities, governmental agencies
11 or instrumentalities, but only if the portion of the
12 exempt-interest dividends from such Minnesota sources paid to
13 all shareholders represents 95 percent or more of the
14 exempt-interest dividends that are paid by the regulated
15 investment company as defined in section 851(a) of the Internal
16 Revenue Code, or the fund of the regulated investment company as
17 defined in section 851(g) of the Internal Revenue Code, making
18 the payment; and

19 (iii) for the purposes of items (i) and (ii), interest on
20 obligations of an Indian tribal government described in section
21 7871(c) of the Internal Revenue Code shall be treated as
22 interest income on obligations of the state in which the tribe
23 is located;

24 (2) the amount of income or sales and use taxes paid or
25 accrued within the taxable year under this chapter and income or
26 sales and use taxes paid to any other state or to any province
27 or territory of Canada, to the extent allowed as a deduction
28 under section 63(d) of the Internal Revenue Code, but the
29 addition may not be more than the amount by which the itemized
30 deductions as allowed under section 63(d) of the Internal
31 Revenue Code exceeds the amount of the standard deduction as
32 defined in section 63(c) of the Internal Revenue Code of 1986,
33 as amended through June 15, 2003. For the purpose of this
34 paragraph, the disallowance of itemized deductions under section
35 68 of the Internal Revenue Code of 1986, income or sales and use
36 tax is the last itemized deduction disallowed;

1 (3) the capital gain amount of a lump sum distribution to
2 which the special tax under section 1122(h)(3)(B)(ii) of the Tax
3 Reform Act of 1986, Public Law 99-514, applies;

4 (4) the amount of income taxes paid or accrued within the
5 taxable year under this chapter and income taxes paid to any
6 other state or any province or territory of Canada, to the
7 extent allowed as a deduction in determining federal adjusted
8 gross income. For the purpose of this paragraph, income taxes
9 do not include the taxes imposed by sections 290.0922,
10 subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

11 (5) the amount of expense, interest, or taxes disallowed
12 pursuant to section 290.10;

13 (6) the amount of a partner's pro rata share of net income
14 which does not flow through to the partner because the
15 partnership elected to pay the tax on the income under section
16 6242(a)(2) of the Internal Revenue Code; and

17 (7) 80 percent of the depreciation deduction allowed under
18 section 168(k) of the Internal Revenue Code. For purposes of
19 this clause, if the taxpayer has an activity that in the taxable
20 year generates a deduction for depreciation under section 168(k)
21 and the activity generates a loss for the taxable year that the
22 taxpayer is not allowed to claim for the taxable year, "the
23 depreciation allowed under section 168(k)" for the taxable year
24 is limited to excess of the depreciation claimed by the activity
25 under section 168(k) over the amount of the loss from the
26 activity that is not allowed in the taxable year. In succeeding
27 taxable years when the losses not allowed in the taxable year
28 are allowed, the depreciation under section 168(k) is allowed;

29 (8) 80 percent of the amount by which the deduction allowed
30 by section 179 of the Internal Revenue Code exceeds the
31 deduction allowable by section 179 of the Internal Revenue Code
32 of 1986, as amended through December 31, 2003;

33 (9) to the extent deducted in computing federal taxable
34 income, the amount of the deduction allowable under section 199
35 of the Internal Revenue Code;

36 (10) ~~to the extent deducted in computing federal taxable~~

1 ~~income,--the-amount-by-which-the-standard-deduction-allowed-under~~
2 ~~section-63(e)-of-the-Internal-Revenue-Code-exceeds-the-standard~~
3 ~~deduction-allowable-under-section-63(e)-of-the-Internal-Revenue~~
4 ~~Code-of-1986,-as-amended-through-December-31,-2003;~~

5 ~~{11}~~ the exclusion allowed under section 139A of the
6 Internal Revenue Code for federal subsidies for prescription
7 drug plans; and

8 ~~{12}~~ (11) the deduction or exclusion allowed under section
9 223 of the Internal Revenue Code for contributions to health
10 savings accounts.

11 [EFFECTIVE DATE.] This section is effective for tax years
12 beginning after December 31, 2004.

13 Sec. 4. Minnesota Statutes 2004, section 290.06,
14 subdivision 2c, is amended to read:

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

21 (1) On the first ~~\$25,680~~ \$29,070, 5.35 percent;

22 (2) On all over ~~\$25,680~~ \$29,070, but not
23 over ~~\$102,030~~ \$115,510, 7.05 percent;

24 (3) On all over ~~\$102,030~~ \$115,510, but not over \$250,000,
25 7.85 percent; and

26 (4) On all over \$250,000, 10.65 percent for taxable years
27 beginning after December 31, 2004, and before the fourth bracket
28 termination year as defined in paragraph (f). For the fourth
29 bracket termination year and subsequent taxable years, the
30 income included in this clause will be subject to the rate in
31 clause (3).

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

36 (b) The income taxes imposed by this chapter upon unmarried

1 individuals must be computed by applying to taxable net income
2 the following schedule of rates:

3 (1) On the first ~~\$17,570~~ \$19,890, 5.35 percent;

4 (2) On all over ~~\$17,570~~ \$19,890, but not
5 over ~~\$57,710~~ \$65,330, 7.05 percent;

6 (3) On all over ~~\$57,710~~ \$65,330, but not over \$166,665,
7 7.85 percent; and

8 (4) On all over \$166,665, 10.65 percent for taxable years
9 beginning after December 31, 2004, and before the fourth bracket
10 termination year as defined in paragraph (f). For the fourth
11 bracket termination year and subsequent taxable years, the
12 income included in this clause will be subject to the rate in
13 clause (3).

14 (c) The income taxes imposed by this chapter upon unmarried
15 individuals qualifying as a head of household as defined in
16 section 2(b) of the Internal Revenue Code must be computed by
17 applying to taxable net income the following schedule of rates:

18 (1) On the first ~~\$21,630~~ \$24,490, 5.35 percent;

19 (2) On all over ~~\$21,630~~ \$24,490, but not
20 over ~~\$86,910~~ \$98,390, 7.05 percent;

21 (3) On all over ~~\$86,910~~ \$98,390, but not over \$208,330,
22 7.85 percent; and

23 (4) On all over \$208,330, 10.65 percent for taxable years
24 beginning after December 31, 2004, and before the fourth bracket
25 termination year as defined in paragraph (f). For the fourth
26 bracket termination year and subsequent taxable years, the
27 income included in this clause will be subject to the rate in
28 clause (3).

29 (d) In lieu of a tax computed according to the rates set
30 forth in this subdivision, the tax of any individual taxpayer
31 whose taxable net income for the taxable year is less than an
32 amount determined by the commissioner must be computed in
33 accordance with tables prepared and issued by the commissioner
34 of revenue based on income brackets of not more than \$100. The
35 amount of tax for each bracket shall be computed at the rates
36 set forth in this subdivision, provided that the commissioner

1 may disregard a fractional part of a dollar unless it amounts to
2 50 cents or more, in which case it may be increased to \$1.

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

8 (1) the numerator is the individual's Minnesota source
9 federal adjusted gross income as defined in section 62 of the
10 Internal Revenue Code and increased by the additions required
11 under section 290.01, subdivision 19a, clauses (1), (5), and
12 (6), and reduced by the subtraction under section 290.01,
13 subdivision 19b, clause (11), and the Minnesota assignable
14 portion of the subtraction for United States government interest
15 under section 290.01, subdivision 19b, clause (1), after
16 applying the allocation and assignability provisions of section
17 290.081, clause (a), or 290.17; and

18 (2) the denominator is the individual's federal adjusted
19 gross income as defined in section 62 of the Internal Revenue
20 Code of 1986, increased by the amounts specified in section
21 290.01, subdivision 19a, clauses (1), (5), and (6), and reduced
22 by the amounts specified in section 290.01, subdivision 19b,
23 clauses (1) and (11).

24 (f) In this subdivision, the fourth bracket termination
25 year is the first taxable year beginning after the commissioner
26 of finance has determined that there will be a positive
27 unrestricted budgeting general fund balance at the close of the
28 biennium that is sufficient to complete the allocations required
29 under section 16A.152, subdivision 2.

30 [EFFECTIVE DATE.] This section is effective for taxable
31 years beginning after December 31, 2004.

32 Sec. 5. Minnesota Statutes 2004, section 290.06,
33 subdivision 2d, is amended to read:

34 Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For
35 taxable years beginning after December 31, ~~2000~~ 2005, the
36 minimum and maximum dollar amounts for each rate bracket for

1 which a tax is imposed in subdivision 2c shall be adjusted for
2 inflation by the percentage determined under paragraph (b). For
3 the purpose of making the adjustment as provided in this
4 subdivision all of the rate brackets provided in subdivision 2c
5 shall be the rate brackets as they existed for taxable years
6 beginning after December 31, ~~1999~~ 2004, and before January
7 1, ~~2001~~ 2006. The rate applicable to any rate bracket must not
8 be changed. The dollar amounts setting forth the tax shall be
9 adjusted to reflect the changes in the rate brackets. The rate
10 brackets as adjusted must be rounded to the nearest \$10 amount.
11 If the rate bracket ends in \$5, it must be rounded up to the
12 nearest \$10 amount.

13 (b) The commissioner shall adjust the rate brackets and by
14 the percentage determined pursuant to the provisions of section
15 1(f) of the Internal Revenue Code, except that in section
16 1(f)(3)(B) the word "~~1999~~ 2004" shall be substituted for the
17 word "1992." For ~~2001~~ 2006, the commissioner shall then
18 determine the percent change from the 12 months ending on August
19 31, ~~1999~~ 2004, to the 12 months ending on August 31, ~~2000~~ 2005,
20 and in each subsequent year, from the 12 months ending on August
21 31, ~~1999~~ 2004, to the 12 months ending on August 31 of the year
22 preceding the taxable year. The determination of the
23 commissioner pursuant to this subdivision shall not be
24 considered a "rule" and shall not be subject to the
25 Administrative Procedure Act contained in chapter 14.

26 No later than December 15 of each year, the commissioner
27 shall announce the specific percentage that will be used to
28 adjust the tax rate brackets.

29 Sec. 6. Minnesota Statutes 2004, section 290.06, is
30 amended by adding a subdivision to read:

31 Subd. 32. [DAIRY INVESTMENT CREDIT.] (a) A dairy
32 investment credit is allowed against the tax computed under this
33 chapter equal to the credit amount in the table, based on the
34 amount paid or incurred by the taxpayer in the tax year and
35 certified by the commissioner of agriculture under paragraph
36 (f), for qualifying expenditures:

<u>Amount of</u> <u>qualifying expenditures</u>	<u>Credit amount</u>
up to \$500,000	ten percent of qualifying expenditures
over \$500,000, but not more than \$600,000	\$50,000, plus nine percent of the amount of qualified expenditures in excess of \$500,000
over \$600,000, but not more than \$700,000	\$59,000, plus seven percent of the amount of qualified expenditures in excess of \$600,000
over \$700,000, but not more than \$800,000	\$66,000, plus five percent of the amount of qualified expenditures in excess of \$700,000
over \$800,000, but not more than \$900,000	\$71,000, plus three percent of the amount of qualified expenditures in excess of \$800,000
over \$900,000, but not more than \$1,000,000	\$74,000, plus one percent of the amount of qualified expenditures in excess of \$900,000
\$1,000,000 or more	\$75,000

(b) "Qualifying expenditures," for purposes of this subdivision, means the expenses incurred for dairy animals for the construction or improvement of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management, including, but not limited to, the following:

- (1) freestall barns;
- (2) fences;
- (3) watering facilities;
- (4) feed storage and handling equipment;
- (5) milking parlors;
- (6) robotic equipment;
- (7) scales;
- (8) milk storage and cooling facilities;
- (9) bulk tanks;
- (10) manure handling equipment and storage facilities;
- (11) digesters;
- (12) equipment used to produce energy; and
- (13) on-farm processing.

1 Qualifying expenditures only include amounts that are
2 capitalized and deducted under either section 167 or 179 of the
3 Internal Revenue Code in computing federal taxable income.

4 (c) The credit is limited to the liability for tax, as
5 computed under this section for the taxable year for which the
6 credit certificate is issued. If the amount of the credit
7 determined under this section for any taxable year exceeds this
8 limitation, the excess is a dairy investment credit carryover to
9 each of the 15 succeeding taxable years. The entire amount of
10 the excess unused credit for the taxable year is carried first
11 to the earliest of the taxable years to which the credit may be
12 carried and then to each successive year to which the credit may
13 be carried. The amount of the unused credit which may be added
14 under this paragraph shall not exceed the taxpayer's liability
15 for tax less the dairy investment credit for the taxable year.

16 (d) For a partnership or S corporation, the maximum amount
17 of the credit applies to the entity, not the individual partner
18 or shareholder.

19 (e) To be eligible for the dairy investment credit in this
20 subdivision, a taxpayer must apply to the commissioner of
21 agriculture for a tax credit certificate. The application must
22 be made on forms prescribed by the commissioner of agriculture
23 and must include a statement of the qualifying expenditures by
24 the taxpayer.

25 (f) The commissioner of agriculture shall certify credits
26 in the order the forms required under paragraph (e) are received
27 and approved by the commissioner of agriculture, until the
28 maximum credit amount for the taxable year has been reached.
29 The maximum credit amount is \$900,000 for tax years beginning
30 after December 31, 2004, and before January 1, 2006; \$2,000,000
31 for tax years beginning after December 31, 2005, and before
32 January 1, 2007; \$3,500,000 for tax years beginning after
33 December 31, 2006, and before January 1, 2008; and \$4,000,000
34 per year for tax years beginning after December 31, 2007.

35 Any eligible applications for which certificates are not
36 issued in a tax year because the commissioner of agriculture has

1 issued certificates totaling the maximum credit amount for that
2 tax year remain eligible for a credit certificate in subsequent
3 tax years, in the order in which the forms were received by the
4 commissioner of agriculture.

5 [EFFECTIVE DATE.] This section is effective for assets
6 placed in service in taxable years beginning after December 31,
7 2004.

8 Sec. 7. Minnesota Statutes 2004, section 290.17,
9 subdivision 2, is amended to read:

10 Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR
11 BUSINESS.] The income of a taxpayer subject to the allocation
12 rules that is not derived from the conduct of a trade or
13 business must be assigned in accordance with paragraphs (a) to
14 (f):

15 (a) (1) Subject to paragraphs (a) (2), and (a) (3), and
16 ~~(a) (4)~~, income from wages as defined in section 3401(a) and (f)
17 of the Internal Revenue Code is assigned to this state if, and
18 to the extent that, the work of the employee is performed within
19 it; all other income from such sources is treated as income from
20 sources without this state.

21 Severance pay shall be considered income from labor or
22 personal or professional services.

23 (2) In the case of an individual who is a nonresident of
24 Minnesota and who is an athlete or entertainer, income from
25 compensation for labor or personal services performed within
26 this state shall be determined in the following manner:

27 (i) The amount of income to be assigned to Minnesota for an
28 individual who is a nonresident salaried athletic team employee
29 shall be determined by using a fraction in which the denominator
30 contains the total number of days in which the individual is
31 under a duty to perform for the employer, and the numerator is
32 the total number of those days spent in Minnesota. For purposes
33 of this paragraph, off-season training activities, unless
34 conducted at the team's facilities as part of a team imposed
35 program, are not included in the total number of duty days.

36 Bonuses earned as a result of play during the regular season or

1 for participation in championship, play-off, or all-star games
2 must be allocated under the formula. Signing bonuses are not
3 subject to allocation under the formula if they are not
4 conditional on playing any games for the team, are payable
5 separately from any other compensation, and are nonrefundable;
6 and

7 (ii) The amount of income to be assigned to Minnesota for
8 an individual who is a nonresident, and who is an athlete or
9 entertainer not listed in clause (i), for that person's athletic
10 or entertainment performance in Minnesota shall be determined by
11 assigning to this state all income from performances or athletic
12 contests in this state.

13 (3) For purposes of this section, amounts received by a
14 nonresident as "retirement income" as defined in section (b)(1)
15 of the State Income Taxation of Pension Income Act, Public Law
16 104-95, are not considered income derived from carrying on a
17 trade or business or from wages or other compensation for work
18 an employee performed in Minnesota, and are not taxable under
19 this chapter.

20 ~~(4)-Wages, otherwise assigned to this state under clause~~
21 ~~(1) and not qualifying under clause (3), are not taxable under~~
22 ~~this chapter if the following conditions are met:~~

23 ~~(i)-the recipient was not a resident of this state for any~~
24 ~~part of the taxable year in which the wages were received; and~~
25 ~~(ii)-the wages are for work performed while the recipient~~
26 ~~was a resident of this state.~~

27 (b) Income or gains from tangible property located in this
28 state that is not employed in the business of the recipient of
29 the income or gains must be assigned to this state.

30 (c) Income or gains from intangible personal property not
31 employed in the business of the recipient of the income or gains
32 must be assigned to this state if the recipient of the income or
33 gains is a resident of this state or is a resident trust or
34 estate.

35 Gain on the sale of a partnership interest is allocable to
36 this state in the ratio of the original cost of partnership

1 tangible property in this state to the original cost of
 2 partnership tangible property everywhere, determined at the time
 3 of the sale. If more than 50 percent of the value of the
 4 partnership's assets consists of intangibles, gain or loss from
 5 the sale of the partnership interest is allocated to this state
 6 in accordance with the sales factor of the partnership for its
 7 first full tax period immediately preceding the tax period of
 8 the partnership during which the partnership interest was sold.

9 Gain on the sale of goodwill or income from a covenant not
 10 to compete that is connected with a business operating all or
 11 partially in Minnesota is allocated to this state to the extent
 12 that the income from the business in the year preceding the year
 13 of sale was assignable to Minnesota under subdivision 3.

14 When an employer pays an employee for a covenant not to
 15 compete, the income allocated to this state is in the ratio of
 16 the employee's service in Minnesota in the calendar year
 17 preceding leaving the employment of the employer over the total
 18 services performed by the employee for the employer in that year.

19 (d) Income from winnings on a bet made by an individual
 20 while in Minnesota is assigned to this state. In this
 21 paragraph, "bet" has the meaning given in section 609.75,
 22 subdivision 2, as limited by section 609.75, subdivision 3,
 23 clauses (1), (2), and (3).

24 (e) All items of gross income not covered in paragraphs (a)
 25 to (d) and not part of the taxpayer's income from a trade or
 26 business shall be assigned to the taxpayer's domicile.

27 (f) For the purposes of this section, working as an
 28 employee shall not be considered to be conducting a trade or
 29 business.

30 **[EFFECTIVE DATE.]** This section is effective for tax years
 31 beginning after December 31, 2005.

32 ARTICLE 2

33 CORPORATE FRANCHISE TAX

34 Section 1. Minnesota Statutes 2004, section 290.01,
 35 subdivision 6b, is amended to read:

36 Subd. 6b. [FOREIGN OPERATING CORPORATION.] The term

1 "foreign operating corporation," when applied to a corporation,
2 means a domestic corporation with the following characteristics:

3 (1) it is part of a unitary business at least one member of
4 which is taxable in this state;

5 (2) it is not a foreign sales corporation under section 922
6 of the Internal Revenue Code, as amended through December 31,
7 1999, for the taxable year; and

8 (3) either (i) the average of the percentages of its
9 property and payrolls assigned to locations ~~inside~~ outside the
10 United States ~~and the District of Columbia, excluding the~~
11 ~~commonwealth of Puerto Rico and possessions of the United~~
12 ~~States,~~ as determined under section 290.191 or 290.20, is ~~at~~ 80
13 ~~percent or less~~ greater and it has at least \$2,000,000 of
14 property and \$1,000,000 of payroll as determined under section
15 290.191 or 290.20; or (ii) it has in effect a valid election
16 under section 936 of the Internal Revenue Code.

17 [EFFECTIVE DATE.] This section is effective for tax years
18 beginning after December 31, 2004.

