

## Agenda #1

Senator Bachmann introduced--

S.F. No. 1986: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to local government; requiring a super  
3 majority vote by the county to transfer certain local  
4 assessment responsibilities; amending Minnesota  
5 Statutes 2004, section 273.055.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 273.055, is  
8 amended to read:

9 273.055 [RESOLUTION TO APPOINT ASSESSOR; TERMINATION OF  
10 LOCAL ASSESSOR'S OFFICE.]

11 The election to provide for the assessment of property by  
12 the county assessor as provided in section 273.052 shall be made  
13 by the board of county commissioners by resolution with at least  
14 a two-thirds majority vote. Such resolution shall be effective  
15 at the second assessment date following the adoption of the  
16 resolution. Notwithstanding any other provisions contained in  
17 any other section of law or charter, the office of all township  
18 and city assessors in such county shall be terminated 90 days  
19 before the assessment date at which the election becomes  
20 effective, except that if part of such taxing district is  
21 located in a county not electing to have the county assessor  
22 assess all property as provided in section 273.052, the office  
23 will continue but shall apply only to such property in a  
24 nonelecting county.

25 No township or city assessor in another county shall assess

1 any property in an electing county, but shall turn over all tax  
2 records relating to property to the county assessor 90 days  
3 before the assessment date at which the county's election  
4 becomes effective.

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

HARBOUT #1

# City of Hugo

14669 Fitzgerald Avenue North

Hugo, MN 55038-9367

PHONE: (651) 762-6300 FAX: (651) 426-2859 EMAIL: info@ci.hugo.mn.us

*Fran Miron, Mayor  
Becky Petryk, Council Member Ward 1  
Frank Puleo, Council Member Ward 2  
Chuck Haas, Council Member Ward 3  
Mike Granger, Council Member at Large*

March 15, 2005

Representative Matt Dean  
417 State Office Building  
St. Paul, MN 55155

Senator Michele Bachmann  
125 State Office Building  
St. Paul, MN 55155

Representative Ray Vandever  
529 State Office Building  
St. Paul, MN 55155

Jim Schug, Administrator /  
Washington County Government Center  
14949 62<sup>nd</sup> Street North  
P.O. Box 6  
Stillwater, MN 55082-0006

Dear Honorable Senator Bachmann:

At its March 7, 2005 meeting, the Hugo City Council adopted Resolution 2005-8 supporting a change in State Statute to require a county board's super majority vote to remove a local assessor. Current statute reads "by resolution", which is interpreted as a simple majority. Council directed me to request your support and sponsorship of a Bill to change Minnesota Statute 273.055.

The Hugo City Council has a strong desire to leave control of our City's local assessor, Frank Langer, at the local level. Frank has been our City Assessor since 1979 and has provided an excellent level of professional assessing services for Hugo for the past 25 years.

I will contact you to arrange a meeting to discuss this proposed change in legislation. Thank you in advance for your support and consideration.

Sincerely,



Michael A. Ericson  
City Administrator

c: Honorable Mayor and City Council

**RESOLUTION 2005 – 8**

**RESOLUTION SUPPORTING CHANGE IN STATE STATUTE  
TO REQUIRE A SUPER MAJORITY COUNTY BOARD VOTE  
TO REMOVE A LOCAL ASSESSOR**

**WHEREAS**, The City of Hugo has contracted with local Assessor Frank Langer since 1979,  
and;

**WHEREAS**, Frank Langer has provided excellent professional assessing services for the  
City over the past 25 years, and;

**WHEREAS**, The City of Hugo has been most pleased with the services of Frank Langer,  
as evidenced by continued low turnout at the annual Board of Review, and;

**WHEREAS**, Minnesota State Statute provides for the removal of local assessors by a  
simple majority vote of the respective County Board, and;

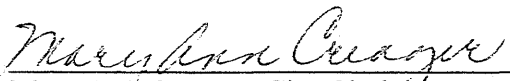
**WHEREAS**, The Hugo City Council voted unanimously at its February 7, 2005 meeting  
to direct the City Administrator to prepare a resolution for special  
legislation to change this;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF HUGO, WASHINGTON COUNTY, MINNESOTA**, That the Hugo City  
Council requests special legislation from elected officials to change Minnesota State  
Statute 273.055 to require super majority vote of the entire County Board for removal of  
local assessors.