19 Sec. 2. Minnesota Statutes 2004, section 290.01,
20 subdivision 19d, is amended to read:

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

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

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

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

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

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

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

13 (5) the deduction for capital losses pursuant to sections
14 1211 and 1212 of the Internal Revenue Code, except that:

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

18 (ii) for capital losses incurred in taxable years beginning
19 after December 31, 1986, a capital loss carryover to each of the
20 15 taxable years succeeding the loss year shall be allowed;

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

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

32 (6) an amount for interest and expenses relating to income
33 not taxable for federal income tax purposes, if (i) the income
34 is taxable under this chapter and (ii) the interest and expenses
35 were disallowed as deductions under the provisions of section
36 171(a)(2), 265 or 291 of the Internal Revenue Code in computing

1 federal taxable income;

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

14 (8) for certified pollution control facilities placed in
15 service in a taxable year beginning before December 31, 1986,
16 and for which amortization deductions were elected under section
17 169 of the Internal Revenue Code of 1954, as amended through
18 December 31, 1985, an amount equal to the allowance for
19 depreciation under Minnesota Statutes 1986, section 290.09,
20 subdivision 7;

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

29 ~~(10) 80-percent-of-royalties,-fees,-or-other-like-income~~
30 ~~accrued-or-received-from-a-foreign-operating-corporation-or-a~~
31 ~~foreign-corporation-which-is-part-of-the-same-unitary-business~~
32 ~~as-the-receiving-corporation;~~

33 ~~{11}~~ income or gains from the business of mining as defined
34 in section 290.05, subdivision 1, clause (a), that are not
35 subject to Minnesota franchise tax;

36 ~~{12}~~ (11) the amount of handicap access expenditures in the

1 taxable year which are not allowed to be deducted or capitalized
2 under section 44(d)(7) of the Internal Revenue Code;

3 ~~(13)~~ (12) the amount of qualified research expenses not
4 allowed for federal income tax purposes under section 280C(c) of
5 the Internal Revenue Code, but only to the extent that the
6 amount exceeds the amount of the credit allowed under section
7 290.068;

8 ~~(14)~~ (13) the amount of salary expenses not allowed for
9 federal income tax purposes due to claiming the Indian
10 employment credit under section 45A(a) of the Internal Revenue
11 Code;

12 ~~(15)~~ (14) the amount of any refund of environmental taxes
13 paid under section 59A of the Internal Revenue Code;

14 ~~(16)~~ (15) for taxable years beginning before January 1,
15 2008, the amount of the federal small ethanol producer credit
16 allowed under section 40(a)(3) of the Internal Revenue Code
17 which is included in gross income under section 87 of the
18 Internal Revenue Code;

19 ~~(17)~~ (16) for a corporation whose foreign sales
20 corporation, as defined in section 922 of the Internal Revenue
21 Code, constituted a foreign operating corporation during any
22 taxable year ending before January 1, 1995, and a return was
23 filed by August 15, 1996, claiming the deduction under section
24 290.21, subdivision 4, for income received from the foreign
25 operating corporation, an amount equal to 1.23 multiplied by the
26 amount of income excluded under section 114 of the Internal
27 Revenue Code, provided the income is not income of a foreign
28 operating company;

29 ~~(18)~~ (17) any decrease in subpart F income, as defined in
30 section 952(a) of the Internal Revenue Code, for the taxable
31 year when subpart F income is calculated without regard to the
32 provisions of section 614 of Public Law 107-147; and

33 ~~(19)~~ (18) in each of the five tax years immediately
34 following the tax year in which an addition is required under
35 subdivision 19c, clause (16), an amount equal to one-fifth of
36 the delayed depreciation. For purposes of this clause, "delayed

1 depreciation" means the amount of the addition made by the
 2 taxpayer under subdivision 19c, clause (16). The resulting
 3 delayed depreciation cannot be less than zero.

4 [EFFECTIVE DATE.] This section is effective for tax years
 5 beginning after December 31, 2004.

6 Sec. 3. Minnesota Statutes 2004, section 290.17,
 7 subdivision 4, is amended to read:

8 Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or
 9 business conducted wholly within this state or partly within and
 10 partly without this state is part of a unitary business, the
 11 entire income of the unitary business is subject to
 12 apportionment pursuant to section 290.191. Notwithstanding
 13 subdivision 2, paragraph (c), none of the income of a unitary
 14 business is considered to be derived from any particular source
 15 and none may be allocated to a particular place except as
 16 provided by the applicable apportionment formula. The
 17 provisions of this subdivision do not apply to business income
 18 subject to subdivision 5, income of an insurance company, or
 19 income of an investment company determined under section 290.36.

20 (b) The term "unitary business" means business activities
 21 or operations which result in a flow of value between them. The
 22 term may be applied within a single legal entity or between
 23 multiple entities and without regard to whether each entity is a
 24 sole proprietorship, a corporation, a partnership or a trust.

25 (c) Unity is presumed whenever there is unity of ownership,
 26 operation, and use, evidenced by centralized management or
 27 executive force, centralized purchasing, advertising,
 28 accounting, or other controlled interaction, but the absence of
 29 these centralized activities will not necessarily evidence a
 30 nonunitary business. Unity is also presumed when business
 31 activities or operations are of mutual benefit, dependent upon
 32 or contributory to one another, either individually or as a
 33 group.

34 (d) Where a business operation conducted in Minnesota is
 35 owned by a business entity that carries on business activity
 36 outside the state different in kind from that conducted within

1 this state, and the other business is conducted entirely outside
2 the state, it is presumed that the two business operations are
3 unitary in nature, interrelated, connected, and interdependent
4 unless it can be shown to the contrary.

5 (e) Unity of ownership is not deemed to exist when a
6 corporation is involved unless that corporation is a member of a
7 group of two or more business entities and more than 50 percent
8 of the voting stock of each member of the group is directly or
9 indirectly owned by a common owner or by common owners, either
10 corporate or noncorporate, or by one or more of the member
11 corporations of the group. For this purpose, the term "voting
12 stock" shall include membership interests of mutual insurance
13 holding companies formed under section 60A.077.

14 (f) The net income and apportionment factors under section
15 290.191 or 290.20 of foreign corporations and other foreign
16 entities which are part of a unitary business shall not be
17 included in the net income or the apportionment factors of the
18 unitary business. A foreign corporation or other foreign entity
19 which is required to file a return under this chapter shall file
20 on a separate return basis. The net income and apportionment
21 factors under section 290.191 or 290.20 of foreign operating
22 corporations shall not be included in the net income or the
23 apportionment factors of the unitary business except as provided
24 in paragraph (g).

25 (g) The adjusted net income of a foreign operating
26 corporation shall be deemed to be paid as a dividend on the last
27 day of its taxable year to each shareholder thereof, in
28 proportion to each shareholder's ownership, with which such
29 corporation is engaged in a unitary business. Such deemed
30 dividend shall be treated as a dividend under section 290.21,
31 subdivision 4. The dividends-received deduction must not be
32 allowed on dividends, interest, royalties, or capital gains
33 received by the foreign operating corporation included in the
34 deemed dividend.

35 Dividends actually paid by a foreign operating corporation
36 to a corporate shareholder which is a member of the same unitary

1 business as the foreign operating corporation shall be
2 eliminated from the net income of the unitary business in
3 preparing a combined report for the unitary business. The
4 adjusted net income of a foreign operating corporation shall be
5 its net income adjusted as follows:

6 (1) any taxes paid or accrued to a foreign country, the
7 commonwealth of Puerto Rico, or a United States possession or
8 political subdivision of any of the foregoing shall be a
9 deduction; and

10 (2) the subtraction from federal taxable income for
11 payments received from foreign corporations or foreign operating
12 corporations under section 290.01, subdivision 19d, clause (10),
13 shall not be allowed.

14 If a foreign operating corporation incurs a net loss,
15 neither income nor deduction from that corporation shall be
16 included in determining the net income of the unitary business.

17 (h) For purposes of determining the net income of a unitary
18 business and the factors to be used in the apportionment of net
19 income pursuant to section 290.191 or 290.20, there must be
20 included only the income and apportionment factors of domestic
21 corporations or other domestic entities other than foreign
22 operating corporations that are determined to be part of the
23 unitary business pursuant to this subdivision, notwithstanding
24 that foreign corporations or other foreign entities might be
25 included in the unitary business.

26 (i) Deductions for expenses, interest, or taxes otherwise
27 allowable under this chapter that are connected with or
28 allocable against dividends, deemed dividends described in
29 paragraph (g), or royalties, fees, or other like income
30 described in section 290.01, subdivision 19d, clause (10), shall
31 not be disallowed.

32 (j) Each corporation or other entity, except a sole
33 proprietorship, that is part of a unitary business must file
34 combined reports as the commissioner determines. On the
35 reports, all intercompany transactions between entities included
36 pursuant to paragraph (h) must be eliminated and the entire net

1 income of the unitary business determined in accordance with
2 this subdivision is apportioned among the entities by using each
3 entity's Minnesota factors for apportionment purposes in the
4 numerators of the apportionment formula and the total factors
5 for apportionment purposes of all entities included pursuant to
6 paragraph (h) in the denominators of the apportionment formula.

7 (k) If a corporation has been divested from a unitary
8 business and is included in a combined report for a fractional
9 part of the common accounting period of the combined report:

10 (1) its income includable in the combined report is its
11 income incurred for that part of the year determined by
12 proration or separate accounting; and

13 (2) its sales, property, and payroll included in the
14 apportionment formula must be prorated or accounted for
15 separately.

16 [EFFECTIVE DATE.] This section is effective for tax years
17 beginning after December 31, 2004.

18 ARTICLE 3

19 SALES TAX

20 Section 1. Minnesota Statutes 2004, section 297A.61, is
21 amended by adding a subdivision to read:

22 Subd. 37. [EVENT SOUVENIR CLOTHING.] "Event souvenir
23 clothing" is clothing that is sold at a state-subsidized
24 facility and that bears a name, image, or logo of the
25 entertainer, athlete, or team that performs at the facility. As
26 used in this subdivision, a "state-subsidized facility" means
27 the Metrodome financed under section 473.581, the basketball
28 arena that receives payments from the Amateur Sports Commission
29 under section 473.556, subdivision 16, the hockey arena that
30 received a loan of state funds under Laws 1998, chapter 404,
31 section 23, subdivision 6, and the entertainment and convention
32 center that received a grant under Laws 1998, chapter 404,
33 section 23, subdivision 9.

34 [EFFECTIVE DATE.] This section is effective for sales after
35 June 30, 2005.

36 Sec. 2. Minnesota Statutes 2004, section 297A.67,

1 subdivision 6, is amended to read:

2 Subd. 6. [OTHER EXEMPT MEALS.] (a) Meals or drinks
3 purchased for and served exclusively to individuals who are 60
4 years of age or over and their spouses or to handicapped persons
5 and their spouses by governmental agencies, nonprofit
6 organizations, or churches, or pursuant to any program funded in
7 whole or in part through United States Code, title 42, sections
8 3001 through 3045, wherever delivered, prepared, or served, are
9 exempt.

10 (b) Meals or drinks purchased for and served exclusively to
11 children who are less than 14 years of age or disabled children
12 who are less than 16 years of age and who are attending a child
13 care or early childhood education program, are exempt if they
14 are:

15 (1) purchased by a nonprofit child care facility that is
16 exempt under section 297A.70, subdivision 4, and that primarily
17 serves families with income of 250 percent or less of federal
18 poverty guidelines; and

19 (2) prepared at the site of the child care facility.

20 [EFFECTIVE DATE.] This section is effective for sales after
21 December 31, 1997.

22 Sec. 3. Minnesota Statutes 2004, section 297A.67,
23 subdivision 7, is amended to read:

24 Subd. 7. [MEDICINES DRUGS; MEDICAL DEVICES.]

25 (a) Prescribed Sales of the following drugs and medical devices
26 are exempt:

27 (1) drugs and-medicine,-and-insulin,-intended for internal
28 or-external-use,-in-the-cure,-mitigation,-treatment,-or
29 prevention-of-illness-or-disease-in human beings-are-exempt-

30 "Prescribed-drugs-and-medicine"-includes use, including
31 over-the-counter drugs or-medicine-prescribed-by-a-licensed
32 health-care-professional-

33 (b)-Nonprescription-medicines-consisting-principally
34 (determined-by-the-weight-of-all-ingredients)-of-analgesics-that
35 are-approved-by-the-United-States-Food-and-Drug-Administration
36 for-internal-use-by-human-beings-are-exempt.--For-purposes-of

1 ~~this-subdivision,--"principally"--means-greater-than-50-percent~~
2 ~~analgesics-by-weight.~~

3 ~~(e)-Prescription-glasses,--hospital-beds,--fever~~
4 ~~thermometers,--reusable;~~

5 (2) single-use finger-pricking devices for the extraction
6 of blood,--blood-glucose-monitoring-machines, and
7 other single-use devices and single-use diagnostic agents used
8 in diagnosing, monitoring, or treating diabetes,--and-therapeutic
9 and;

10 (3) insulin and medical oxygen for human use, regardless of
11 whether prescribed or sold over the counter;

12 (4) prosthetic devices are-exempt.---"Therapeutic-devices"
13 means-devices-that-are-attached-or-applied-to-the-human-body-to
14 cure,--heal,--or-alleviate-injury,--illness,--or-disease,--either
15 directly-or-by-administering-a-curative-agent.---"Prosthetic
16 devices"--means-devices-that-replace-injured,--diseased,--or
17 missing-parts-of-the-human-body,--either-temporarily-or
18 permanently;

19 (5) durable medical equipment for home use only;

20 (6) mobility enhancing equipment; and

21 (7) prescription corrective eyeglasses.

22 (b) For purposes of this subdivision:

23 (1) "Drug" means a compound, substance, or preparation, and
24 any component of a compound, substance, or preparation, other
25 than food and food ingredients, dietary supplements, or
26 alcoholic beverages that is:

27 (i) recognized in the official United States Pharmacopoeia,
28 official Homeopathic Pharmacopoeia of the United States, or
29 official National Formulary, and supplement to any of them;

30 (ii) intended for use in the diagnosis, cure, mitigation,
31 treatment, or prevention of disease; or

32 (iii) intended to affect the structure or any function of
33 the body.

34 (2) "Durable medical equipment" means equipment, including
35 repair and replacement parts, but not including mobility
36 enhancing equipment, that:

1 (i) can withstand repeated use;

2 (ii) is primarily and customarily used to serve a medical
3 purpose;

4 (iii) generally is not useful to a person in the absence of
5 illness or injury; and

6 (iv) is not worn in or on the body.

7 (3) "Mobility enhancing equipment" means equipment,
8 including repair and replacement parts, but not including
9 durable medical equipment, that:

10 (i) is primarily and customarily used to provide or
11 increase the ability to move from one place to another and that
12 is appropriate for use either in a home or a motor vehicle;

13 (ii) is not generally used by persons with normal mobility;
14 and

15 (iii) does not include any motor vehicle or equipment on a
16 motor vehicle normally provided by a motor vehicle manufacturer.

17 (4) "Over-the-counter drug" means a drug that contains a
18 label that identifies the product as a drug as required by Code
19 of Federal Regulations, title 21, section 201.66. The label
20 must include a "drug facts" panel or a statement of the active
21 ingredients with a list of those ingredients contained in the
22 compound, substance, or preparation. Over-the-counter drugs do
23 not include grooming and hygiene products, regardless of whether
24 they otherwise meet the definition. "Grooming and hygiene
25 products" are soaps, cleaning solutions, shampoo, toothpaste,
26 mouthwash, antiperspirants, and suntan lotions and sunscreens.

27 (5) "Prescribed" and "prescription" means a direction in
28 the form of an order, formula, or recipe issued in any form of
29 oral, written, electronic, or other means of transmission by a
30 duly licensed health care professional.

31 (6) "Prosthetic device" means a replacement, corrective, or
32 supportive device, including repair and replacement parts, worn
33 on or in the body to:

34 (i) artificially replace a missing portion of the body;

35 (ii) prevent or correct physical deformity or malfunction;

36 or

1 (iii) support a weak or deformed portion of the body.

2 Prosthetic device does not include corrective eyeglasses.

3 [EFFECTIVE DATE.] This section is effective for sales and
4 purchases made after June 30, 2005.

5 Sec. 4. Minnesota Statutes 2004, section 297A.67,
6 subdivision 8, is amended to read:

7 Subd. 8. [CLOTHING.] (a) Clothing is exempt. For purposes
8 of this subdivision, "clothing" means all human wearing apparel
9 suitable for general use.

10 (b) Clothing includes, but is not limited to, aprons,
11 household and shop; athletic supporters; baby receiving
12 blankets; bathing suits and caps; beach capes and coats; belts
13 and suspenders; boots; coats and jackets; costumes; children and
14 adult diapers, including disposable; ear muffs; footlets; formal
15 wear; garters and garter belts; girdles; gloves and mittens for
16 general use; hats and caps; hosiery; insoles for shoes; lab
17 coats; neckties; overshoes; pantyhose; rainwear; rubber pants;
18 sandals; scarves; shoes and shoe laces; slippers; sneakers;
19 socks and stockings; steel-toed boots; underwear; uniforms,
20 athletic and nonathletic; and wedding apparel.

21 (c) Clothing does not include the following:

- 22 (1) belt buckles sold separately;
- 23 (2) costume masks sold separately;
- 24 (3) patches and emblems sold separately;
- 25 (4) sewing equipment and supplies, including but not
26 limited to, knitting needles, patterns, pins, scissors, sewing
27 machines, sewing needles, tape measures, and thimbles;
- 28 (5) sewing materials that become part of clothing,
29 including but not limited to, buttons, fabric, lace, thread,
30 yarn, and zippers;
- 31 (6) clothing accessories or equipment;
- 32 (7) sports or recreational equipment; and
- 33 (8) protective equipment; and
- 34 (9) event souvenir clothing.

35 Clothing also does not include apparel made from fur if a
36 uniform definition of "apparel made from fur" is developed by

1 the member states of the Streamlined Sales and Use Tax Agreement.

2 For purposes of this subdivision, "clothing accessories or
3 equipment" means incidental items worn on the person or in
4 conjunction with clothing. Clothing accessories and equipment
5 include, but are not limited to, briefcases; cosmetics; hair
6 notions, including barrettes, hair bows, and hairnets; handbags;
7 handkerchiefs; jewelry; nonprescription sunglasses; umbrellas;
8 wallets; watches; and wigs and hairpieces. "Sports or
9 recreational equipment" means items designed for human use and
10 worn in conjunction with an athletic or recreational activity
11 that are not suitable for general use. Sports and recreational
12 equipment includes, but is not limited to, ballet and tap shoes;
13 cleated or spiked athletic shoes; gloves, including, but not
14 limited to, baseball, bowling, boxing, hockey, and golf gloves;
15 goggles; hand and elbow guards; life preservers and vests; mouth
16 guards; roller and ice skates; shin guards; shoulder pads; ski
17 boots; waders; and wetsuits and fins. "Protective equipment"
18 means items for human wear and designed as protection of the
19 wearer against injury or disease or as protection against damage
20 or injury of other persons or property but not suitable for
21 general use. Protective equipment includes, but is not limited
22 to, breathing masks; clean room apparel and equipment; ear and
23 hearing protectors; face shields; finger guards; hard hats;
24 helmets; paint or dust respirators; protective gloves; safety
25 glasses and goggles; safety belts; tool belts; and welders
26 gloves and masks.

27 [EFFECTIVE DATE.] This section is effective for sales after
28 June 30, 2005.

29 Sec. 5. Minnesota Statutes 2004, section 297A.67,
30 subdivision 29, is amended to read:

31 Subd. 29. [SOLAR ENERGY EFFICIENT PRODUCTS.] (a)-A
32 residential-lighting-fixture-or-a-compact-fluorescent-bulb-is
33 exempt-if-it-has-an-energy-star-label.

34 (b)-The-following-products-are-exempt-if-they-have-an
35 energyguide-label-that-indicates-that-the-product-meets-or
36 exceeds-the-standards-listed-below:

1 ~~(1)-an-electric-heat-pump-hot-water-heater-with-an-energy~~
2 ~~factor-of-at-least-1.9;~~

3 ~~(2)-a-natural-gas-water-heater-with-an-energy-factor-of-at~~
4 ~~least-0.62;~~

5 ~~(3)-a-propane-gas-or-fuel-oil-water-heater-with-an-energy~~
6 ~~factor-of-at-least-0.62;~~

7 ~~(4)-a-natural-gas-furnace-with-an-annual-fuel-utilization~~
8 ~~efficiency-greater-than-92-percent;-and~~

9 ~~(5)-a-propane-gas-or-fuel-oil-furnace-with-an-annual-fuel~~
10 ~~utilization-efficiency-greater-than-92-percent.~~

11 ~~(e) A photovoltaic device solar energy system, as defined~~
12 ~~in section 216C.06, subdivision 17, is exempt. For purposes of~~
13 ~~this subdivision, "photovoltaic device" means a solid-state~~
14 ~~electrical device, such as a solar module, that converts light~~
15 ~~directly into direct current electricity of voltage-current~~
16 ~~characteristics that are a function of the characteristics of~~
17 ~~the light source and the materials in and design of the device.~~
18 ~~A "solar module" is a photovoltaic device that produces a~~
19 ~~specified power output under defined test conditions, usually~~
20 ~~composed of groups of solar cells connected in series, in~~
21 ~~parallel, or in series-parallel combinations.~~

22 ~~(d) For purposes of this subdivision, "energy star label"~~
23 ~~means the label granted to certain products that meet United~~
24 ~~States Environmental Protection Agency and United States~~
25 ~~Department of Energy criteria for energy efficiency. For~~
26 ~~purposes of this subdivision, "energyguide label" means the~~
27 ~~label that the United States Federal Trade Commissioner requires~~
28 ~~manufacturers to apply to certain appliances under United States~~
29 ~~Code, title 16, part 305.~~

30 [EFFECTIVE DATE.] This section is effective for sales and
31 purchases made on or after August 1, 2005.

32 Sec. 6. Minnesota Statutes 2004, section 297A.68,
33 subdivision 28, is amended to read:

34 Subd. 28. [MEDICAL SUPPLIES.] Medical supplies purchased
35 by a licensed health care facility or licensed health care
36 professional to provide medical treatment to residents or

1 patients are exempt. The exemption does not apply to durable
2 medical equipment or components of durable medical equipment,
3 laboratory supplies, radiological supplies, and other items used
4 in providing medical services. For purposes of this
5 subdivision, "medical supplies" means adhesive and nonadhesive
6 bandages, gauze pads and strips, cotton applicators,
7 antiseptics, ~~nonprescription-drugs,~~ eye solution, and other
8 similar supplies used directly on the resident or patient in
9 providing medical services.

10 [EFFECTIVE DATE.] This section is effective for sales and
11 purchases made after June 30, 2005.

12 Sec. 7. Minnesota Statutes 2004, section 297A.71,
13 subdivision 12, is amended to read:

14 Subd. 12. [CHAIR LIFTS, RAMPS, ELEVATORS.] ~~Chair-lifts,~~
15 ~~ramps,-and~~ Elevators and building materials used to install or
16 construct them chair lifts, ramps, and elevators are exempt, if
17 they are authorized by a physician and installed in or attached
18 to the owner's homestead. The tax must be imposed and collected
19 as if the rate under section 297A.62, subdivision 1, applied and
20 then refunded in the manner provided in section 297A.75.