Whereupon said resolution was declared passed and adopted this 7<sup>th</sup> day of March 2005.

  
\_\_\_\_\_  
Fran Miron, Mayor

ATTEST:

  
\_\_\_\_\_  
Mary Ann Creager, City Clerk

Minnesota Statutes 2004, Table of Chapters

## Table of contents for Chapter 273

**273.055 Resolution to appoint assessor; termination of local assessor's office.**

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such county shall be terminated 90 days before the assessment date at which the election becomes effective, except that if part of such taxing district is located in a county not electing to have the county assessor assess all property as provided in section 273.052, the office will continue but shall apply only to such property in a nonelecting county.

No township or city assessor in another county shall assess any property in an electing county, but shall turn over all tax records relating to property to the county assessor 90 days before the assessment date at which the county's election becomes effective.

HIST: 1969 c 989 s 4; 1973 c 123 art 5 s 7

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273.052 Appointment; application.

Any county in the state of Minnesota, notwithstanding any other provision of law to the contrary, is hereby authorized and empowered to provide for the assessment of all taxable property in the county by the county assessor.

This section shall not apply to Ramsey County, or property assessable in cities whose assessor has the powers of a county assessor pursuant to section 273.063, or property which is by law assessed by the commissioner of revenue.

HIST: 1969 c 989 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 435 art 5 s 1

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273.055 Resolution to appoint assessor; termination of local assessor's office.

PROPOSED  
LANGUAGE

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such

super majority

12/13/2004

HUGO

# Keeping assessing a local affair

## City wants law change to keep county at bay

BY ALEX FRIEDRICH  
*Pioneer Press*

Assessing the value of someone's house can be quite a personal thing, and Hugo city officials think there's no one better qualified to do that than a community's friendly neighborhood assessor.

They're so sure of it that the city administrator, Mike Ericson, is drafting a resolution he hopes will prompt state legislation to make it harder for counties to take over the process.

The resolution would call for the Legislature to require approval from four of five county board members — instead of the current three of five — before they could seize control of assessment from the cities. Boards with seven members would require the approval of five.

He sees it as a way to protect cities from moves such as the ones Washington County made last summer to take over all assessing. The attempt was shelved after some cities protested, and Ericson hopes his legal change would keep the county at bay.

"We're looking to protect our local assessor," Ericson said. Through him, "we think we deliver a better level of customer service."

In Washington County, about 1 in 4 municipalities has its own assessor. About half of the cities and townships across the state — 957 — assess locally, according to the state Department of Revenue.

So if the legislation passed, Ericson said, "it probably would have a dramatic impact across Minnesota."

The city-county debate began last summer when Washington County proposed taking over assessment for all its municipalities. Doing so would be more efficient, county leaders thought, and provide a more consistent standard of assessment throughout the county.

County officials say they've found large discrepancies in assessments of similar properties in various communities. That has allowed some people to pay less than their share of taxes, the officials say, and burdened others by making them pay too much.

"If you don't have an equitable appraisal system, then the integrity of the tax system is called into question," County Administrator James Schug said.

And ultimately, officials complain, it's the county that is responsible for the quality of the assessment, even though it now has no real control over

the local process.

Switching systems shouldn't cost taxpayers anything, county officials say. It would simply shift costs from the cities to the county. Those municipalities already contracting with the county for assessments would likewise not pay.

Over the long run, they say, costs could be lower because of increased efficiency in the process.

But a number of communities — such as Mahtomedi, Lake Elmo and New Scandia Township — protested. They wanted to keep control at the local level, where they thought personal service was better.

"We have someone who has been here 25 years," Ericson said. Homeowners can tell him, "You know my story, here's my house. How do you duplicate that? They're not being treated in an institutional, anti-septic way."