21 [EFFECTIVE DATE.] This section is effective for sales and
22 purchases made after June 30, 2005.

23 Sec. 8. Minnesota Statutes 2004, section 297A.71, is
24 amended by adding a subdivision to read:

25 Subd. 33. [HYDROELECTRIC GENERATING FACILITY.] Materials
26 and supplies used or consumed in the construction of a
27 hydroelectric generating facility that meets the requirements of
28 this subdivision are exempt. To qualify for the exemption under
29 this subdivision, a hydroelectric generating facility must:

30 (1) utilize two turbine generators at a dam site existing
31 on March 31, 1994;

32 (2) be located on land within 1,500 feet of a 13.8 kilovolt
33 distribution circuit; and

34 (3) be eligible to receive a renewable energy production
35 incentive payment under section 216C.41.

36 [EFFECTIVE DATE.] This section is effective for sales made

1 after December 31, 2004, and on or before December 31, 2007.

2 Sec. 9. Laws 1993, chapter 375, article 9, section 46,
3 subdivision 2, as amended by Laws 1997, chapter 231, article 7,
4 section 40, and Laws 1998, chapter 389, article 8, section 30,
5 and Laws 2003 First Special Session chapter 21, article 8,
6 section 13, is amended to read:

7 Subd. 2. [USE OF REVENUES.] Revenues received from the tax
8 authorized by subdivision 1 may only be used by the city to pay
9 the cost of collecting the tax, and to pay for the following
10 projects or to secure or pay any principal, premium, or interest
11 on bonds issued in accordance with subdivision 3 for the
12 following projects.

13 (a) To pay all or a portion of the capital expenses of
14 construction, equipment and acquisition costs for the expansion
15 and remodeling of the St. Paul Civic Center complex, including
16 the demolition of the existing arena and the construction and
17 equipping of a new arena.

18 (b) The remainder of the funds must be spent for:

19 (1) capital projects to further residential, cultural,
20 commercial, and economic development in both downtown St. Paul
21 and St. Paul neighborhoods ; and

22 (2) capital and operating expenses of cultural
23 organizations in the city, provided that the amount spent under
24 this clause must equal ten percent of the total amount spent
25 under this paragraph in any year.

26 (c) The amount apportioned under paragraph (b) shall be no
27 less than 60 percent of the revenues derived from the tax each
28 year, except to the extent that a portion of that amount is
29 required to pay debt service on (1) bonds issued for the
30 purposes of paragraph (a) prior to March 1, 1998; or (2) bonds
31 issued for the purposes of paragraph (a) after March 1, 1998,
32 but only if the city council determines that 40 percent of the
33 revenues derived from the tax together with other revenues
34 pledged to the payment of the bonds, including the proceeds of
35 definitive bonds, is expected to exceed the annual debt service
36 on the bonds.

1 (d) If in any year more than 40 percent of the revenue
 2 derived from the tax authorized by subdivision 1 is used to pay
 3 debt service on the bonds issued for the purposes of paragraph
 4 (a) and to fund a reserve for the bonds, the amount of the debt
 5 service payment that exceeds 40 percent of the revenue must be
 6 determined for that year. In any year when 40 percent of the
 7 revenue produced by the sales tax exceeds the amount required to
 8 pay debt service on the bonds and to fund a reserve for the
 9 bonds under paragraph (a), the amount of the excess must be made
 10 available for capital projects to further residential, cultural,
 11 commercial, and economic development in the neighborhoods and
 12 downtown until the cumulative amounts determined for all years
 13 under the preceding sentence have been made available under this
 14 sentence. The amount made available as reimbursement in the
 15 preceding sentence is not included in the 60 percent determined
 16 under paragraph (c).

17 (e) No revenues from the tax authorized by subdivision 1
 18 may be used to pay principal, premium, or interest on any bonds
 19 or other obligations except the bonds issued under subdivision 3.

20 ~~(e)~~ (f) By January 15 of each odd-numbered year, the mayor
 21 and the city council must report to the legislature on the use
 22 of sales tax revenues during the preceding two-year period.

23 **[EFFECTIVE DATE.]** This section is effective the day
 24 following final enactment.

25 Sec. 10. Laws 2001, First Special Session chapter 5,
 26 article 12, section 44, the effective date, is amended to read:

27 **[EFFECTIVE DATE.]** This section is effective for sales and
 28 purchases made after July 31, 2001, ~~and before August 17, 2005.~~

29 Sec. 11. [COUNTY OF MOWER; SALES AND USE TAX.]

30 Subdivision 1. [SALES AND USE TAX
 31 AUTHORIZED.] Notwithstanding Minnesota Statutes, section
 32 477A.016, or any other provision of law or ordinance, the county
 33 of Mower may, by resolution, impose a sales and use tax of up to
 34 one-half percent for the purposes specified in subdivision 2.
 35 Except as otherwise provided in this section, the provisions of
 36 Minnesota Statutes, section 297A.99, govern the imposition,

1 administration, collection, and enforcement of the tax
 2 authorized under this subdivision.

3 Subd. 2. [USE OF REVENUES.] The proceeds of the tax
 4 imposed under this section must be solely used to pay for costs
 5 associated with a Criminal Justice Center for Mower County.
 6 Government functions to be located in the facility for which
 7 proceeds of the tax may be used include, but are not limited to,
 8 jail, law enforcement, dispatch, courts, court administration,
 9 correctional services, and county attorney.

10 Authorized expenses include, but are not limited to, site
 11 acquisition, infrastructure, construction, and professional fees
 12 related to the project.

13 Subd. 3. [BONDING AUTHORITY.] (a) The county may issue
 14 bonds under Minnesota Statutes, chapter 475, to finance the
 15 capital expenditures and improvements authorized by the
 16 referendum under subdivision 4. An election to approve the
 17 bonds under Minnesota Statutes, section 475.58, is not required.

18 (b) The bonds are not included in computing any debt limits
 19 applicable to the county, and the levy of taxes under Minnesota
 20 Statutes, section 475.61, to pay principal and interest on the
 21 bonds is not subject to levy limits.

22 Subd. 4. [REFERENDUM.] If the county of Mower proposes to
 23 impose the tax authorized by this section, the question of
 24 imposing the tax must be submitted to the voters at either a
 25 special election held before January 1, 2006, or at the next
 26 general election.

27 Subd. 5. [TERMINATION OF TAXES.] The tax imposed under
 28 this section expires when the county board first determines that
 29 the amount of revenues raised to pay for the Criminal Justice
 30 Center project under subdivision 2 meet or exceed approved
 31 project costs. Any funds remaining after completion of the
 32 projects may be placed in the general funds of the county. The
 33 county may rescind the tax imposed under this section at an
 34 earlier time by ordinance.

35 [EFFECTIVE DATE.] This section is effective the day after
 36 compliance by the governing body of the county of Mower with

1 Minnesota Statutes, section 645.021, subdivision 3.

2 Sec. 12. [CITY OF WORTHINGTON; TAXES AUTHORIZED.]

3 Subdivision 1. [SALES AND USE TAX.] Notwithstanding
4 Minnesota Statutes, section 477A.016, or any other provision of
5 law, ordinance, or city charter, if approved by the voters
6 pursuant to Minnesota Statutes, section 297A.99, at the next
7 general election, the city of Worthington may impose by
8 ordinance a sales and use tax of up to one-half of one percent
9 for the purpose specified in subdivision 3. Except as otherwise
10 provided in this section, the provisions of Minnesota Statutes,
11 section 297A.99, govern the imposition, administration,
12 collection, and enforcement of the tax authorized under this
13 subdivision.

14 Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding
15 Minnesota Statutes, section 477A.016, or any other provision of
16 law, ordinance, or city charter, the city of Worthington may
17 impose by ordinance, for the purposes specified in subdivision
18 3, an excise tax of up to \$20 per motor vehicle, as defined by
19 ordinance, purchased or acquired from any person engaged within
20 the city in the business of selling motor vehicles at retail.

21 Subd. 3. [USE OF REVENUES.] Revenues received from taxes
22 authorized by subdivisions 1 and 2 must be used by the city to
23 pay the cost of collecting and administering the taxes and to
24 pay for the costs of a multipurpose city facility to include
25 meeting rooms, a swimming pool, and a senior citizen center, and
26 to make renovations to the Memorial Auditorium. Authorized
27 expenses include, but are not limited to, acquiring property and
28 paying construction expenses related to these improvements, and
29 paying debt service on bonds or other obligations issued to
30 finance acquisition and construction of these improvements.

31 Subd. 4. [BONDING AUTHORITY.] (a) If the tax authorized
32 under subdivision 1 is approved by the voters, the city may
33 issue bonds under Minnesota Statutes, chapter 475, to pay
34 capital and administrative expenses for the improvements
35 described in subdivision 3 in an amount that does not exceed
36 \$7,800,000. An election to approve the bonds under Minnesota

1 Statutes, section 475.58, is not required.

2 (b) The debt represented by the bonds is not included in
3 computing any debt limitation applicable to the city, and any
4 levy of taxes under Minnesota Statutes, section 475.61, to pay
5 principal of and interest on the bonds is not subject to any
6 levy limitation.

7 Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under
8 subdivisions 1 and 2 expire at the earlier of (1) ten years, or
9 (2) when the city council determines that the amount of revenue
10 received from the taxes to pay for the projects under
11 subdivision 3 equals or exceeds \$7,800,000 plus the additional
12 amount needed to pay the costs related to issuance of bonds
13 under subdivision 4, including interest on the bonds. Any funds
14 remaining after completion of the project and retirement or
15 redemption of the bonds shall be placed in a capital project
16 fund of the city. The taxes imposed under subdivisions 1 and 2
17 may expire at an earlier time if the city so determines by
18 ordinance.

19 [EFFECTIVE DATE.] This section is effective the day after
20 the governing body of the city of Worthington and its chief
21 clerical officer timely comply with Minnesota Statutes, section
22 645.021, subdivisions 2 and 3.

23 ARTICLE 4

24 PROPERTY TAX AND AIDS

25 Section 1. Minnesota Statutes 2004, section 123B.53,
26 subdivision 5, is amended to read:

27 Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] (a) The equalized
28 debt service levy of a district equals the sum of the first tier
29 equalized debt service levy and the second tier equalized debt
30 service levy.

31 (b) A district's first tier equalized debt service levy
32 equals the district's first tier debt service equalization
33 revenue times the lesser of one or the ratio of:

34 (1) the quotient derived by dividing the adjusted debt
35 service net tax capacity of the district for the year before the
36 year the levy is certified by the adjusted pupil units in the

1 district for the school year ending in the year prior to the
2 year the levy is certified; to

3 (2) \$3,200.

4 (c) A district's second tier equalized debt service levy
5 equals the district's second tier debt service equalization
6 revenue times the lesser of one or the ratio of:

7 (1) the quotient derived by dividing the adjusted debt
8 service net tax capacity of the district for the year before the
9 year the levy is certified by the adjusted pupil units in the
10 district for the school year ending in the year prior to the
11 year the levy is certified; to

12 (2) \$8,000.

13 [EFFECTIVE DATE.] This section is effective for taxes
14 payable in 2006.

15 Sec. 2. Minnesota Statutes 2004, section 126C.01, is
16 amended by adding a subdivision to read:

17 Subd. 2a. [DEBT SERVICE NET TAX CAPACITY.] A school
18 district's debt service net tax capacity means the net tax
19 capacity of the taxable property of the district as adjusted by
20 the commissioner of revenue under section 127A.48, subdivision
21 17. The debt service net tax capacity for any given calendar
22 year must be used to compute the debt service levy limitations
23 for levies certified in the succeeding calendar year and aid for
24 the school year beginning in the second succeeding calendar year.

25 [EFFECTIVE DATE.] This section is effective the day
26 following final enactment for computing taxes payable in 2006.

27 Sec. 3. Minnesota Statutes 2004, section 127A.48, is
28 amended by adding a subdivision to read:

29 Subd. 17. [DEBT SERVICE NET TAX CAPACITY.] To calculate
30 each district's debt service net tax capacity, the commissioner
31 of revenue must recompute the amounts in this section using an
32 alternative sales ratio comparing the sales price to the
33 estimated market value of the property.

34 [EFFECTIVE DATE.] This section is effective the day
35 following final enactment for computing taxes payable in 2006.

36 Sec. 4. Minnesota Statutes 2004, section 254B.02,

1 subdivision 3, is amended to read:

2 Subd. 3. [RESERVE ACCOUNT.] The commissioner shall
3 allocate money from the reserve account to counties that, during
4 the current fiscal year, have met or exceeded the base level of
5 expenditures for eligible chemical dependency services from
6 local money. The commissioner shall establish the base level
7 for fiscal year 1988 as the amount of local money used for
8 eligible services in calendar year 1986. In later years, the
9 base level must be increased in the same proportion as state
10 appropriations to implement Laws 1986, chapter 394, sections 8
11 to 20, are increased, except the base level shall not exceed 55
12 percent of the county allocation provided in subdivision 1 for
13 fiscal year 2006; 50 percent in fiscal year 2007; 45 percent in
14 fiscal year 2008; and 40 percent in fiscal year 2009.
15 Thereafter the maximum base level shall decrease by five percent
16 each year until the maximum county match is 15 percent. The
17 base level must be decreased if the fund balance from which
18 allocations are made under section 254B.02, subdivision 1, is
19 decreased in later years. The local match rate for the reserve
20 account is the same rate as applied to the initial allocation.
21 Reserve account payments must not be included when calculating
22 the county adjustments made according to subdivision 2. For
23 counties providing medical assistance or general assistance
24 medical care through managed care plans on January 1, 1996, the
25 base year is fiscal year 1995. For counties beginning provision
26 of managed care after January 1, 1996, the base year is the most
27 recent fiscal year before enrollment in managed care begins.
28 For counties providing managed care, the base level will be
29 increased or decreased in proportion to changes in the fund
30 balance from which allocations are made under subdivision 2, but
31 will be additionally increased or decreased in proportion to the
32 change in county adjusted population made in subdivision 1,
33 paragraphs (b) and (c). Effective July 1, 2001, at the end of
34 each biennium, any funds deposited in the reserve account funds
35 in excess of those needed to meet obligations incurred under
36 this section and sections 254B.06 and 254B.09 shall cancel to

1 the general fund.

2 Sec. 5. Minnesota Statutes 2004, section 272.02,
3 subdivision 53, is amended to read:

4 Subd. 53. [ELECTRIC GENERATION FACILITY; PERSONAL
5 PROPERTY.] Notwithstanding subdivision 9, clause (a), attached
6 machinery and other personal property which is part of a 3.2
7 megawatt run-of-the-river hydroelectric generation facility and
8 that meets the requirements of this subdivision is exempt. At
9 the time of construction, the facility must:

10 (1) utilize two turbine generators at a dam site existing
11 on March 31, 1994;

12 (2) be located on ~~publicly-owned~~ land and within 1,500 feet
13 of a 13.8 kilovolt distribution substation; and

14 (3) be eligible to receive a renewable energy production
15 incentive payment under section 216C.41.

16 Construction of the facility must be commenced after
17 ~~January 17, 2002~~ December 31, 2004, and before January 1, 2005
18 2007. Property eligible for this exemption does not include
19 electric transmission lines and interconnections or gas
20 pipelines and interconnections appurtenant to the property or
21 the facility.

22 [EFFECTIVE DATE.] This section is effective for taxes
23 levied in 2005, payable in 2006, and thereafter.

24 Sec. 6. Minnesota Statutes 2004, section 272.02, is
25 amended by adding a subdivision to read:

26 Subd. 68. [ELECTRIC GENERATION FACILITY PERSONAL
27 PROPERTY.] (a) Notwithstanding subdivision 9, clause (a),
28 attached machinery and other personal property which is part of
29 either a simple-cycle, combustion-turbine electric generation
30 facility, or a combined-cycle, combustion-turbine electric
31 generation facility that does not exceed 325 megawatts of
32 installed capacity and that meets the requirements of this
33 subdivision is exempt. At the time of construction, the
34 facility must:

35 (1) utilize either a simple-cycle or a combined-cycle
36 combustion-turbine generator fueled by natural gas;

1 (2) be connected to an existing 115-kilovolt high-voltage
 2 electric transmission line that is within two miles of the
 3 facility;

4 (3) be located on an underground natural gas storage
 5 aquifer;

6 (4) be designed as either a peaking or intermediate load
 7 facility; and

8 (5) have received, by resolution, the approval from the
 9 governing body of the county for the exemption of personal
 10 property under this subdivision.

11 (b) Construction of the facility must be commenced after
 12 January 1, 2006, and before January 1, 2008. Property eligible
 13 for this exemption does not include electric transmission lines
 14 and interconnections or gas pipelines and interconnections
 15 appurtenant to the property or the facility.

16 [EFFECTIVE DATE.] This section is effective for assessment
 17 year 2005, taxes payable in 2006, and thereafter.

18 Sec. 7. Minnesota Statutes 2004, section 272.0211,
 19 subdivision 1, is amended to read:

20 Subdivision 1. [EFFICIENCY DETERMINATION AND
 21 CERTIFICATION.] An owner or operator of a new or existing
 22 electric power generation facility, excluding wind energy
 23 conversion systems, may apply to the commissioner of revenue for
 24 a market value exclusion on the property as provided for in this
 25 section. This exclusion shall apply only to the market value of
 26 the equipment of the facility, and shall not apply to the
 27 structures and the land upon which the facility is located. The
 28 commissioner of revenue shall prescribe the forms and procedures
 29 for this application. Upon receiving the application, the
 30 commissioner of revenue shall request the commissioner of
 31 commerce to make a determination of the efficiency of the
 32 applicant's electric power generation facility. ~~In calculating~~
 33 ~~the-efficiency-of-a-facility,~~ The commissioner of commerce shall
 34 ~~use-a-definition-of~~ calculate efficiency ~~which-calculates~~
 35 ~~efficiency-as-the-sum-of:~~

36 ~~(1)-the-useful-electrical-power-output,-plus~~

1 ~~(2)-the-useful-thermal-energy-output,-plus~~
2 ~~(3)-the-fuel-energy-of-the-useful-chemical-products,-~~
3 ~~all-divided-by-the-total-energy-input-to-the-facility,-expressed~~
4 ~~as-a-percentage~~ as the ratio of useful energy outputs to energy
5 ~~inputs, expressed as a percentage, based on the performance of~~
6 ~~the facility's equipment during normal full load operation.~~ The
7 commissioner must include in this formula the energy used in any
8 on-site preparation of materials necessary to convert the
9 materials into the fuel used to generate electricity, such as a
10 process to gasify petroleum coke. The commissioner shall use
11 the ~~high-heating-value~~ Higher Heating Value (HHV) for all
12 substances in the commissioner's efficiency calculations, except
13 for wood for fuel in a biomass-eligible project under section
14 216B.2424; for these instances, the commissioner shall adjust
15 the heating value to allow for energy consumed for evaporation
16 of the moisture in the wood. The applicant shall provide the
17 commissioner of commerce with whatever information the
18 commissioner deems necessary to make the determination. Within
19 30 days of the receipt of the necessary information, the
20 commissioner of commerce shall certify the findings of the
21 efficiency determination to the commissioner of revenue and to
22 the applicant. ~~The-commissioner-of-commerce-shall-determine-the~~
23 ~~efficiency-of-the-facility-and-certify-the-findings-of-that~~
24 ~~determination-to-the-commissioner-of-revenue-every-two-years~~
25 ~~thereafter-from-the-date-of-the-original-certification.~~

26 [EFFECTIVE DATE.] This section is effective for assessment
27 year 2005 and thereafter, for taxes payable in 2006 and
28 thereafter.

29 Sec. 8. Minnesota Statutes 2004, section 272.0211,
30 subdivision 2, is amended to read:

31 Subd. 2. [SLIDING SCALE EXCLUSION.] Based upon the
32 efficiency determination provided by the commissioner of
33 commerce as described in subdivision 1, the commissioner of
34 revenue shall subtract ~~five~~ eight percent of the taxable market
35 value of the qualifying property for each percentage point that
36 the efficiency of the specific facility, as determined by the

1 commissioner of commerce, is above 35 40 percent. The reduction
2 in taxable market value shall be reflected in the taxable market
3 value of the facility beginning with the assessment year
4 immediately following the determination. For a facility that is
5 assessed by the county in which the facility is located, the
6 commissioner of revenue shall certify to the assessor of that
7 county the percentage of the taxable market value of the
8 facility to be excluded.

9 [EFFECTIVE DATE.] This section is effective for assessment
10 year 2005 and thereafter, for taxes payable in 2006 and
11 thereafter.

12 Sec. 9. Minnesota Statutes 2004, section 273.11,
13 subdivision 1a, is amended to read:

14 Subd. 1a. [LIMITED MARKET VALUE.] In the case of all
15 property classified as agricultural homestead or nonhomestead,
16 residential homestead or nonhomestead, timber, or noncommercial
17 seasonal residential recreational, the assessor shall compare
18 the value with the taxable portion of the value determined in
19 the preceding assessment.

20 For assessment year 2002, the amount of the increase shall
21 not exceed the greater of (1) ten percent of the value in the
22 preceding assessment, or (2) 15 percent of the difference
23 between the current assessment and the preceding assessment.

24 For assessment year 2003, the amount of the increase shall
25 not exceed the greater of (1) 12 percent of the value in the
26 preceding assessment, or (2) 20 percent of the difference
27 between the current assessment and the preceding assessment.

28 For assessment year 2004, the amount of the increase shall
29 not exceed the greater of (1) 15 percent of the value in the
30 preceding assessment, or (2) 25 percent of the difference
31 between the current assessment and the preceding assessment.

32 For assessment year 2005, the amount of the increase shall
33 not exceed the greater of (1) 15 percent of the value in the
34 preceding assessment, or (2) 33 percent of the difference
35 between the current assessment and the preceding assessment.

36 For assessment year 2006, the amount of the increase shall

1 not exceed the greater of (1) 15 percent of the value in the
2 preceding assessment, or (2) 50 percent of the difference
3 between the current assessment and the preceding assessment.

4 This limitation shall not apply to increases in value due
5 to improvements. For purposes of this subdivision, the term
6 "assessment" means the value prior to any exclusion under
7 subdivision 16.

8 The provisions of this subdivision shall be in effect
9 through assessment year 2006 as provided in this subdivision.

10 For purposes of the assessment/sales ratio study conducted
11 under section 127A.48, and the computation of state aids paid
12 under chapters 122A, 123A, 123B, excluding section 123B.53,
13 124D, 125A, 126C, 127A, and 477A, market values and net tax
14 capacities determined under this subdivision and subdivision 16,
15 shall be used.

16 [EFFECTIVE DATE.] This section is effective the day
17 following final enactment for computing taxes payable in 2006.

18 Sec. 10. Minnesota Statutes 2004, section 275.025,
19 subdivision 1, is amended to read:

20 Subdivision 1. [LEVY AMOUNT.] (a) The state general levy
21 is levied against commercial-industrial property and seasonal
22 residential recreational property, as defined in this section.
23 The state general levy base amount is \$592,000,000 for taxes
24 payable in 2002. For taxes payable in subsequent years on
25 seasonal residential recreational property, the levy base amount
26 is increased each year by multiplying the levy base amount
27 for that class of property for the prior year by the sum of one
28 plus the rate of increase, if any, in the implicit price
29 deflator for government consumption expenditures and gross
30 investment for state and local governments prepared by the
31 Bureau of Economic Analysts of the United States Department of
32 Commerce for the 12-month period ending March 31 of the year
33 prior to the year the taxes are payable. For taxes payable in
34 2006 and subsequent years on commercial-industrial property, the
35 tax is imposed under this subdivision at the rate of the tax
36 imposed under this subdivision for taxes payable in 2002. The

1 tax under this section is not treated as a local tax rate under
2 section 469.177 and is not the levy of a governmental unit under
3 chapters 276A and 473F.

4 (b) Beginning with taxes payable in 2008, and in each year
5 thereafter, the commissioner of finance shall deposit in the
6 education reserve account established in 2005 S.F. No. 1683,
7 article 4, section 73, if enacted, the increased amount of the
8 state general levy for that year over the state general levy
9 base amount for taxes payable in 2002.

10 (c) The commissioner shall increase or decrease the
11 preliminary or final rate for a year as necessary to account for
12 errors and tax base changes that affected a preliminary or final
13 rate for either of the two preceding years. Adjustments are
14 allowed to the extent that the necessary information is
15 available to the commissioner at the time the rates for a year
16 must be certified, and for the following reasons:

- 17 (1) an erroneous report of taxable value by a local
18 official;
- 19 (2) an erroneous calculation by the commissioner; and
- 20 (3) an increase or decrease in taxable value for
21 commercial-industrial or seasonal residential recreational
22 property reported on the abstracts of tax lists submitted under
23 section 275.29 that was not reported on the abstracts of
24 assessment submitted under section 270.11, subdivision 2, for
25 the same year.

26 The commissioner may, but need not, make adjustments if the
27 total difference in the tax levied for the year would be less
28 than \$100,000.

29 [EFFECTIVE DATE.] This section is effective for taxes
30 payable in 2006 and subsequent years.

31 Sec. 11. Minnesota Statutes 2004, section 275.065,
32 subdivision 3, is amended to read:

33 Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The
34 county auditor shall prepare and the county treasurer shall
35 deliver after November 10 and on or before November 24 each
36 year, by first class mail to each taxpayer at the address listed

1 on the county's current year's assessment roll, a notice of
2 proposed property taxes.

3 (b) The commissioner of revenue shall prescribe the form of
4 the notice.

5 (c) The notice must inform taxpayers that it contains the
6 amount of property taxes each taxing authority proposes to
7 collect for taxes payable the following year. In the case of a
8 town, or in the case of the state general tax, the final tax
9 amount will be its proposed tax. In the case of taxing
10 authorities required to hold a public meeting under subdivision
11 6, the notice must clearly state that each taxing authority,
12 including regional library districts established under section
13 134.201, and including the metropolitan taxing districts as
14 defined in paragraph (i), but excluding all other special taxing
15 districts and towns, will hold a public meeting to receive
16 public testimony on the proposed budget and proposed or final
17 property tax levy, or, in case of a school district, on the
18 current budget and proposed property tax levy. It must clearly
19 state the time and place of each taxing authority's meeting, a
20 telephone number for the taxing authority that taxpayers may
21 call if they have questions related to the notice, and an
22 address where comments will be received by mail.

23 (d) The notice must state for each parcel:

24 (1) the market value of the property as determined under
25 section 273.11, and used for computing property taxes payable in
26 the following year and for taxes payable in the current year as
27 each appears in the records of the county assessor on November 1
28 of the current year; and, in the case of residential property,
29 whether the property is classified as homestead or
30 nonhomestead. The notice must clearly inform taxpayers of the
31 years to which the market values apply and that the values are
32 final values;

33 (2) the items listed below, shown separately by county,
34 city or town, and state general tax, net of the residential and
35 agricultural homestead credit under section 273.1384, voter
36 approved school levy, other local school levy, and the sum of

1 the special taxing districts, and as a total of all taxing
2 authorities:

3 (i) the actual tax for taxes payable in the current year;
4 and

5 (ii) the proposed tax amount.

6 If the county levy under clause (2) includes an amount for
7 a lake improvement district as defined under sections 103B.501
8 to 103B.581, the amount attributable for that purpose must be
9 separately stated from the remaining county levy amount.

10 In the case of a town or the state general tax, the final
11 tax shall also be its proposed tax unless the town changes its
12 levy at a special town meeting under section 365.52. If a
13 school district has certified under section 126C.17, subdivision
14 9, that a referendum will be held in the school district at the
15 November general election, the county auditor must note next to
16 the school district's proposed amount that a referendum is
17 pending and that, if approved by the voters, the tax amount may
18 be higher than shown on the notice. In the case of the city of
19 Minneapolis, the levy for the Minneapolis Library Board and the
20 levy for Minneapolis Park and Recreation shall be listed
21 separately from the remaining amount of the city's levy. In the
22 case of the city of St. Paul, the levy for the St. Paul Library
23 Agency must be listed separately from the remaining amount of
24 the city's levy. In the case of a parcel where tax increment or
25 the fiscal disparities areawide tax under chapter 276A or 473F
26 applies, the proposed tax levy on the captured value or the
27 proposed tax levy on the tax capacity subject to the areawide
28 tax must each be stated separately and not included in the sum
29 of the special taxing districts; and

30 (3) the increase or decrease between the total taxes
31 payable in the current year and the total proposed taxes,
32 expressed as a percentage.

33 For purposes of this section, the amount of the tax on
34 homesteads qualifying under the senior citizens' property tax
35 deferral program under chapter 290B is the total amount of
36 property tax before subtraction of the deferred property tax

1 amount.

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

4 (1) special assessments;

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

8 (3) a levy limit increase approved by the voters by the
9 first Tuesday after the first Monday in November of the levy
10 year as provided under section 275.73;

11 (4) amounts necessary to pay cleanup or other costs due to
12 a natural disaster occurring after the date the proposed taxes
13 are certified;

14 (5) amounts necessary to pay tort judgments against the
15 taxing authority that become final after the date the proposed
16 taxes are certified; and

17 (6) the contamination tax imposed on properties which
18 received market value reductions for contamination.

19 (f) Except as provided in subdivision 7, failure of the
20 county auditor to prepare or the county treasurer to deliver the
21 notice as required in this section does not invalidate the
22 proposed or final tax levy or the taxes payable pursuant to the
23 tax levy.

24 (g) If the notice the taxpayer receives under this section
25 lists the property as nonhomestead, and satisfactory
26 documentation is provided to the county assessor by the
27 applicable deadline, and the property qualifies for the
28 homestead classification in that assessment year, the assessor
29 shall reclassify the property to homestead for taxes payable in
30 the following year.

31 (h) In the case of class 4 residential property used as a
32 residence for lease or rental periods of 30 days or more, the
33 taxpayer must either:

34 (1) mail or deliver a copy of the notice of proposed
35 property taxes to each tenant, renter, or lessee; or

36 (2) post a copy of the notice in a conspicuous place on the

1 premises of the property.

2 The notice must be mailed or posted by the taxpayer by
3 November 27 or within three days of receipt of the notice,
4 whichever is later. A taxpayer may notify the county treasurer
5 of the address of the taxpayer, agent, caretaker, or manager of
6 the premises to which the notice must be mailed in order to
7 fulfill the requirements of this paragraph.

8 (i) For purposes of this subdivision, subdivisions 5a and
9 6, "metropolitan special taxing districts" means the following
10 taxing districts in the seven-county metropolitan area that levy
11 a property tax for any of the specified purposes listed below:

12 (1) Metropolitan Council under section 473.132, 473.167,
13 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

14 (2) Metropolitan Airports Commission under section 473.667,
15 473.671, or 473.672; and

16 (3) Metropolitan Mosquito Control Commission under section
17 473.711.

18 For purposes of this section, any levies made by the
19 regional rail authorities in the county of Anoka, Carver,
20 Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
21 398A shall be included with the appropriate county's levy and
22 shall be discussed at that county's public hearing.

23 (j) The governing body of a county, city, or school
24 district may, with the consent of the county auditor, include
25 supplemental information with the statement of proposed property
26 taxes about the impact of state aid increases or decreases on
27 property tax increases or decreases and on the level of services
28 provided in the affected jurisdiction. This supplemental
29 information may include information for the following year, the
30 current year, and for as many consecutive preceding years as
31 deemed appropriate by the governing body of the county, city, or
32 school district. It may include only information regarding:

33 (1) the impact of inflation as measured by the implicit
34 price deflator for state and local government purchases;

35 (2) population growth and decline;

36 (3) state or federal government action; and

1 (4) other financial factors that affect the level of
2 property taxation and local services that the governing body of
3 the county, city, or school district may deem appropriate to
4 include.

5 The information may be presented using tables, written
6 narrative, and graphic representations and may contain
7 instruction toward further sources of information or opportunity
8 for comment.

9 Sec. 12. Minnesota Statutes 2004, section 469.033,
10 subdivision 6, is amended to read:

11 Subd. 6. [OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX.]

12 All of the territory included within the area of operation of
13 any authority shall constitute a taxing district for the purpose
14 of levying and collecting special benefit taxes as provided in
15 this subdivision. All of the taxable property, both real and
16 personal, within that taxing district shall be deemed to be
17 benefited by projects to the extent of the special taxes levied
18 under this subdivision. Subject to the consent by resolution of
19 the governing body of the city in and for which it was created,
20 an authority may levy a tax upon all taxable property within
21 that taxing district. The tax shall be extended, spread, and
22 included with and as a part of the general taxes for state,
23 county, and municipal purposes by the county auditor, to be
24 collected and enforced therewith, together with the penalty,
25 interest, and costs. As the tax, including any penalties,
26 interest, and costs, is collected by the county treasurer it
27 shall be accumulated and kept in a separate fund to be known as
28 the "housing and redevelopment project fund." The money in the
29 fund shall be turned over to the authority at the same time and
30 in the same manner that the tax collections for the city are
31 turned over to the city, and shall be expended only for the
32 purposes of sections 469.001 to 469.047. It shall be paid out
33 upon vouchers signed by the chair of the authority or an
34 authorized representative. The amount of the levy shall be an
35 amount approved by the governing body of the city, but shall not
36 exceed 0.0144 percent of taxable market value for the current

1 levy year, notwithstanding section 273.032. The authority shall
2 each year formulate and file a budget in accordance with the
3 budget procedure of the city in the same manner as required of
4 executive departments of the city or, if no budgets are required
5 to be filed, by August 1. The amount of the tax levy for the
6 following year shall be based on that budget.

7 Sec. 13. Minnesota Statutes 2004, section 473F.08,
8 subdivision 3a, is amended to read:

9 Subd. 3a. [BLOOMINGTON COMPUTATION.] Beginning in 1987 and
10 each subsequent year through 1998, the city of Bloomington shall
11 determine the interest payments for that year for the bonds
12 which have been sold for the highway improvements pursuant to
13 Laws 1986, chapter 391, section 2, paragraph (g). Effective for
14 property taxes payable in 1988 through property taxes payable in
15 1999, after the Hennepin County auditor has computed the
16 areawide portion of the levy for the city of Bloomington
17 pursuant to subdivision 3, clause (a), the auditor shall
18 annually add a dollar amount to the city of Bloomington's
19 areawide portion of the levy equal to the amount which has been
20 certified to the auditor by the city of Bloomington for the
21 interest payments for that year for the bonds which were sold
22 for highway improvements. The total areawide portion of the
23 levy for the city of Bloomington including the additional amount
24 for interest repayment certified pursuant to this subdivision
25 shall be certified by the Hennepin County auditor to the
26 administrative auditor pursuant to subdivision 5. The Hennepin
27 County auditor shall distribute to the city of Bloomington the
28 additional areawide portion of the levy computed pursuant to
29 this subdivision at the same time that payments are made to the
30 other counties pursuant to subdivision 7a. For property taxes
31 payable from the year ~~2006~~ 2014 through ~~2015~~ 2023, the Hennepin
32 County auditor shall adjust Bloomington's contribution to the
33 areawide gross tax capacity upward each year by a value equal to
34 ten percent of the total additional areawide levy distributed to
35 Bloomington under this subdivision from 1988 to 1999, divided by
36 the areawide tax rate for taxes payable in the previous year.

1 [EFFECTIVE DATE.] This section is effective the day
 2 following final enactment.

3 Sec. 14. Minnesota Statutes 2004, section 477A.011,
 4 subdivision 34, is amended to read:

5 Subd. 34. [CITY REVENUE NEED.] (a) For a city with a
 6 population equal to or greater than 2,500, "city revenue need"
 7 is the sum of (1) 5.0734098 times the pre-1940 housing
 8 percentage; plus (2) 19.141678 times the population decline
 9 percentage; plus (3) 2504.06334 times the road accidents factor;
 10 plus (4) 355.0547; minus (5) the metropolitan area factor; minus
 11 (6) 49.10638 times the household size.

12 (b) For a city with a population less than 2,500, "city
 13 revenue need" is the sum of (1) 2.387 times the pre-1940 housing
 14 percentage; plus (2) 2.67591 times the commercial industrial
 15 percentage; plus (3) 3.16042 times the population decline
 16 percentage; plus (4) 1.206 times the transformed population;
 17 minus (5) 62.772.

18 (c) The city revenue need cannot be less than zero.

19 (d) For calendar year 2005 and subsequent years, the city
 20 revenue need for a city, as determined in paragraphs (a) to (c),
 21 is multiplied by the ratio of the ~~annual~~ most recently available
 22 first quarter implicit price deflator for government consumption
 23 expenditures and gross investment for state and local
 24 governments as prepared by the United States Department of
 25 Commerce, ~~for-the-most-recently-available-year~~ to the 2003 first
 26 quarter 2002 implicit price deflator for state and local
 27 government purchases.

28 (e) For a city with a population of 2,500 or more and a
 29 population in one of the most recently available five years that
 30 was less than 2,500, "city revenue need" is the sum of (1) its
 31 city revenue need calculated under paragraph (a) multiplied by
 32 its transition factor; plus (2) its city revenue need calculated
 33 under the formula in paragraph (b) multiplied by the difference
 34 between one and its transition factor. For purposes of this
 35 paragraph, a city's "transition factor" is equal to 0.2
 36 multiplied by the number of years that the city's population

1 estimate has been 2,500 or more. This provision only applies
2 for aids payable in calendar years 2006 to 2008 to cities with a
3 2002 population of less than 2,500. It applies to any city for
4 aids payable in 2009 and thereafter.

5 [EFFECTIVE DATE.] This section is effective for aids
6 payable in 2006 and thereafter.

7 Sec. 15. Minnesota Statutes 2004, section 477A.011,
8 subdivision 36, is amended to read:

9 Subd. 36. [CITY AID BASE.] (a) Except as otherwise
10 provided in this subdivision, "city aid base" is zero.

11 (b) The city aid base for any city with a population less
12 than 500 is increased by \$40,000 for aids payable in calendar
13 year 1995 and thereafter, and the maximum amount of total aid it
14 may receive under section 477A.013, subdivision 9, paragraph
15 (c), is also increased by \$40,000 for aids payable in calendar
16 year 1995 only, provided that:

17 (i) the average total tax capacity rate for taxes payable
18 in 1995 exceeds 200 percent;

19 (ii) the city portion of the tax capacity rate exceeds 100
20 percent; and

21 (iii) its city aid base is less than \$60 per capita.

22 (c) The city aid base for a city is increased by \$20,000 in
23 1998 and thereafter and the maximum amount of total aid it may
24 receive under section 477A.013, subdivision 9, paragraph (c), is
25 also increased by \$20,000 in calendar year 1998 only, provided
26 that:

27 (i) the city has a population in 1994 of 2,500 or more;

28 (ii) the city is located in a county, outside of the
29 metropolitan area, which contains a city of the first class;

30 (iii) the city's net tax capacity used in calculating its
31 1996 aid under section 477A.013 is less than \$400 per capita;
32 and

33 (iv) at least four percent of the total net tax capacity,
34 for taxes payable in 1996, of property located in the city is
35 classified as railroad property.

36 (d) The city aid base for a city is increased by \$200,000

1 in 1999 and thereafter and the maximum amount of total aid it
2 may receive under section 477A.013, subdivision 9, paragraph
3 (c), is also increased by \$200,000 in calendar year 1999 only,
4 provided that:

5 (i) the city was incorporated as a statutory city after
6 December 1, 1993;

7 (ii) its city aid base does not exceed \$5,600; and

8 (iii) the city had a population in 1996 of 5,000 or more.

9 (e) The city aid base for a city is increased by \$450,000
10 in 1999 to 2008 and the maximum amount of total aid it may
11 receive under section 477A.013, subdivision 9, paragraph (c), is
12 also increased by \$450,000 in calendar year 1999 only, provided
13 that:

14 (i) the city had a population in 1996 of at least 50,000;

15 (ii) its population had increased by at least 40 percent in
16 the ten-year period ending in 1996; and

17 (iii) its city's net tax capacity for aids payable in 1998
18 is less than \$700 per capita.

19 ~~(f) Beginning in 2004, the city aid base for a city is~~
20 ~~equal to the sum of its city aid base in 2003 and the amount of~~
21 ~~additional aid it was certified to receive under section 477A.06~~
22 ~~in 2003. For 2004 only, the maximum amount of total aid a city~~
23 ~~may receive under section 477A.013, subdivision 9, paragraph~~
24 ~~(c), is also increased by the amount it was certified to receive~~
25 ~~under section 477A.06 in 2003.~~

26 ~~(g)~~ The city aid base for a city is increased by \$150,000
27 for aids payable in 2000 and thereafter, and the maximum amount
28 of total aid it may receive under section 477A.013, subdivision
29 9, paragraph (c), is also increased by \$150,000 in calendar year
30 2000 only, provided that:

31 (1) the city has a population that is greater than 1,000
32 and less than 2,500;

33 (2) its commercial and industrial percentage for aids
34 payable in 1999 is greater than 45 percent; and

35 (3) the total market value of all commercial and industrial
36 property in the city for assessment year 1999 is at least 15

1 percent less than the total market value of all commercial and
2 industrial property in the city for assessment year 1998.

3 ~~(h)~~ (g) The city aid base for a city is increased by
4 \$200,000 in 2000 and thereafter, and the maximum amount of total
5 aid it may receive under section 477A.013, subdivision 9,
6 paragraph (c), is also increased by \$200,000 in calendar year
7 2000 only, provided that:

8 (1) the city had a population in 1997 of 2,500 or more;

9 (2) the net tax capacity of the city used in calculating
10 its 1999 aid under section 477A.013 is less than \$650 per
11 capita;

12 (3) the pre-1940 housing percentage of the city used in
13 calculating 1999 aid under section 477A.013 is greater than 12
14 percent;

15 (4) the 1999 local government aid of the city under section
16 477A.013 is less than 20 percent of the amount that the formula
17 aid of the city would have been if the need increase percentage
18 was 100 percent; and

19 (5) the city aid base of the city used in calculating aid
20 under section 477A.013 is less than \$7 per capita.

21 ~~(i)~~ (h) The city aid base for a city is increased by
22 \$102,000 in 2000 and thereafter, and the maximum amount of total
23 aid it may receive under section 477A.013, subdivision 9,
24 paragraph (c), is also increased by \$102,000 in calendar year
25 2000 only, provided that:

26 (1) the city has a population in 1997 of 2,000 or more;

27 (2) the net tax capacity of the city used in calculating
28 its 1999 aid under section 477A.013 is less than \$455 per
29 capita;

30 (3) the net levy of the city used in calculating 1999 aid
31 under section 477A.013 is greater than \$195 per capita; and

32 (4) the 1999 local government aid of the city under section
33 477A.013 is less than 38 percent of the amount that the formula
34 aid of the city would have been if the need increase percentage
35 was 100 percent.

36 ~~(j)~~ (i) The city aid base for a city is increased by

1 \$32,000 in 2001 and thereafter, and the maximum amount of total
2 aid it may receive under section 477A.013, subdivision 9,
3 paragraph (c), is also increased by \$32,000 in calendar year
4 2001 only, provided that:

5 (1) the city has a population in 1998 that is greater than
6 200 but less than 500;

7 (2) the city's revenue need used in calculating aids
8 payable in 2000 was greater than \$200 per capita;

9 (3) the city net tax capacity for the city used in
10 calculating aids available in 2000 was equal to or less than
11 \$200 per capita;

12 (4) the city aid base of the city used in calculating aid
13 under section 477A.013 is less than \$65 per capita; and

14 (5) the city's formula aid for aids payable in 2000 was
15 greater than zero.

16 ~~(k)~~ (j) The city aid base for a city is increased by \$7,200
17 in 2001 and thereafter, and the maximum amount of total aid it
18 may receive under section 477A.013, subdivision 9, paragraph
19 (c), is also increased by \$7,200 in calendar year 2001 only,
20 provided that:

21 (1) the city had a population in 1998 that is greater than
22 200 but less than 500;

23 (2) the city's commercial industrial percentage used in
24 calculating aids payable in 2000 was less than ten percent;

25 (3) more than 25 percent of the city's population was 60
26 years old or older according to the 1990 census;

27 (4) the city aid base of the city used in calculating aid
28 under section 477A.013 is less than \$15 per capita; and

29 (5) the city's formula aid for aids payable in 2000 was
30 greater than zero.

31 ~~(l)~~ (k) The city aid base for a city is increased by
32 \$45,000 in 2001 and thereafter and by an additional \$50,000 in
33 calendar years 2002 to 2011, and the maximum amount of total aid
34 it may receive under section 477A.013, subdivision 9, paragraph
35 (c), is also increased by \$45,000 in calendar year 2001 only,
36 and by \$50,000 in calendar year 2002 only, provided that:

1 (1) the net tax capacity of the city used in calculating
2 its 2000 aid under section 477A.013 is less than \$810 per
3 capita;

4 (2) the population of the city declined more than two
5 percent between 1988 and 1998;

6 (3) the net levy of the city used in calculating 2000 aid
7 under section 477A.013 is greater than \$240 per capita; and

8 (4) the city received less than \$36 per capita in aid under
9 section 477A.013, subdivision 9, for aids payable in 2000.

10 The city aid base for a city described in this paragraph is also
11 increased by \$250,000 in calendar year 2006 and the maximum
12 amount of total aid it may receive under section 477A.013,
13 subdivision 9, paragraph (c), is also increased by \$250,000 in
14 calendar year 2006 only.

15 ~~(m)~~ (l) The city aid base for a city with a population of
16 10,000 or more which is located outside of the seven-county
17 metropolitan area is increased in 2002 and thereafter, and the
18 maximum amount of total aid it may receive under section
19 477A.013, subdivision 9, paragraph (b) or (c), is also increased
20 in calendar year 2002 only, by an amount equal to the lesser of:

21 (1) (i) the total population of the city, ~~as-determined-by~~
22 ~~the-United-States-Bureau-of-the-Census,-in-the-2000-census,~~ (ii)
23 minus 5,000, (iii) times 60; or

24 (2) \$2,500,000.

25 ~~(n)~~ (m) The city aid base is increased by \$50,000 in 2002
26 and thereafter, and the maximum amount of total aid it may
27 receive under section 477A.013, subdivision 9, paragraph (c), is
28 also increased by \$50,000 in calendar year 2002 only, provided
29 that:

30 (1) the city is located in the seven-county metropolitan
31 area;

32 (2) its population in 2000 is between 10,000 and 20,000;
33 and

34 (3) its commercial industrial percentage, as calculated for
35 city aid payable in 2001, was greater than 25 percent.

36 ~~(o)~~ (n) The city aid base for a city is increased by

1 \$150,000 in calendar years 2002 to 2011 and the maximum amount
 2 of total aid it may receive under section 477A.013, subdivision
 3 9, paragraph (c), is also increased by \$150,000 in calendar year
 4 2002 only, provided that:

5 (1) the city had a population of at least 3,000 but no more
 6 than 4,000 in 1999;

7 (2) its home county is located within the seven-county
 8 metropolitan area;

9 (3) its pre-1940 housing percentage is less than 15
 10 percent; and

11 (4) its city net tax capacity per capita for taxes payable
 12 in 2000 is less than \$900 per capita.

13 ~~(p)~~ (o) The city aid base for a city is increased by
 14 \$200,000 beginning in calendar year 2003 and the maximum amount
 15 of total aid it may receive under section 477A.013, subdivision
 16 9, paragraph (c), is also increased by \$200,000 in calendar year
 17 2003 only, provided that the city qualified for an increase in
 18 homestead and agricultural credit aid under Laws 1995, chapter
 19 264, article 8, section 18.

20 ~~(q)~~ (p) The city aid base for a city is increased by
 21 \$200,000 in 2004 only and the maximum amount of total aid it may
 22 receive under section 477A.013, subdivision 9, is also increased
 23 by \$200,000 in calendar year 2004 only, if the city is the site
 24 of a nuclear dry cask storage facility.

25 ~~(r)~~ (q) The city aid base for a city is increased by
 26 \$10,000 in 2004 and thereafter and the maximum total aid it may
 27 receive under section 477A.013, subdivision 9, is also increased
 28 by \$10,000 in calendar year 2004 only, if the city was included
 29 in a federal major disaster designation issued on April 1, 1998,
 30 and its pre-1940 housing stock was decreased by more than 40
 31 percent between 1990 and 2000.

32 (r) The city aid base for a city is increased by \$25,000 in
 33 2006 only and the maximum total aid it may receive under section
 34 477A.013, subdivision 9, is also increased by \$25,000 in 2006
 35 only, if the city (1) received no aid under section 477A.013 in
 36 2004; (2) had a population in 2002 greater than 20,000 and less

1 than 50,000; and (3) had an adjusted net tax capacity of less
2 than \$750 per capita for aids payable in 2004.

3 (s) The city aid base for a city is increased by \$500,000
4 in calendar year 2006 and thereafter, and the maximum amount of
5 total aid the city may receive under section 477A.013,
6 subdivision 9, paragraph (c), is also increased by \$500,000 in
7 calendar year 2006 only, provided that:

8 (1) the city is located outside of the seven-county
9 metropolitan area;

10 (2) the city's 2000 population is between 10,000 and
11 20,000;

12 (3) the net levy of the city used in calculating 2005 aid
13 under section 477A.013 is greater than \$350 per capita; and

14 (4) the city's commercial industrial percentage under
15 subdivision 32, for aids payable in 2005, was at least 20
16 percent.

17 (t) The city aid base for a city is increased by \$25,000 in
18 2006 only and the maximum total aid it may receive under section
19 477A.013, subdivision 9, is also increased by \$25,000 in
20 calendar year 2006 only if the city had a population in 2003 of
21 at least 1,000 and has a state park for which the city provides
22 rescue services and which comprised at least 14 percent of the
23 total geographic area included within the city boundaries in
24 2000.

25 [EFFECTIVE DATE.] This section is effective beginning with
26 aids payable in 2006, except that the striking of paragraph (f)
27 is effective beginning with aids payable in 2004.

28 Sec. 16. Minnesota Statutes 2004, section 477A.0124,
29 subdivision 4, is amended to read:

30 Subd. 4. [COUNTY TAX-BASE EQUALIZATION AID.] (a) For
31 ~~2005~~ 2006 and subsequent years, the money appropriated to county
32 tax-base equalization aid each calendar year, after the payment
33 under paragraph (f), shall be apportioned among the counties
34 according to each county's tax-base equalization aid factor.

35 (b) A county's tax-base equalization aid factor is equal to
36 the amount by which (i) \$185 times the county's population,

1 exceeds (ii) 9.45 percent of the county's net tax capacity.

2 (c) In the case of a county with a population less than
3 10,000, the factor determined in paragraph (b) shall be
4 multiplied by a factor of three.

5 (d) In the case of a county with a population greater than
6 or equal to 10,000, but less than 12,500, the factor determined
7 in paragraph (b) shall be multiplied by a factor of two.

8 (e) In the case of a county with a population greater than
9 500,000, the factor determined in paragraph (b) shall be
10 multiplied by a factor of 0.25.

11 (f) Before the money appropriated to county base
12 equalization aid is apportioned among the counties as provided
13 in paragraph (a), an amount up to \$73,259 is allocated annually
14 to Anoka County and up to \$59,664 is annually allocated to
15 Washington County for the county to pay postretirement costs of
16 health insurance premiums for court employees. The allocation
17 under this paragraph is in addition to the allocations under
18 paragraphs (a) to (e).

19 [EFFECTIVE DATE.] This section is effective for aids
20 payable in 2006 and thereafter.

21 Sec. 17. Minnesota Statutes 2004, section 477A.013,
22 subdivision 8, is amended to read:

23 Subd. 8. [CITY FORMULA AID.] In calendar year 2004 and
24 subsequent years, the formula aid for a city is equal to the
25 need increase percentage multiplied by the difference between
26 (1) the city's revenue need multiplied by its population, and
27 (2) ~~the sum of~~ the city's net tax capacity multiplied by the tax
28 ~~effort rate, and the taxonite aids under sections 298.28 and~~
29 ~~298.282, multiplied by the following percentages:~~

- 30 ~~(i) zero percent for aids payable in 2004;~~
- 31 ~~(ii) 25 percent for aids payable in 2005;~~
- 32 ~~(iii) 50 percent for aids payable in 2006;~~
- 33 ~~(iv) 75 percent for aids payable in 2007; and~~
- 34 ~~(v) 100 percent for aids payable in 2008 and thereafter.~~

35 No city may have a formula aid amount less than zero. The need
36 increase percentage must be the same for all cities.

1 The applicable need increase percentage must be calculated
2 by the Department of Revenue so that the total of the aid under
3 subdivision 9 equals the total amount available for aid under
4 section 477A.03 after the subtraction under section 477A.014,
5 subdivisions 4 and 5.

6 [EFFECTIVE DATE.] This section is effective for aids
7 payable in 2006 and thereafter.

8 Sec. 18. Minnesota Statutes 2004, section 477A.013,
9 subdivision 9, is amended to read:

10 Subd. 9. [CITY AID DISTRIBUTION.] (a) In calendar year
11 2002 and thereafter, each city shall receive an aid distribution
12 equal to the sum of (1) the city formula aid under subdivision
13 8, and (2) its city aid base.

14 ~~(b) The aid for a city in calendar year 2004 shall not~~
15 ~~exceed the amount of its aid in calendar year 2003 after the~~
16 ~~reductions under Laws 2003, First Special Session chapter 21,~~
17 ~~article 5.~~

18 ~~(c)~~ For aids payable in 2005 and thereafter, the total aid
19 for any city shall not exceed the sum of (1) ten 50 percent of
20 the city's net levy for the year prior to the aid distribution
21 plus (2) its total aid in the previous year. For aids payable
22 in 2005 and thereafter, the total aid for any city with a
23 population of 2,500 or more may not decrease from its total aid
24 under this section in the previous year by an amount greater
25 than ten percent of its net levy in the year prior to the aid
26 distribution.

27 ~~(d) (c) For aids payable in 2004 only, the total aid for a~~
28 ~~city with a population less than 2,500 may not be less than the~~
29 ~~amount it was certified to receive in 2003 minus the greater of~~
30 ~~(1) the reduction to this aid payment in 2003 under Laws 2003,~~
31 ~~First Special Session chapter 21, article 5, or (2) five percent~~
32 ~~of its 2003 aid amount.~~ For aids payable in 2005 and
33 thereafter, the total aid for a city with a population less than
34 2,500 must not be less than the amount it was certified to
35 receive in the previous year minus five percent of its 2003
36 certified aid amount.

1 (d) For aids payable in 2006 only, the total aid for a city
2 with a population less than 1,000 must not be less than 105
3 percent of the amount it was certified to receive in 2005.

4 [EFFECTIVE DATE.] This section is effective for aids
5 payable in 2006 and thereafter.

6 Sec. 19. [477A.0133] [COUNTY CRIMINAL JUSTICE AID.]

7 Subdivision 1. [PURPOSE.] County criminal justice aid is
8 provided for the sole purpose of reducing the reliance of county
9 criminal justice and corrections programs and associated costs
10 on local property taxes.

11 County criminal justice aids must be used to pay expenses
12 associated with criminal justice activities, specifically
13 probation and supervised release caseload reductions, chemical
14 dependency treatment, mental health programs, and assistance to
15 crime victims.

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

18 (1) "population" means the population according to the most
19 recent federal census, or according to the state demographer's
20 most recent estimate if it has been issued subsequent to the
21 most recent federal census; and

22 (2) "Part I crimes" means the three-year average annual
23 number of Part I crimes reported for each county by the
24 Department of Public Safety for the most recent years
25 available. By July 1 of each year, the commissioner of public
26 safety shall certify to the commissioner of revenue the number
27 of Part I crimes reported for each county for the three most
28 recent calendar years available.

29 Subd. 3. [FORMULA.] Each calendar year, the commissioner
30 of revenue shall distribute county criminal justice aid to each
31 county in an amount determined according to the following
32 formula:

33 (1) one-half shall be distributed to each county in the
34 same proportion that the county's population is to the
35 population of all counties in the state; and

36 (2) one-half shall be distributed to each county in the

1 same proportion that the county's Part I crimes are to the total
2 Part I crimes for all counties in the state.

3 Subd. 4. [PAYMENT DATES.] The aid amounts for each
4 calendar year shall be paid as provided in section 477A.015.

5 Subd. 5. [REPORT.] By March 15 of each year following the
6 year in which criminal justice aids are received, each county
7 must file a report with the commissioner of revenue describing
8 how criminal justice aids were spent, and demonstrating that
9 they were used for criminal justice purposes.

10 Subd. 6. [ANNUAL APPROPRIATION.] Aid payments to counties
11 under this section are limited to \$15,000,000 in 2006 and 2007
12 only.

13 Sec. 20. Minnesota Statutes 2004, section 477A.03,
14 subdivision 2a, is amended to read:

15 Subd. 2a. [CITIES.] ~~For aids payable in 2004, the total~~
16 ~~aids paid under section 477A.013, subdivision 9, are limited to~~
17 ~~\$429,000,000.~~ For aids payable in 2005 and thereafter 2006, the
18 total aids paid under section 477A.013, subdivision 9, are
19 increased to ~~\$437,052,000~~ \$523,052,000. For aids payable in
20 2007 and subsequent years, the total aids paid under section
21 477A.013, subdivision 9, are increased by one plus the
22 percentage increase in the implicit price deflator for
23 government consumption expenditures and gross investment for
24 state and local governments prepared by the Bureau of Economic
25 Analysis of the United States Department of Commerce for the
26 12-month period ending March 31 of the previous year. The
27 percentage increase used in this subdivision shall be no less
28 than 2.5 percent and no greater than 5.0 percent. The total
29 aids paid under section 477A.013, subdivision 9, shall not
30 exceed the amount required for the need increase percentage to
31 equal one. It is the intention of the legislature that the
32 increased aid provided to cities be used to pay for public
33 safety functions.

34 [EFFECTIVE DATE.] This section is effective for aids
35 payable in 2006 and thereafter.

36 Sec. 21. Minnesota Statutes 2004, section 477A.03,

1 subdivision 2b, is amended to read:

2 Subd. 2b. [COUNTIES.] (a) For aids payable in calendar
3 year 2005 and thereafter, the total aids paid to counties under
4 section 477A.0124, subdivision 3, are limited to \$100,500,000.
5 Each calendar year, \$500,000 shall be retained by the
6 commissioner of revenue to make reimbursements to the
7 commissioner of finance for payments made under section 611.27.
8 For calendar year 2004, the amount shall be in addition to the
9 payments authorized under section 477A.0124, subdivision 1. For
10 calendar year 2005 and subsequent years, the amount shall be
11 deducted from the appropriation under this paragraph. The
12 reimbursements shall be to defray the additional costs
13 associated with court-ordered counsel under section 611.27. Any
14 retained amounts not used for reimbursement in a year shall be
15 included in the next distribution of county need aid that is
16 certified to the county auditors for the purpose of property tax
17 reduction for the next taxes payable year.

18 (b) For aids payable in 2005 and ~~thereafter~~ 2006, the total
19 aids under section 477A.0124, subdivision 4, are limited to
20 \$105,000,000. For aids payable in 2007 and thereafter, the
21 total aid under section 477A.0124, subdivision 4, is limited to
22 \$105,132,923. The commissioner of finance shall bill the
23 commissioner of revenue for the cost of preparation of local
24 impact notes as required by section 3.987, not to exceed
25 \$207,000 in fiscal year 2004 and thereafter. The commissioner
26 of education shall bill the commissioner of revenue for the cost
27 of preparation of local impact notes for school districts as
28 required by section 3.987, not to exceed \$7,000 in fiscal year
29 2004 and thereafter. The commissioner of revenue shall deduct
30 the amounts billed under this paragraph from the appropriation
31 under this paragraph. The amounts deducted are appropriated to
32 the commissioner of finance and the commissioner of education
33 for the preparation of local impact notes.

34 [EFFECTIVE DATE.] This section is effective for aids
35 payable in 2007 and thereafter.

36 Sec. 22. Laws 1994, chapter 587, article 9, section 8,

1 subdivision 1, is amended to read:

2 Subdivision 1. [TAX LEVIES.] Notwithstanding Minnesota
3 Statutes, section 471.24, each of the following cities or towns
4 is authorized to levy a tax and make an appropriation not to
5 exceed ~~\$15,000~~ \$25,000 annually to the Lakeview Cemetery
6 Association, operated by the town of Iron Range, for cemetery
7 purposes: the city of Coleraine, the city of Bovey, and each
8 town which is a member of the cemetery association.

9 [EFFECTIVE DATE.] This section is effective for taxes
10 levied in 2005, payable in 2006, and thereafter.

11 Sec. 23. 2005 S.F. No. 467, section 1, the effective date,
12 if enacted, is amended to read:

13 [EFFECTIVE DATE.] This section is effective for taxes
14 levied in ~~2005~~ 2004, payable in ~~2006~~ 2005, and thereafter.

15 Sec. 24. [COURT AID ADJUSTMENT.]

16 For aids payable in 2005 only, the amount of court aid paid
17 to Anoka County under Minnesota Statutes, section 273.1398,
18 subdivision 4, is increased by \$36,630 for aids payable in 2005
19 only and the amount paid to Washington County under Minnesota
20 Statutes, section 273.1398, subdivision 4, is increased by
21 \$29,832 for aids payable in 2005 only.

22 [EFFECTIVE DATE.] This section is effective for aids
23 payable in 2005 only.

24 Sec. 25. [SUPREME COURT BUDGET.]

25 The district courts general fund appropriation is reduced
26 by \$66,462 in fiscal year 2006 and \$132,923 beginning in fiscal
27 year 2007 to fund the amount transferred to county tax base
28 equalization aid to fund the payments under section 477A.0124,
29 subdivision 4, paragraph (f), and section 20.

30 [EFFECTIVE DATE.] This section is effective the day
31 following final enactment.

32 Sec. 26. [CROW WING COUNTY SEWER DISTRICT; PILOT PROJECT.]

33 Subdivision 1. [POWERS.] In addition to the powers granted
34 in Minnesota Statutes, chapter 116A, the county board for Crow
35 Wing County, by resolution, may grant the following powers to a
36 sewer district created by the county board under Minnesota

1 Statutes, chapter 116A:

2 (1) provide that an authorized representative of the
3 district, after presentation of credentials, may enter at
4 reasonable times any premise to inspect or maintain an
5 individual sewage treatment system, as defined in Minnesota
6 Statutes, section 115.55, subdivision 1, paragraph (g);

7 (2) include areas of the county within the sewer district
8 that are not contiguous and establish different systems for
9 wastewater treatment in specific areas of the county;

10 (3) provide that each special service area that is managed
11 by the sewer system or combination thereof constitutes a system
12 under Minnesota Statutes, chapter 116A;

13 (4) delegate to the sewer district, by resolution, all or a
14 portion of its administrative and enforcement obligations with
15 respect to individual sewage treatment systems under Minnesota
16 Statutes, chapter 115, and rules adopted by the Pollution
17 Control Agency;

18 (5) modify any individual sewage treatment system to
19 provide reasonable access to it for inspection and maintenance;
20 and

21 (6) neither the approval nor the waiver of the county
22 board, nor confirmation by order of the district court, shall be
23 required for the sewer commission to exercise the powers set
24 forth in Minnesota Statutes, section 116A.24.

25 Subd. 2. [REPORT.] If the Crow Wing County Board exercises
26 the additional powers granted under subdivision 1, the county
27 shall provide a report by January 15, 2009, to the senate and
28 house committees with jurisdiction over environmental policy and
29 taxes on the establishment and operation of the sewer district.

30 The report must include:

31 (1) a description of the implementation of the additional
32 powers granted under subdivision 1;

33 (2) available information on the effectiveness of the
34 additional powers to control pollution in the county; and

35 (3) any recommendations for changes to Minnesota Statutes,
36 chapter 116A, to broaden the authority for sewer districts to

1 include any of the additional powers granted under subdivision 1.

2 [EFFECTIVE DATE.] This section is effective the day
3 following compliance with Minnesota Statutes, section 645.021,
4 subdivision 2.

5 Sec. 27. [DEVELOPMENT AUTHORIZED.]

6 Dakota County Regional Railroad Authority may exercise the
7 powers conferred by Minnesota Statutes, section 398A.04, to
8 plan, establish, acquire, develop, construct, purchase, enlarge,
9 extend, improve, maintain, equip, operate, regulate, and protect
10 a bus rapid transit system located within the Cedar Avenue
11 transitway corridor within Dakota County. The authority may
12 levy for this purpose under Minnesota Statutes, section 398A.04,
13 subdivision 8, to the extent the levy authority under that
14 subdivision is not required to be used for that levy year for
15 railroad purposes.

16 [EFFECTIVE DATE.] Pursuant to Minnesota Statutes, section
17 645.023, subdivision 1, paragraph (a), this section is effective
18 without local approval the day following final enactment.

19 Sec. 28. [CITY OF WHITE BEAR LAKE.]

20 Subdivision 1. [PAYMENT REQUIRED.] The commissioner of
21 revenue must make payments of \$52,482 on each of July 20, 2005,
22 and December 26, 2005, to the city of White Bear Lake.

23 Subd. 2. [APPROPRIATION.] \$104,964 is appropriated from
24 the general fund to the commissioner of revenue to make the
25 payments required in this section.

26 ARTICLE 5

27 INTERNATIONAL ECONOMIC DEVELOPMENT ZONE

28 Section 1. Minnesota Statutes 2004, section 272.02, is
29 amended by adding a subdivision to read:

30 Subd. 69. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE
31 PROPERTY.] (a) Improvements to real property, and personal
32 property, classified under section 273.13, subdivision 24, and
33 located within an international economic development zone
34 designated under section 469.322, are exempt from ad valorem
35 taxes levied under chapter 275, if the occupant of the property
36 is a qualified business, as defined in section 469.321.

1 (b) The exemption applies beginning for the first
2 assessment year after designation of the international economic
3 development zone. The exemption applies to each assessment year
4 that begins during the duration of the international economic
5 development zone and to property occupied by July 1 of the
6 assessment year by a qualified business. This exemption does
7 not apply to:

8 (1) the levy under section 475.61 or similar levy
9 provisions under any other law to pay general obligation bonds;

10 or

11 (2) a levy under section 126C.17, if the levy was approved
12 by the voters before the designation of the zone.

13 [EFFECTIVE DATE.] This section is effective beginning for
14 property taxes assessed in 2006, payable in 2007.

15 Sec. 2. Minnesota Statutes 2004, section 290.06, is
16 amended by adding a subdivision to read:

17 Subd. 33. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE JOB
18 CREDIT.] A taxpayer that is a qualified business, as defined in
19 section 469.321, subdivision 6, is allowed a credit as
20 determined under section 469.327 against the tax imposed by this
21 chapter.

22 [EFFECTIVE DATE.] This section is effective for taxable
23 years beginning after December 31, 2005.

24 Sec. 3. Minnesota Statutes 2004, section 297A.68, is
25 amended by adding a subdivision to read:

26 Subd. 40. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONES.] (a)
27 Purchases of tangible personal property or taxable services by a
28 qualified business, as defined in section 469.321, are exempt if
29 the property or services are primarily used or consumed in an
30 international economic development zone designated under section
31 469.322.

32 (b) Purchase and use of construction materials and supplies
33 for construction of improvements to real property in an
34 international economic development zone are exempt if the
35 improvements after completion of construction are to be used in
36 the conduct of a qualified business, as defined in section

1 469.321. This exemption applies regardless of whether the
2 purchases are made by the business or a contractor.

3 (c) The exemptions under this subdivision apply to a local
4 sales and use tax, regardless of whether the local tax is
5 imposed on sales taxable under this chapter or in another law,
6 ordinance, or charter provision.

7 (d) This subdivision applies to sales, if the purchase was
8 made and delivery received during the period provided under
9 section 469.324, subdivision 2.

10 [EFFECTIVE DATE.] This section is effective for sales made
11 after December 31, 2005.

12 Sec. 4. [469.321] [DEFINITIONS.]

13 Subdivision 1. [SCOPE.] For purposes of sections 469.321
14 to 469.326, the following terms have the meanings given.

15 Subd. 2. [FOREIGN TRADE ZONE.] "Foreign trade zone" means
16 a foreign trade zone designated pursuant to United States Code,
17 title 19, section 81b, for the right to use the powers provided
18 in United States Code, title 19, sections 81a to 81u, or a
19 subzone authorized by the foreign trade zone.

20 Subd. 3. [FOREIGN TRADE ZONE AUTHORITY.] "Foreign trade
21 zone authority" means the Greater Metropolitan Foreign Trade
22 Zone Commission number 119, a joint powers authority created by
23 the county of Hennepin, the cities of Minneapolis and
24 Bloomington, and the Metropolitan Airports Commission, under the
25 authority of section 469.059, 469.101, or 471.59, which includes
26 any other political subdivisions that enter into the authority
27 after its creation.

28 Subd. 4. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE.] An
29 "international economic development zone" or "zone" is a zone so
30 designated under section 469.322.

31 Subd. 5. [PERSON.] "Person" includes an individual,
32 corporation, partnership, limited liability company,
33 association, or any other entity.

34 Subd. 6. [QUALIFIED BUSINESS.] (a) "Qualified business"
35 means a person carrying on a trade or business at a place of
36 business located within an international economic development

1 zone that is:

2 (1) engaged in the furtherance of international export or
3 import of goods; and

4 (2) certified by the foreign trade zone authority as a
5 trade or business that furthers the purpose of developing
6 international distribution capacity and capability.

7 (b) A person that relocates a trade or business from within
8 Minnesota but outside an international economic development zone
9 into an international economic development zone is not a
10 qualified business, unless the business:

11 (1)(i) increases full-time employment in the first full
12 year of operation within the international economic development
13 zone by at least 20 percent measured relative to the operations
14 that were relocated and maintains the required level of
15 employment for each year that tax incentives under section
16 469.324 are claimed; or

17 (ii) makes a capital investment in the property located
18 within a zone equal to at least ten percent of the gross
19 revenues of the operations that were relocated in the
20 immediately preceding taxable year; and

21 (2) enters a binding written agreement with the foreign
22 trade zone authority that:

23 (i) pledges that the business will meet the requirements of
24 clause (1);

25 (ii) provides for repayment of all tax benefits enumerated
26 under section 469.324 to the business under the procedures in
27 section 469.328, if the requirements of clause (1) are not met
28 for the taxable year or for taxes payable during a year in which
29 the requirements were not met; and

30 (iii) contains any other terms the foreign trade zone
31 authority determines appropriate.

32 Clause (1) of this paragraph does not apply to a freight
33 forwarder.

34 (c) A qualified business must pay each employee total
35 compensation, including benefits not mandated by law, that on an
36 annualized basis is equal to at least 110 percent of the federal

1 poverty guidelines for a family of four.

2 Subd. 7. [REGIONAL DISTRIBUTION CENTER.] A "regional
3 distribution center" is a distribution center developed within a
4 foreign trade zone. The regional distribution center must have
5 as its primary purpose to facilitate gathering of freight for
6 the purpose of centralizing the functions necessary for the
7 shipment of freight in international commerce, including, but
8 not limited to, security and customs functions.

9 Subd. 8. [RELOCATE.] (a) "Relocate" means that a trade or
10 business:

11 (1) ceases one or more operations or functions at another
12 location in Minnesota and begins performing substantially the
13 same operations or functions at a location in an international
14 economic development zone; or

15 (2) reduces employment at another location in Minnesota
16 during a period starting one year before and ending one year
17 after it begins operations in an international economic
18 development zone and its employees in the international economic
19 development zone are engaged in the same line of business as the
20 employees at the location where it reduced employment.

21 (b) "Relocate" does not include an expansion by a business
22 that establishes a new facility that does not replace or
23 supplant an existing operation or employment, in whole or in
24 part.

25 (c) "Trade or business" includes any business entity that
26 is substantially similar in operation or ownership to the
27 business entity seeking to be a qualified business under this
28 section.

29 Subd. 9. [FREIGHT FORWARDER.] "Freight forwarder" is a
30 business that, for compensation, ensures that goods produced or
31 sold by another business move from point of origin to point of
32 destination.

33 [EFFECTIVE DATE.] This section is effective the day
34 following final enactment.

35 Sec. 5. [469.322] [DESIGNATION OF INTERNATIONAL ECONOMIC
36 DEVELOPMENT ZONE.]

1 (a) An area designated as a foreign trade zone may be
 2 designated by the foreign trade zone authority as an
 3 international economic development zone if within the zone a
 4 regional distribution center is being developed pursuant to
 5 section 469.323. The zone must be not less than 500 acres and
 6 not more than 1,000 acres in size.

7 (b) In making the designation, the foreign trade zone
 8 authority, in consultation with the Minnesota Department of
 9 Transportation and the Metropolitan Council, shall consider
 10 access to major transportation routes, consistency with current
 11 state transportation and air cargo planning, adequacy of the
 12 size of the site, access to airport facilities, present and
 13 future capacity at the designated airport, the capability to
 14 meet integrated present and future air cargo, security, and
 15 inspection services, and access to other infrastructure and
 16 financial incentives. The border of the international economic
 17 development zone must be no more than 60 miles distant or 90
 18 minutes drive time from the border of the Minneapolis-St. Paul
 19 International Airport. The county in which the zone is located
 20 must be a member of the foreign trade zone authority.

21 [EFFECTIVE DATE.] This section is effective the day
 22 following final enactment.

23 Sec. 6. [469.323] [FOREIGN TRADE ZONE AUTHORITY POWERS.]

24 Subdivision 1. [DEVELOPMENT OF REGIONAL DISTRIBUTION
 25 CENTER.] The foreign trade zone authority is responsible for
 26 creating a development plan for the regional distribution
 27 center. The regional distribution center must be developed with
 28 the purpose of expanding, on a regional basis, international
 29 distribution capacity and capability. The foreign trade zone
 30 authority shall consult with municipalities that have indicated
 31 to the authority an interest in locating the international
 32 economic development zone within their boundaries and a
 33 willingness to establish a tax increment financing district
 34 coterminous with the boundaries of the zone, as well as
 35 interested businesses, potential financiers, and appropriate
 36 state and federal agencies.

1 Subd. 2. [BUSINESS PLAN.] Before designation of an
2 international economic development zone under section 469.322,
3 the governing body of the foreign trade zone authority shall
4 prepare a business plan. The plan must include an analysis of
5 the economic feasibility of the regional distribution center
6 once it becomes operational and of the operations of freight
7 forwarders and other businesses that choose to locate within the
8 boundaries of the zone. The analysis must provide profitability
9 models that:

10 (1) include the benefits of the incentives;

11 (2) estimate the amount of time needed to achieve
12 profitability; and

13 (3) analyze the length of time incentives will be necessary
14 to the economic viability of the regional distribution center.

15 If the governing body of the foreign trade authority
16 determines that the models do not establish the economic
17 feasibility of the project, the regional distribution center
18 does not meet the development requirements of this section and
19 section 469.322.

20 Subd. 3. [PORT AUTHORITY POWERS.] The governing body of
21 the foreign trade zone authority may establish a port authority
22 that has the same powers as a port authority established under
23 section 469.049. If the foreign trade zone authority
24 establishes a port authority, the governing body of the foreign
25 trade zone authority may exercise all powers granted to a city
26 by sections 469.048 to 469.068 within the area of the
27 international economic development zone, except it may not
28 impose or request imposition of a property tax levy under
29 section 469.053 by any city.

30 Subd. 4. [BUSINESS SUBSIDY LAW.] Tax exemptions, job
31 credits, and tax increment financing provided under this section
32 are business subsidies for the purpose of sections 116J.993 to
33 116J.995.

34 [EFFECTIVE DATE.] This section is effective the day
35 following final enactment.

36 Sec. 7. [469.324] [TAX INCENTIVES IN INTERNATIONAL

1 ECONOMIC DEVELOPMENT ZONE.]

2 Subdivision 1. [AVAILABILITY.] Qualified businesses that
3 operate in an international economic development zone,
4 individuals who invest in a regional distribution center, or
5 qualified businesses that operate in an international economic
6 development zone qualify for:

7 (1) exemption from the property tax as provided in section
8 272.02, subdivision 69;

9 (2) exemption from the state sales and use tax and any
10 local sales and use taxes on qualifying purchases as provided in
11 section 297A.68, subdivision 40;

12 (3) the jobs credit allowed under section 469.327; and

13 (4) tax increment financing as provided in this chapter.

14 Subd. 2. [DURATION.] (a) Except as provided in paragraph
15 (b), the tax incentives described in subdivision 1, clauses (1)
16 and (3), are available for no more than 12 consecutive taxable
17 years for any taxpayer that claims them. The tax incentives
18 described in subdivision 1, clause (2), are available for each
19 taxpayer that claims them for taxes otherwise payable on
20 transactions during a period of 12 years from the date when the
21 first exemption is claimed by that taxpayer under each
22 exemption. No exemptions described in subdivision 1, clauses
23 (1) to (4), are available after December 31, 2020.

24 (b) For taxpayers that are freight forwarders, the
25 durations provided under paragraph (a) are reduced to six years.

26 Subd. 3. [QUALIFICATION.] To receive the tax incentives
27 under this section, a qualified business must, by December 31 of
28 each year, certify to the commissioner of revenue the percentage
29 of its business activity within the zone that constitutes
30 international business activity for the year, measured by value
31 or volume of activity. If the percentage is less than 100
32 percent, the amount of the tax benefits provided under sections
33 290.06, subdivision 33, and 469.327 are reduced in proportion to
34 the percentage of business activity that is not international
35 business activity. The commissioner of revenue may audit the
36 business activities of a qualifying business to determine its

1 eligibility for tax benefits under this section.

2 Sec. 8. [469.325] [JOBS CREDIT.]

3 Subdivision 1. [CREDIT ALLOWED.] A qualified business is
4 allowed a credit against the taxes imposed under chapter 290.

5 The credit equals seven percent of the:

6 (1) lesser of:

7 (i) zone payroll for the taxable year, less the zone
8 payroll for the base year; or

9 (ii) total Minnesota payroll for the taxable year, less
10 total Minnesota payroll for the base year; minus

11 (2) \$30,000 multiplied by the number of full-time
12 equivalent employees that the qualified business employs in the
13 international economic development zone for the taxable year,
14 minus the number of full-time equivalent employees the business
15 employed in the zone in the base year, but not less than zero.

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

18 (b) "Base year" means the taxable year beginning during the
19 calendar year prior to the calendar year in which the zone
20 designation took effect.

21 (c) "Full-time equivalent employees" means the equivalent
22 of annualized expected hours of work equal to 2,080 hours.

23 (d) "Minnesota payroll" means the wages or salaries
24 attributed to Minnesota under section 290.191, subdivision 12,
25 for the qualified business or the unitary business of which the
26 qualified business is a part, whichever is greater.

27 (e) "Zone payroll" means wages or salaries used to
28 determine the zone payroll factor for the qualified business,
29 less the amount of compensation attributable to any employee
30 that exceeds \$70,000.

31 Subd. 3. [INFLATION ADJUSTMENT.] For taxable years
32 beginning after December 31, 2006, the dollar amounts in
33 subdivision 1, clause (2), and subdivision 2, paragraph (e), are
34 annually adjusted for inflation. The commissioner of revenue
35 shall adjust the amounts by the percentage determined under
36 section 290.06, subdivision 2d, for the taxable year.

1 Subd. 4. [REFUNDABLE.] If the amount of the credit exceeds
2 the liability for tax under chapter 290, the commissioner of
3 revenue shall refund the excess to the qualified business.

4 Subd. 5. [APPROPRIATION.] An amount sufficient to pay the
5 refunds authorized by this section is appropriated to the
6 commissioner of revenue from the general fund.

7 [EFFECTIVE DATE.] This section is effective for taxable
8 years beginning after December 31, 2005.

9 Sec. 9. [469.326] [REPAYMENT OF TAX BENEFITS.]

10 Subdivision 1. [REPAYMENT OBLIGATION.] A person must repay
11 the amount of the tax reduction received under section 469.324,
12 subdivision 1, clauses (2) and (3), and refund received under
13 section 469.327, during the two years immediately before it
14 ceased to operate in the zone, if the person ceased to operate
15 its facility located within the zone or otherwise ceases to be
16 or is not a qualified business.

17 Subd. 2. [DISPOSITION OF REPAYMENT.] The repayment must be
18 paid to the state to the extent it represents a state tax
19 reduction. Any amount repaid to the state must be deposited in
20 the general fund. Any repayment of local sales or use taxes
21 must be repaid to the jurisdiction imposing the local sales or
22 use tax.

23 Subd. 3. [REPAYMENT PROCEDURES.] (a) For the repayment of
24 taxes imposed under chapter 290 or 297A or local taxes collected
25 pursuant to section 297A.99, a person must file an amended
26 return with the commissioner of revenue and pay any taxes
27 required to be repaid within 30 days after ceasing to be a
28 qualified business. The amount required to be repaid is
29 determined by calculating the tax for the period for which
30 repayment is required without regard to the tax reductions
31 allowed under section 469.324.

32 (b) The provisions of chapters 270 and 289A relating to the
33 commissioner of revenue's authority to audit, assess, and
34 collect the tax and to hear appeals are applicable to the
35 repayment required under paragraph (a). The commissioner may
36 impose civil penalties as provided in chapter 289A, and the

1 additional tax and penalties are subject to interest at the rate
2 provided in section 270.75, from 30 days after ceasing to do
3 business in the zone until the date the tax is paid.

4 (c) For determining the tax required to be repaid, a tax
5 reduction is deemed to have been received on the date that the
6 tax would have been due if the person had not been entitled to
7 the tax reduction.

8 (d) The commissioner of revenue may assess the repayment of
9 taxes under paragraph (b) at any time within two years after the
10 person ceases to be a qualified business, or within any period
11 of limitations for the assessment of tax under section 289A.38,
12 whichever is later.

13 [EFFECTIVE DATE.] This section is effective the day
14 following final enactment.

15 Sec. 10. [469.327] [ADDITIONAL BENEFITS CONTINGENT ON JOBZ
16 DETERMINATIONS.]

17 Notwithstanding section 469.312, subdivision 3, the
18 governor may designate the international economic development
19 zone as a job opportunity building zone if the governor reports
20 to the tax committees of the senate and the house of
21 representatives the following information:

22 (1) the estimated cost of providing the additional tax
23 incentives provided under sections 469.310 to 469.320 to the
24 international economic development zone; and

25 (2) the estimated cost of tax expenditures projected to
26 have been obligated for all job opportunity building zone
27 projects that have been approved before June 1, 2005.

28 Sec. 11. [DEPARTMENT OF EMPLOYMENT AND ECONOMIC
29 DEVELOPMENT STUDY; INTERNATIONAL AIR FREIGHT.]

30 The commissioner of employment and economic development
31 must study and analyze the issue of whether the state would
32 benefit from more than one international economic development
33 zone as defined in Minnesota Statutes, section 469.321. The
34 commissioner shall solicit input on the issue from businesses,
35 communities, and economic development organizations. The
36 commissioner must report the results of the study and analysis

1 to the committees of the legislature having jurisdiction over
2 economic development issues by December 1, 2005, along with any
3 legislative recommendations.

4 ARTICLE 6

5 MISCELLANEOUS

6 Section 1. Minnesota Statutes 2004, section 270.0603,
7 subdivision 3, is amended to read:

8 Subd. 3. [DISTRIBUTION.] The appropriate statement
9 prepared in accordance with subdivisions 1 and 2 must be
10 distributed by the commissioner to all taxpayers contacted with
11 respect to the determination or collection of a tax, other than
12 the providing of tax forms. Failure to receive the statement
13 does not invalidate the determination or collection action, nor
14 does it affect, modify, or alter any statutory time limits
15 applicable to the determination or collection action, including
16 the time limit for filing a claim for refund.

17 [EFFECTIVE DATE.] This section is effective the day
18 following final enactment, except that for claims for refund, it
19 is effective for claims filed after August 31, 2005.

20 Sec. 2. Minnesota Statutes 2004, section 270.0682,
21 subdivision 1, is amended to read:

22 Subdivision 1. [BIENNIAL REPORT.] The commissioner of
23 revenue shall report to the legislature by March 1 of each
24 odd-numbered year on the overall incidence of ~~the income tax,~~
25 ~~sales and excise taxes, and property tax~~ taxes as defined in
26 section 645.44, subdivision 19. The report shall present
27 information on the distribution of the tax burden (1) for the
28 overall income distribution, using a systemwide incidence
29 measure such as the Suits index or other appropriate measures of
30 equality and inequality, (2) by income classes, including at a
31 minimum deciles of the income distribution, and (3) by other
32 appropriate taxpayer characteristics.

33 Sec. 3. Minnesota Statutes 2004, section 272.02,
34 subdivision 64, is amended to read:

35 Subd. 64. [JOB OPPORTUNITY BUILDING ZONE PROPERTY.] (a)
36 Improvements to real property, and personal property, classified

1 under section 273.13, subdivision 24, and located within a job
2 opportunity building zone, designated under section 469.314, are
3 exempt from ad valorem taxes levied under chapter 275.

4 (b) Improvements to real property, and tangible personal
5 property, of an agricultural production facility located within
6 an agricultural processing facility zone, designated under
7 section 469.314, is exempt from ad valorem taxes levied under
8 chapter 275.

9 (c) For property to qualify for exemption under paragraph
10 (a), the occupant must be a qualified business, as defined in
11 section 469.310.

12 (d) The exemption applies beginning for the first
13 assessment year after designation of the job opportunity
14 building zone by the commissioner of employment and economic
15 development. The exemption applies to each assessment year that
16 begins during the duration of the job opportunity building zone
17 and to property occupied by July 1 of the assessment year by a
18 qualified business. This exemption does not apply to:

19 (1) the levy under section 475.61 or similar levy
20 provisions under any other law to pay general obligation bonds;
21 or

22 (2) a levy under section 126C.17, if the levy was approved
23 by the voters before the designation of the job opportunity
24 building zone.

25 (e) This subdivision does not apply to captured net tax
26 capacity in a tax increment financing district to the extent
27 necessary to meet the debt repayment obligations of the
28 authority if the property is also located within an agricultural
29 processing zone.

30 [EFFECTIVE DATE.] This section is effective for taxes
31 payable in 2005 and thereafter.

32 Sec. 4. Minnesota Statutes 2004, section 429.021,
33 subdivision 1, is amended to read:

34 Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a
35 municipality shall have power to make the following improvements:

36 (1) To acquire, open, and widen any street, and to improve

1 the same by constructing, reconstructing, and maintaining
2 sidewalks, pavement, gutters, curbs, and vehicle parking strips
3 of any material, or by grading, graveling, oiling, or otherwise
4 improving the same, including the beautification thereof and
5 including storm sewers or other street drainage and connections
6 from sewer, water, or similar mains to curb lines.

7 (2) To acquire, develop, construct, reconstruct, extend,
8 and maintain storm and sanitary sewers and systems, including
9 outlets, holding areas and ponds, treatment plants, pumps, lift
10 stations, service connections, and other appurtenances of a
11 sewer system, within and without the corporate limits.

12 (3) To construct, reconstruct, extend, and maintain steam
13 heating mains.

14 (4) To install, replace, extend, and maintain street lights
15 and street lighting systems and special lighting systems.

16 (5) To acquire, improve, construct, reconstruct, extend,
17 and maintain water works systems, including mains, valves,
18 hydrants, service connections, wells, pumps, reservoirs, tanks,
19 treatment plants, and other appurtenances of a water works
20 system, within and without the corporate limits.

21 (6) To acquire, improve and equip parks, open space areas,
22 playgrounds, and recreational facilities within or without the
23 corporate limits.

24 (7) To plant trees on streets and provide for their
25 trimming, care, and removal.

26 (8) To abate nuisances and to drain swamps, marshes, and
27 ponds on public or private property and to fill the same.

28 (9) To construct, reconstruct, extend, and maintain dikes
29 and other flood control works.

30 (10) To construct, reconstruct, extend, and maintain
31 retaining walls and area walls.

32 (11) To acquire, construct, reconstruct, improve, alter,
33 extend, operate, maintain, and promote a pedestrian skyway
34 system. Such improvement may be made upon a petition pursuant
35 to section 429.031, subdivision 3.

36 (12) To acquire, construct, reconstruct, extend, operate,

1 maintain, and promote underground pedestrian concourses.

2 (13) To acquire, construct, improve, alter, extend,
3 operate, maintain, and promote public malls, plazas or
4 courtyards.

5 (14) To construct, reconstruct, extend, and maintain
6 district heating systems.

7 (15) To construct, reconstruct, alter, extend, operate,
8 maintain, and promote fire protection systems in existing
9 buildings, but only upon a petition pursuant to section 429.031,
10 subdivision 3.

11 (16) To acquire, construct, reconstruct, improve, alter,
12 extend, and maintain highway sound barriers.

13 (17) To improve, construct, reconstruct, extend, and
14 maintain gas and electric distribution facilities owned by a
15 municipal gas or electric utility.

16 (18) To purchase, install, and maintain signs, posts, and
17 other markers for addressing related to the operation of
18 enhanced 911 telephone service.

19 (19) To improve, construct, extend, and maintain facilities
20 for Internet access and other communications purposes, if the
21 council finds that:

22 (i) the facilities are necessary to make available Internet
23 access or other communications services that are not and will
24 not be available through other providers or the private market
25 in the reasonably foreseeable future; and

26 (ii) the service to be provided by the facilities will not
27 compete with service provided by private entities.

28 (20) To assess affected property owners for all or a
29 portion of the costs agreed to with an electric utility,
30 telecommunications carrier, or cable system operator to bury or
31 alter a new or existing distribution system within the public
32 right-of-way that exceeds the utility's design and construction
33 standards, or those set by law, tariff, or franchise, but only
34 upon petition under section 429.031, subdivision 3.

35 Sec. 5. Minnesota Statutes 2004, section 469.015,
36 subdivision 4, is amended to read:

1 Subd. 4. [EXCEPTIONS.] (a) An authority need not require
2 competitive bidding in the following circumstances:

3 (1) in the case of a contract for the acquisition of a
4 low-rent housing project:

5 (i) for which financial assistance is provided by the
6 federal government;

7 (ii) which does not require any direct loan or grant of
8 money from the municipality as a condition of the federal
9 financial assistance; and

10 (iii) for which the contract provides for the construction
11 of the project upon land that is either owned by the authority
12 for redevelopment purposes or not owned by the authority at the
13 time of the contract but the contract provides for the
14 conveyance or lease to the authority of the project or
15 improvements upon completion of construction;

16 (2) with respect to a structured parking facility:

17 (i) constructed in conjunction with, and directly above or
18 below, a development; and

19 (ii) financed with the proceeds of tax increment or parking
20 ramp general obligation or revenue bonds; and

21 (3) until August 1, 2009, with respect to a facility built
22 for the purpose of facilitating the operation of public transit
23 or encouraging its use:

24 (i) constructed in conjunction with, and directly above or
25 below, a development; and

26 (ii) financed with the proceeds of parking ramp general
27 obligation or revenue bonds or with at least 60 percent of the
28 construction cost being financed with funding provided by the
29 federal government; and

30 (4) in the case of any building in which at least 75
31 percent of the usable square footage constitutes a housing
32 development project if:

33 (i) the project is financed with the proceeds of bonds
34 issued under section 469.034 or from nongovernmental sources;

35 (ii) the project is either located on land that is owned or
36 is being acquired by the authority only for development

1 purposes, or is not owned by the authority at the time the
2 contract is entered into but the contract provides for
3 conveyance or lease to the authority of the project or
4 improvements upon completion of construction; and

5 (iii) the authority finds and determines that elimination
6 of the public bidding requirements is necessary in order for the
7 housing development project to be economical and feasible.

8 (b) An authority need not require a performance bond for
9 the following projects:

10 (1) a contract described in paragraph (a), clause (1);

11 (2) a construction change order for a housing project in
12 which 30 percent of the construction has been completed;

13 (3) a construction contract for a single-family housing
14 project in which the authority acts as the general construction
15 contractor; or

16 (4) a services or materials contract for a housing project.

17 For purposes of this paragraph, "services or materials
18 contract" does not include construction contracts.

19 Sec. 6. Minnesota Statutes 2004, section 469.175,
20 subdivision 2, is amended to read:

21 Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] (a) Before
22 formation of a tax increment financing district, the authority
23 shall provide the county auditor and clerk of the school board
24 with the proposed tax increment financing plan for the district
25 and the authority's estimate of the fiscal and economic
26 implications of the proposed tax increment financing district.
27 The authority must provide the proposed tax increment financing
28 plan and the information on the fiscal and economic implications
29 of the plan to the county auditor and the clerk of the school
30 district board at least 30 days before the public hearing
31 required by subdivision 3. The information on the fiscal and
32 economic implications may be included in or as part of the tax
33 increment financing plan. The county auditor and clerk of the
34 school board shall provide copies to the members of the boards,
35 as directed by their respective boards. The 30-day requirement
36 is waived if the boards of the county and school district submit

1 written comments on the proposal and any modification of the
2 proposal to the authority after receipt of the information.

3 (b) For purposes of this subdivision, "fiscal and economic
4 implications of the proposed tax increment financing district"
5 includes:

6 (1) an estimate of the total amount of tax increment that
7 will be generated over the life of the district;

8 (2) a description of the probable impact of the district on
9 city-provided services such as police and fire protection,
10 public infrastructure, and borrowing costs attributable to the
11 district;

12 (3) the estimated amount of tax increments over the life of
13 the district that would be attributable to school district
14 levies, assuming the school district's share of the total local
15 tax rate for all taxing jurisdictions remained the same;

16 (4) the estimated amount of tax increments over the life of
17 the district that would be attributable to county levies,
18 assuming the county's share of the total local tax rate for all
19 taxing jurisdictions remained the same; and

20 (5) any additional information requested by the county or
21 the school district that would enable it to determine additional
22 costs that will accrue to it due to the development proposed for
23 the district.

24 [EFFECTIVE DATE.] This section is effective for all
25 districts for which certification is requested after December
26 31, 2005.

27 Sec. 7. Minnesota Statutes 2004, section 645.44, is
28 amended by adding a subdivision to read:

29 Subd. 19. [FEE AND TAX.] (a) "Tax" means any fee, charge,
30 surcharge, or assessment imposed by a governmental entity on an
31 individual, person, entity, transaction, good, service, or other
32 thing. It excludes:

33 (1) a price that an individual or entity chooses
34 voluntarily to pay in return for receipt of goods or services
35 provided by the governmental entity; and

36 (2) a fine or penalty imposed for violation of a state or

1 local law or ordinance.

2 A government good or service does not include access to or the
3 authority to engage in private market transactions with a
4 nongovernmental party, such as licenses to engage in a trade,
5 profession, or business or to improve private property.

6 (b) For purposes of applying the laws of this state, a
7 "fee," "charge," or other similar term that satisfies the
8 functional requirements of paragraph (a) must be treated as a
9 tax for all purposes, regardless of whether the statute or law
10 names or describes it as a tax. The provisions of this
11 subdivision do not preempt or supersede limitations under law
12 that apply to fees, charges, or assessments.

13 (c) This subdivision is not intended to extend or limit the
14 application of article 4, section 18, of the Constitution of
15 Minnesota.

16 [EFFECTIVE DATE.] This section is effective the day
17 following final enactment.

18 Sec. 8. Laws 2003, chapter 128, article 1, section 172, is
19 amended to read:

20 Sec. 172. [TEMPORARY PETROFUND FEE EXEMPTION FOR MINNESOTA
21 COMMERCIAL AIRLINES.]

22 (a) A commercial airline providing regularly scheduled jet
23 service and with its corporate headquarters in Minnesota is
24 exempt from the fee established in Minnesota Statutes, section
25 115C.08, subdivision 3, until July 1, ~~2005~~ 2007, provided the
26 airline develops a plan approved by the commissioner of commerce
27 demonstrating that the savings from this exemption will go
28 towards minimizing job losses in Minnesota, and to support the
29 airline's efforts to avoid filing for federal bankruptcy
30 protections.

31 (b) A commercial airline exempted from the fee is
32 ineligible to receive reimbursement under Minnesota Statutes,
33 chapter 115C, until July 1, ~~2005~~ 2007. A commercial airline
34 that has a release during the fee exemption period is ineligible
35 to receive reimbursement under Minnesota Statutes, chapter 115C,
36 for the costs incurred in response to that release.

1 Sec. 9. [CITY OF ROSEMOUNT; TAX INCREMENT FINANCING.]

2 The city of Rosemount or a development authority of the
3 city may spend increment from its Downtown - Brockway Tax
4 Increment Financing (TIF) District to acquire parcels of
5 property that the Department of Transportation or Dakota County
6 acquired in connection with the realignment of marked Trunk
7 Highway 3, notwithstanding the limits under Minnesota Statutes,
8 section 469.1763, on the amount of increments that may be spent
9 outside of the district or Minnesota Statutes, section 469.176,
10 subdivision 4j, on the purposes for which increments may be
11 spent.

12 [**EFFECTIVE DATE.**] This section is effective upon local
13 approval by the governing body of the city of Rosemount under
14 Minnesota Statutes, section 645.021.

15 Sec. 10. [APPROPRIATION.]

16 (a) \$125,000 in fiscal year 2006, \$125,000 in fiscal year
17 2007, and \$200,000 in each fiscal year thereafter, are
18 appropriated from the general fund to the commissioner of
19 revenue to make grants to one or more nonprofit organizations,
20 qualifying under section 501(c)(3) of the Internal Revenue Code
21 of 1986, to coordinate, facilitate, encourage, and aid in the
22 provision of taxpayer assistance services.

23 (b) "Taxpayer assistance services" mean accounting and tax
24 preparation services provided by volunteers to low-income and
25 disadvantaged Minnesota residents to help them file federal and
26 state income tax returns and Minnesota property tax refund
27 claims and to provide personal representation before the
28 Department of Revenue and Internal Revenue Service.

29 Sec. 11. [APPROPRIATION.]

30 \$320,000 is appropriated from the general fund in fiscal
31 year 2006 only to the commissioner of employment and economic
32 development to be distributed to the city of Duluth to be used
33 by the city for grants to enterprises related to environmental
34 cleanup of Lake Superior and long-term community health care.

35 Sec. 12. [APPROPRIATION.]

36 The following amounts are appropriated to the commissioner

1 of natural resources and must be deposited in the clean water
2 legacy account in the environmental fund:

3 (1) \$31,500,000 in fiscal year 2006;

4 (2) \$3,000,000 in fiscal year 2007; and

5 (3) \$40,000,000 in fiscal years 2008 and subsequent years,

6 but only after at least 50 percent of the Minnesota Total
7 Maximum Daily Loads (TMDLs) have been established and approved
8 by the Environmental Protection Agency under the federal Clean
9 Water Act.

10 Sec. 13. [APPROPRIATION; AID PAYMENT SHIFTS.]

11 In fiscal year 2008, \$25,000,000 is appropriated from the
12 general fund to the commissioner of finance to be used to buy
13 back the aid payment shift provided in Minnesota Statutes,
14 section 16A.152, subdivision 2, clause (3).

15 Sec. 14. [DEFERRED MAINTENANCE AID.]

16 For fiscal years 2006 and 2007 only, a district's deferred
17 maintenance aid is equal to \$13.25 multiplied times its adjusted
18 average daily membership for that year.

19 Sec. 15. [APPROPRIATIONS.]

20 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
21 indicated in this section are appropriated from the general fund
22 to the Department of Education for the fiscal years designated.

23 Subd. 2. [DEFERRED MAINTENANCE AID.] For deferred
24 maintenance revenue under section 19, \$10,574,000 in fiscal year
25 2006 and \$10,416,000 in fiscal year 2007.

26 Sec. 16. [APPROPRIATION.]

27 \$2,000,000 is appropriated from the general fund on a
28 onetime basis to the Higher Education Services Office. The
29 appropriation must be deposited into the Rochester higher
30 education development account. With the approval of the Higher
31 Education Services Office, money in this account may be used to
32 provide initial funding for academic program development for
33 upperclass and graduate students. This appropriation is
34 intended to be expended when matched by tax-deductible
35 contributions from individuals and corporate taxpayers.

36

ARTICLE 7

1 TAX SHELTER AND VOLUNTARY COMPLIANCE INITIATIVES

2 Section 1. [289A.121] [REGISTRATION OF TAX SHELTERS.]

3 Subdivision 1. [DEFINITIONS.] For the purposes of this
4 section, the following terms have the meanings given.5 (a) "Abusive tax avoidance transaction" means a Minnesota
6 tax shelter or a reportable transaction.7 (b) "Material advisor" has the meaning given in section
8 111(b)(1) of the Internal Revenue Code, and must be interpreted
9 in accordance with any regulations or rulings adopted or issued
10 by the Internal Revenue Service that govern that section.11 (c) "Minnesota tax shelter" means a transaction which is
12 not a reportable transaction, which substantially reduces a tax
13 imposed under chapter 290 and has one or more of the following
14 characteristics:15 (1) it is offered to the taxpayer under conditions of
16 confidentiality, as that term is defined in Treas. Reg. section
17 1.6011-4(3)(ii), and for which the taxpayer has paid a fee;18 (2) the terms of the transaction offer the taxpayer or a
19 related party the right to a full or partial refund of fees if
20 all or part of the intended tax consequences of the transaction
21 are not realized, or if fees are contingent upon the taxpayer
22 realizing tax benefits;23 (3) it is a transaction or a series of related transactions
24 that result in a corporation or a partnership with only
25 corporate partners claiming a reduction in net income in excess
26 of \$10,000,000 in any combination of tax years;27 (4) it is a transaction or a series of related transactions
28 that result in an individual, a partnership with one or more
29 corporate partners, S corporation, or trust claiming a reduction
30 in net income in excess of \$4,000,000 in any combination of
31 taxable years, whether or not any losses flow through to one or
32 more shareholders or beneficiaries; or33 (5) it is a transaction or series of related transactions,
34 identified as a Minnesota tax shelter in a rule promulgated by
35 the commissioner of revenue, entered into after the date the
36 rule becomes effective.

1 (d) "Reportable transaction" has the meaning given in
2 Treas. Reg. section 1.6011-4 between February 29, 2000, and
3 January 1, 2006.

4 Subd. 2. [REPORTS BY MATERIAL ADVISORS.] (a) On the first
5 day that a material advisor sells a Minnesota tax shelter or
6 reportable transaction, the material advisor must file with the
7 commissioner a copy of any federal tax shelter registration
8 information relating to reportable transactions if that
9 registration is applicable to any person subject to taxation
10 under chapter 290.

11 (b) On or before April 15, 2006, material advisors must
12 report to the commissioner all federal tax shelters used by a
13 person subject to tax under chapter 290 that the material
14 advisor offered for sale between February 28, 2000, and January
15 1, 2006, which were reportable transactions.

16 (c) On or before April 15, 2006, material advisors must
17 report to the commissioner all Minnesota tax shelters that the
18 material advisor offered for sale between February 28, 2000, and
19 January 1, 2006, if the transactions would have had to be
20 disclosed under subdivision 3 had it been in effect at that time.

21 (d) In addition to the requirements set forth in paragraphs
22 (a), (b), and (c), a material advisor must report to the
23 commissioner any transactions entered into on or after April 15,
24 2006, that become listed as reportable transactions or a
25 Minnesota tax shelter.

26 Subd. 3. [MAINTAINING PARTICIPANT LISTS.] Any person
27 organizing or selling Minnesota tax shelters or reportable
28 transactions must maintain a list of participants that are
29 subject to a tax imposed by this chapter.

30 Subd. 4. [REPORTING.] All persons, including material
31 advisors who organize or sell Minnesota tax shelters or
32 reportable transactions, must provide the following information
33 to the commissioner within 20 days from receiving a written
34 request from the commissioner to provide the information:

35 (1) legal name of the taxpayer;

36 (2) Minnesota tax identification number;

1 (3) federal tax identification number; and
2 (4) description of the Minnesota tax shelter or reportable
3 transaction.

4 Subd. 5. [DISCLOSURE STATEMENTS BY TAXPAYERS.] Every
5 person subject to taxation under this chapter who has
6 participated in a reportable transaction or a Minnesota tax
7 shelter which resulted in a tax decrease must file a disclosure
8 statement on a form prescribed by the commissioner. The form
9 must be filed with the tax return.

10 Sec. 2. Minnesota Statutes 2004, section 289A.38, is
11 amended by adding a subdivision to read:

12 Subd. 15. [VOLUNTARY COMPLIANCE
13 INITIATIVE.] Notwithstanding other limitations in the
14 subdivision, an amount of tax related to a reportable
15 transaction or a Minnesota tax shelter that is not reported in
16 the voluntary compliance initiative described in section 4 may
17 be assessed within eight and one-half years after the date the
18 return is filed.

19 Sec. 3. Minnesota Statutes 2004, section 289A.60, is
20 amended by adding a subdivision to read:

21 Subd. 26. [PENALTY FOR FAILURE TO REPORT A TAX
22 SHELTER.] (a) A penalty of \$15,000 is imposed on a person who
23 fails to register a tax shelter as required under section
24 289A.121 on or before the date prescribed.

25 (b) A penalty of \$10,000 is imposed on a person who fails
26 to report to the commissioner a Minnesota tax shelter or a
27 reportable transaction within 20 days of the date prescribed
28 under section 289A.121. For each day after the 20th day that
29 the person organizing or selling the Minnesota tax shelter or
30 reportable transaction failed to make the information required
31 in section 289A.121, subdivision 2, available to the
32 commissioner after the commissioner made a written request for
33 the list, an additional \$10,000 penalty is imposed on that
34 person.

35 (c) A penalty is imposed on a person who fails to make a
36 report required by section 289A.121, subdivision 2, on or before

1 the date prescribed. The penalty is the greater of:

2 (1) \$100,000; or

3 (2) 50 percent of the gross income that the person derived
4 from the activity.

5 (d) A penalty is imposed on a person who intentionally
6 disregards the requirement to maintain and provide information
7 required in section 289A.121. The penalty is the greater of:

8 (1) \$100,000; or

9 (2) 75 percent of the gross income that the person derived
10 from the activity.

11 (e) A penalty of \$15,000 is imposed on a person who fails
12 to provide a list required under section 289A.121, subdivision
13 4, which does not contain all the information required in that
14 section.

15 Sec. 4. [TAX SHELTER VOLUNTARY COMPLIANCE INITIATIVE.]

16 Subdivision 1. [COMMISSIONER TO INITIATE.] The
17 commissioner of revenue shall develop and administer a Minnesota
18 tax shelter voluntary compliance initiative for taxpayers
19 subject to Minnesota Statutes, section 289A.60, subdivision 26,
20 as provided in this chapter.

21 Subd. 2. [TERM; APPLICATION.] The Minnesota tax shelter
22 voluntary compliance initiative shall be conducted from July 1,
23 2005, to December 31, 2005, pursuant to Minnesota Statutes,
24 section 270.07. The Minnesota tax shelter voluntary compliance
25 initiative shall apply to tax liabilities and penalties
26 attributable to Minnesota tax shelters and reportable
27 transactions for tax years beginning before January 1, 2005. An
28 abusive tax avoidance transaction means a Minnesota tax shelter
29 or a reportable transaction as defined in Minnesota Statutes,
30 section 289A.121, subdivision 1.

31 Subd. 3. [IMPLEMENTATION.] The commissioner of revenue may
32 issue forms and instructions and take other actions necessary,
33 including the use of agreements pursuant to Minnesota Statutes,
34 section 270.67, to implement the Minnesota tax shelter voluntary
35 compliance initiative.

36 Subd. 4. [PERSONS NOT ELIGIBLE TO PARTICIPATE.] (a) Any

1 person is not eligible for participation in the Minnesota tax
2 shelter voluntary compliance initiative, if:

3 (1) the taxpayer was convicted of a crime in connection
4 with an abusive tax avoidance transaction or transactions;

5 (2) a criminal complaint was filed against the taxpayer in
6 connection with an abusive tax avoidance transaction or
7 transactions;

8 (3) the taxpayer is the subject of a criminal investigation
9 in connection with an abusive tax avoidance transaction or
10 transactions; or

11 (4) the taxpayer was eligible to participate in the
12 Internal Revenue Service's Offshore Voluntary Compliance
13 Initiative, as set forth in Revenue Procedure 2003-11.

14 Subd. 5. [ELIGIBLE PARTICIPANTS.] (a) Any person who is
15 not ineligible to participate in the Minnesota tax shelter
16 voluntary compliance initiative under subdivision 4, is eligible
17 to participate in the Minnesota tax shelter voluntary compliance
18 initiative.

19 (b) A person participating in the Minnesota tax shelter
20 voluntary compliance initiative waiving the right to an
21 administrative appeal, a claim for refund, or an action in
22 district court must do both of the following:

23 (1) the participating person must file an amended return
24 for each taxable year for which the taxpayer has filed a tax
25 return using an abusive tax avoidance transaction to underreport
26 the taxpayer's tax liability for that tax year. Each amended
27 return shall report all income from all sources, without regard
28 to the abusive tax avoidance transaction; and

29 (2) the participating person must pay taxes and interest
30 due in full, except that the commissioner of revenue may enter
31 into an installment payment agreement pursuant to Minnesota
32 Statutes, section 270.67, prior to taxpayer filing an amended
33 return.

34 (c) The commissioner of revenue shall abate all penalties
35 imposed under Minnesota Statutes, chapter 289A, which could have
36 been assessed in connection with the use of an abusive tax

1 avoidance transaction, for each taxable year for which the
2 taxpayer elects to participate in the Minnesota tax shelter
3 voluntary compliance initiative, to the extent those penalties
4 are a result of underreporting of tax liabilities attributable
5 to the use of abusive tax avoidance transactions, for which a
6 participating person files an amended return in compliance with
7 paragraph (b).

8 (d) No criminal action shall be brought against a taxpayer
9 for the taxable years reported under the Minnesota tax shelter
10 voluntary compliance initiative with respect to the issues for
11 which a taxpayer voluntarily complies under this chapter.

12 (e) A person filing an amended return under this paragraph
13 of the Minnesota tax shelter voluntary compliance initiative may
14 not file a claim for refund, an administrative appeal, or an
15 action in district court in regard to the amount of taxes or
16 interest paid with the amended return.

17 (f) A person participating in the Minnesota tax shelter
18 voluntary compliance initiative not waiving the right to an
19 administrative appeal, a claim for refund, or an action in
20 district court must do both of the following:

21 (1) the participating person must file an amended return
22 for each taxable year for which the taxpayer has filed a tax
23 return using an abusive tax avoidance transaction to underreport
24 the taxpayer's tax liability for that tax year. Each amended
25 return shall report all income from all sources, without regard
26 to the abusive tax avoidance transactions; and

27 (2) the participating person must pay taxes and interest
28 due in full, except that the commissioner of revenue may enter
29 into an installment payment agreement pursuant to Minnesota
30 Statutes, section 270.67, prior to taxpayer filing an amended
31 return.

32 (g) The commissioner of revenue shall abate all penalties
33 imposed under Minnesota Statutes, chapter 289A, except for the
34 penalty for intentional disregard of law or rules imposed under
35 Minnesota Statutes, section 289A.60, subdivision 5, which could
36 have been assessed in connection with the use of an abusive tax

1 avoidance transaction, for each taxable year for which the
2 taxpayer elects to participate in the Minnesota tax shelter
3 voluntary compliance initiative, to the extent those penalties
4 are a result of underreporting of tax liabilities attributable
5 to the use of abusive tax avoidance transactions, for which a
6 participating person files an amended return in compliance with
7 paragraph (b).

8 (h) No criminal action shall be brought against a taxpayer
9 for the taxable years reported under the Minnesota tax shelter
10 voluntary compliance initiative with respect to the issues for
11 which a taxpayer voluntarily complies under this chapter.

12 Sec. 5. [COMMISSIONER ORDERS AND PENALTIES.]

13 After December 31, 2005, the commissioner of revenue may
14 issue an order of assessment within the time period permitted
15 under Minnesota Statutes, section 289A.38, upon an amended
16 return filed under this chapter for an underreported amount of
17 tax, may impose penalties on an underreported amount of tax on
18 an amended return filed under this chapter, or initiate a
19 criminal action against any person based on any underreported
20 amount of tax on an amended return filed under this chapter.

21 A penalty is imposed upon any person who:

22 (1) is not ineligible to file an amended return pursuant to
23 this chapter;

24 (2) has engaged in abusive tax shelter transactions; and

25 (3) fails to voluntarily amend their tax returns for each
26 taxable year for which an amended return may be filed and the
27 person underreported income attributable to an abusive tax
28 shelter transaction.

29 The penalty is equal to 200 percent of the underreported tax
30 that is attributable to the abusive tax shelter transaction.

31 ARTICLE 8

32 PROPERTY TAX FREEZE

33 Section 1. [CITATION.]

34 This article may be cited as the "Truth and Fairness in
35 Taxation Act" (TAFTA) or the "State/Local Fiscal Relations:
36 Truth in Taxation Act."

1 Sec. 2. [STATEMENT OF PURPOSE.]

2 The legislature finds that the state of Minnesota is
3 continuing to experience a persistent budget deficit and that
4 reductions in state spending have resulted in increased burdens
5 on school districts, counties, cities, and other units of local
6 government. In order to maintain stability in state and local
7 fiscal relations, the purpose of this act is to prevent property
8 tax rate increases and to illuminate the impact of reductions in
9 revenue to school districts, counties, cities, and other units
10 of local government.

11 Sec. 3. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

12 Notwithstanding Minnesota Statutes, section 272.67,
13 subdivision 6, the benefit ratio used for apportioning levies to
14 a rural service district for taxes payable in 2006 and any
15 subsequent year prior to the freeze termination year must not be
16 greater than that in effect for taxes payable in 2005.

17 Sec. 4. [PROHIBITION AGAINST INCURRING NEW DEBT.]

18 Subdivision 1. [ACTIONS PROHIBITED.] After May 31, 2006,
19 no municipality as defined in Minnesota Statutes, section
20 475.51, or any special taxing district as defined in Minnesota
21 Statutes, section 275.066, may sell obligations, certificates of
22 indebtedness, or capital notes under Minnesota Statutes, section
23 412.301, chapter 475, or any other law authorizing obligations,
24 certificates of indebtedness, capital notes, or other debt
25 instruments, or enter into installment purchase contracts or
26 lease purchase agreements under Minnesota Statutes, section
27 465.71, or any other law authorizing installment purchase
28 contracts or lease purchase agreements, if issuing those debt
29 instruments or entering into those contracts would require a
30 levy first becoming payable in 2007 or any subsequent year prior
31 to the freeze termination year.

32 Subd. 2. [EXCEPTIONS.] This prohibition does not apply to:

33 (1) refunding bonds sold to refund bonds originally sold
34 before June 1, 2006;

35 (2) obligations for which the amount of the levy first
36 becoming due in 2007 would not exceed the amount by which the

1 municipality's total debt service levy for taxes payable in 2007
2 prior to issuance of those obligations is less than the
3 municipality's total debt service levy for taxes payable in
4 2006; or

5 (3) obligations with respect to which the municipality
6 makes a finding at the time of the issuance of the obligations
7 that no levy will be required for taxes payable in 2007 or any
8 subsequent year prior to the freeze termination year or to pay
9 the debt service on the obligations because sufficient funds are
10 available from nonproperty tax sources to pay the debt service.

11 As used in clauses (2) and (3), "obligations" includes
12 certificates of indebtedness, capital notes, or other debt
13 instruments or installment purchase contracts or lease purchase
14 agreements.

15 Subd. 3. [DATE WHEN BONDS ARE DEEMED SOLD.] For purposes
16 of this section, bonds will be deemed to have been sold before
17 June 1, 2006, if:

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

21 (2) the issuing municipality is a party to a contract or
22 letter of understanding entered into before June 1, 2006, with
23 the federal government or the state government that requires the
24 municipality to pay for a project, and the project will be
25 funded with the proceeds of the bonds; or

26 (3) the proceeds of the bonds will be used to fund a
27 project or acquisition with respect to which the municipality
28 has entered into a contract with a builder or supplier before
29 June 1, 2006.

30 Sec. 5. [LEVY LIMITATION FOR TAXES PAYABLE IN 2007 AND
31 SUBSEQUENT YEARS.]

32 Subdivision 1. [PROPOSED LEVY.] Notwithstanding any other
33 law to the contrary, for purposes of the certification required
34 by Minnesota Statutes, section 275.065, subdivision 1, in 2006
35 and any subsequent year prior to the freeze termination year, no
36 taxing authority, other than a school district, shall certify to

1 the county auditor a proposed property tax levy or, in the case
2 of a township, a final property tax levy, greater than the levy
3 certified to the county auditor pursuant to Minnesota Statutes,
4 section 275.07, subdivision 1, in the prior year, except as
5 provided in this section.

6 Subd. 2. [FINAL LEVY.] Notwithstanding any other law to
7 the contrary, for purposes of the certification required by
8 Minnesota Statutes, section 275.07, subdivision 1, in 2006 and
9 any subsequent year prior to the freeze termination year, no
10 taxing authority, other than a school district, shall certify to
11 the county auditor a property tax levy greater than the amount
12 certified to the county auditor pursuant to Minnesota Statutes,
13 section 275.07, subdivision 1, in the prior year, except as
14 provided in this section.

15 Subd. 3. [DEBT SERVICE EXCEPTION.] If a levy for taxes
16 payable in 2007 or any subsequent year prior to the freeze
17 termination year, for debt service on obligations, certificates
18 of indebtedness, capital notes, or other debt instruments sold
19 prior to June 1, 2006, or to make payments on installment
20 purchase contracts or lease purchase agreements entered into
21 prior to June 1, 2006, exceeds the levy a taxing authority
22 certified pursuant to Minnesota Statutes, section 275.07,
23 subdivision 1, for taxes payable in 2006 for the same purpose,
24 the excess may be levied notwithstanding the limitations of
25 subdivisions 1 and 2.

26 Subd. 4. [ANNEXATION EXCEPTION.] The city tax rate for
27 taxes payable in 2007 or any subsequent year prior to the freeze
28 termination year on any property annexed under Minnesota
29 Statutes, chapter 414, may not be increased over the city or
30 township tax rate in effect on the property for taxes payable in
31 2006, notwithstanding any law, municipal board order, or
32 ordinance to the contrary. The limit on the annexing city's
33 levy under subdivisions 1 and 2 may be increased in excess of
34 that limit by an amount equal to the net tax capacity of the
35 property annexed times the city or township tax rate in effect
36 on that property for taxes payable in 2006. The levy limit of

1 the city or township from which the property was annexed shall
2 be reduced by the same amount.

3 Subd. 5. [SCHOOL DISTRICT EXCEPTIONS.] (a) For taxes
4 payable in 2007 and subsequent years prior to the freeze
5 termination year, no school district shall certify to the county
6 auditor a property tax levy that exceeds the maximum levy that
7 may be imposed by that district under 2005 S.F. No. 2267, if
8 enacted, except as provided in paragraph (b).

9 (b) A school district that is in statutory operating debt
10 under Minnesota Statutes, section 123B.81, and has an approved
11 plan under Minnesota Statutes, section 123B.83, that includes an
12 increase to its referendum allowance under Minnesota Statutes,
13 section 126C.17, is exempt from the levy freeze on referenda
14 according to this section.

15 Sec. 6. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

16 Notwithstanding any other law to the contrary, the local
17 funding or local match required from any city, town, or county
18 for any state grant or program shall not be increased for
19 calendar year 2007 or any subsequent year prior to the freeze
20 termination year above the dollar amount of the local funding or
21 local match required for the same grant or program in 2006,
22 regardless of the level of state funding provided. Any local
23 match or local funding requirement that first becomes effective
24 after December 31, 2006, for new or changed state grants or
25 programs shall not be effective until the freeze has been
26 terminated for that taxing jurisdiction under section 14.
27 Nothing in this section shall affect the eligibility of a city,
28 town, or county for the receipt of state grants or program funds
29 in 2007 or any subsequent year prior to the freeze termination
30 year, or reduce the amount of state funding a city, town, or
31 county would otherwise receive in 2007 or any subsequent year
32 prior to the freeze termination year if the local match
33 requirements of the state grant or program were met in 2006.

34 Sec. 7. [SUSPENSION OF SALARY AND BUDGET APPEAL
35 AUTHORIZATION.]

36 After March 1, 2006, no county sheriff may exercise the

1 authority granted under Minnesota Statutes, section 387.20,
2 subdivision 7, and no county attorney may exercise the authority
3 granted under Minnesota Statutes, section 388.18, subdivision 6,
4 to the extent that the salary or budget increase sought in the
5 appeal would result in an increase in county expenditures in
6 calendar year 2007 or any subsequent year prior to the freeze
7 termination year.

8 Sec. 8. [SUSPENSION OF PUBLICATION AND HEARING
9 REQUIREMENTS.]

10 A local taxing authority is not required to comply with the
11 public advertisement notice of Minnesota Statutes, section
12 275.065, subdivision 5a, or the public hearing requirement of
13 Minnesota Statutes, section 275.065, subdivision 6, with respect
14 to taxes payable in 2007 and any subsequent year prior to the
15 freeze termination year.

16 Sec. 9. [TAX RATE FREEZE; REDUCTION OF LEVY.]

17 If in the course of determining local tax rates for taxes
18 payable in 2007 or any subsequent year prior to the freeze
19 termination year after reductions for disparity reduction aid
20 under Minnesota Statutes, section 275.08, subdivisions 1c and
21 1d, the county auditor finds the local tax rate exceeds that in
22 effect for taxes payable in 2006, the county auditor shall
23 reduce the local government's levy so that the local tax rate
24 does not exceed that in effect for taxes payable in 2006,
25 adjusted as provided in section 5.

26 Sec. 10. [PENSION LIABILITIES.]

27 Notwithstanding any other law or charter provision to the
28 contrary, no levy for taxes payable in 2007 or any subsequent
29 year prior to the freeze termination year for a local police and
30 fire relief association for the purpose of amortizing an
31 unfunded pension liability may exceed the levy for that purpose
32 for taxes payable in 2006.

33 Sec. 11. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

34 Notwithstanding Minnesota Statutes, section 365.10, in 2006
35 the township board of supervisors shall adjust the levy and in
36 any subsequent year prior to the freeze termination year, the

1 township board of supervisors may adjust the expenditures of a
 2 township below the level authorized by the electors to adjust
 3 for any reduction in the previously authorized levy of the
 4 township pursuant to section 5.

5 Sec. 12. [PROHIBITION ON NEW OR INCREASED FEES.]

6 After March 1, 2006, no municipality as defined in
 7 Minnesota Statutes, section 475.51, or special taxing district
 8 as defined in Minnesota Statutes, section 275.066, and no
 9 executive branch state agency may impose a new fee or increase
 10 the rate or amount of an existing fee. As used in this section,
 11 a fee is any charge for goods, services, regulations, or
 12 licensure, and includes charges for admission to or for use of
 13 public facilities.

14 Sec. 13. [SAVINGS CLAUSE.]

15 Notwithstanding any provision in this article, nothing in
 16 this article constitutes an impairment of any obligations,
 17 certificates of indebtedness, capital notes, or other debt
 18 instruments, including installment purchase contracts or lease
 19 purchase agreements, issued before the date of final enactment
 20 of this act, by a municipality as defined in Minnesota Statutes,
 21 section 469.174, subdivision 6; a school district; or a special
 22 taxing district as defined in Minnesota Statutes, section
 23 275.066.

24 Sec. 14. [EFFECTIVE DATE; TERMINATION.]

25 (a) This article is effective the day following final
 26 enactment and applies to taxes payable in 2007 and subsequent
 27 years prior to the termination date provided in paragraph (b),
 28 (c), (d), or (e) for the taxing jurisdiction described in each
 29 of those paragraphs.

30 (b) For cities and towns, the termination date is the taxes
 31 payable year that is the calendar year when local government
 32 aids payable to cities under Minnesota Statutes, section
 33 477A.013, are sufficient to fully fund the formula without any
 34 reduction due to the limitation in Minnesota Statutes, section
 35 477A.03.

36 (c) For counties, the termination date is the taxes payable

1 year when the total amount to be paid to all counties under
2 Minnesota Statutes, section 477A.0124, exceeds the amount paid
3 to all counties under Minnesota Statutes 2002, sections 273.138;
4 273.1398, subdivision 2, minus the amount certified under
5 Minnesota Statutes, section 273.1398, subdivision 4a, paragraph
6 (b), for counties in Judicial Districts One, Three, Six, and
7 Ten, and by 25 percent of the amount certified under Minnesota
8 Statutes, section 273.1398, subdivision 4a, paragraph (b), for
9 counties located in Judicial Districts Two and Four; 273.166;
10 477A.0121; and 477A.0122, increased by the rate of increase in
11 the annual implicit price deflator for government consumption
12 expenditures from 2003 to the current year.

13 (d) For school districts, the termination date is the taxes
14 payable year that is the year in which the state provides a real
15 state aid inflationary increase to the basic formula allowance
16 under Minnesota Statutes, section 126C.10, subdivision 2, over
17 the amount paid in the prior year.

18 (e) For special taxing districts, the termination date is
19 the 2009 taxes payable year."

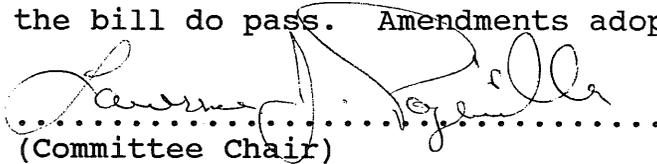
20 Delete the title and insert:

21 "A bill for an act relating to financing and operation of
22 government in this state; providing for allocation of additional
23 general fund revenues; modifying income tax rates and providing
24 income tax credits; modifying taxation of certain trusts;
25 modifying taxation of certain compensation paid to nonresidents;
26 providing for taxation of foreign operating corporations;
27 changing and providing certain sales and use tax exemptions;
28 authorizing certain local sales taxes; modifying certain levies;
29 changing and providing property tax exemptions and value
30 exclusions; modifying the state general levy and providing for
31 deposit of revenues; providing for aids to local governments;
32 providing for an international economic development zone;
33 conveying certain powers and providing tax incentives in the
34 zone; clarifying the effect of certain statements of taxpayer
35 rights by commissioner of revenue; limiting agricultural
36 processing zone property tax exemption in certain circumstances;
37 defining term "tax"; extending a petrofund fee exemption;
38 extending fiscal disparity computation for city of Bloomington;
39 conveying powers and authority to certain local governments and
40 authorities for certain purposes; providing for certain payments
41 to certain cities and counties; requiring studies; appropriating
42 money; amending Minnesota Statutes 2004, sections 16A.152,
43 subdivision 2; 123B.53, subdivision 5; 126C.01, by adding a
44 subdivision; 127A.48, by adding a subdivision; 254B.02,
45 subdivision 3; 270.0603, subdivision 3; 270.0682, subdivision 1;
46 272.02, subdivisions 53, 64, by adding subdivisions; 272.0211,
47 subdivisions 1, 2; 273.11, subdivision 1a; 275.025, subdivision
48 1; 275.065, subdivision 3; 289A.38, by adding a subdivision;
49 289A.60, by adding a subdivision; 290.01, subdivisions 6b, 7b,
50 19a, 19d; 290.06, subdivisions 2c, 2d, by adding subdivisions;
51 290.17, subdivisions 2, 4; 297A.61, by adding a subdivision;

1 297A.67, subdivisions 6, 7, 8, 29; 297A.68, subdivision 28, by
 2 adding a subdivision; 297A.71, subdivision 12, by adding a
 3 subdivision; 429.021, subdivision 1; 469.015, subdivision 4;
 4 469.033, subdivision 6; 469.175, subdivision 2; 473F.08,
 5 subdivision 3a; 477A.011, subdivisions 34, 36; 477A.0124,
 6 subdivision 4; 477A.013, subdivisions 8, 9; 477A.03,
 7 subdivisions 2a, 2b; 645.44, by adding a subdivision; Laws 1993,
 8 chapter 375, article 9, section 46, subdivision 2, as amended;
 9 Laws 1994, chapter 587, article 9, section 8, subdivision 1;
 10 Laws 2001, First Special Session chapter 5, article 12, section
 11 44, the effective date; Laws 2003, chapter 128, article 1,
 12 section 172; proposing coding for new law in Minnesota Statutes,
 13 chapters 128A; 289A; 469; 477A."

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

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 20



 (Committee Chair)

May 5, 2005.....
 (Date of Committee recommendation)