After getting letters and some vocal opposition, county leaders ended up shelving the plan.

Ericson expects to have the resolution drafted in a couple of weeks and hopes state Rep. Ray Vandever, R-Forest Lake, and state Sen. Michele Bachmann, R-Stillwater, can carry it through the Legislature.

"If we can get it this year, great," he said, "but something like this usually takes time."

BAYPORT

## Andersen elected to Girl Scout post

Sarah J. Andersen, a member of the board of the Andersen Corp., recently was elected president-elect of the

tions and individuals.

Andersen was a Girl Scout leader for 14 years before beginning her service on the

Bjorkman, who was elected to her second term as vice president, and Bryce Doty, of Eagan, who was elected to his first

Pheasant Hills G.C. features 3  
hole 2 ba 1700 sq ft finished

# County assessments fought

by Molly Matthews

Correspondent

The Hugo City Council passed a resolution at its Feb. 7 meeting requesting a change in the state statutes regarding terminating local assessor positions.

The Washington County Board is considering a policy requiring its cities to use county assessors instead of allowing its municipalities to use their own assessors. Hugo officials say they want to keep the assessor they have.

The council will ask the city's legislators to sponsor a bill to change the statute to make it harder for the county board to approve the county assessor policy.

According to the current statute, a simple majority — a three out of five vote by the Washington County Board — could remove a local assessor and replace the position with a county assessor.

Hugo would like to see this language changed to a super majority, requiring a four out of five vote.

The Washington County Board proposed the new policy in 2004 to replace all local assessors with county assessors, but no formal vote was taken.

Hugo and other municipalities contacted the Washington County Board and recommended they take no action on this proposal, said Hugo City Administrator Mike Ericson.

Ericson said it was clear after last year's proposal that the Washington County

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*"It is a political issue with cities trying to tell counties what to do and counties trying to tell cities what to do."*

**Mike Ericson**

Hugo city administrator

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Board would continue to look at a county assessing policy.

The unofficial vote among the Washington County Board was tied at 2-2, with the swing vote belonging to Nile Kriesel, the District 3 County Commissioner.

for Washington County in 2004. Kriesel's position on the board was replaced by his brother, Gary Kriesel, who won the election in November of 2004 and is the current District 3 Commissioner.

"It is going to be an uphill battle," Ericson said, adding that the city will need to use the services of their state representative Ray Vandever and other legislative representatives to ensure the continued use of their local assessor.

"It is a political issue with cities trying to tell counties what to do and counties trying to tell cities what to do," Ericson said.

Hugo's assessor, Frank Langer, has worked as a contract employee for the city for 25 years and has done a great job, Ericson said.

"There are cities in Washington County who use a county assessor, who also do a great job," Ericson said. "But we'd like the discretion

to provide services to our residents how we see fit."

The Hugo City Council strongly supports Langer and is preparing a resolution that would support changing the state statute to require a super majority vote to remove a local assessor.

Ericson said the city hopes the commissioners will carefully look at the decision and how it will effect individual cities. The four out of five vote required by the super majority would make the policy more difficult to pass.

"He helps us to make decisions," Councilwoman Becky Petryk said about Langer.

"There is never a hesitation to call Frank. He gives us the answers we have to have."

Councilman Chuck Haas also supported continuing the use of local assessors.

"The closer citizens can get to their local officials the better the representation," Haas said. "(Having a local assessor) provides an extra voice for the local land owner."

*Molly Matthews can be reached at [ppnews@shertel.net](mailto:ppnews@shertel.net)*



RESOLUTION 2005-01

**RESOLUTION SUPPORTING CHANGE IN STATE STATUTE  
TO REQUIRE A SUPER MAJORITY COUNTY BOARD VOTE  
TO REMOVE A LOCAL ASSESSOR**

**WHEREAS, The City of Marine on St. Croix has contracted with local Assessor Frank Langer, and;**

**WHEREAS, Frank Langer has provided excellent professional assessing services for the City for many years, and;**

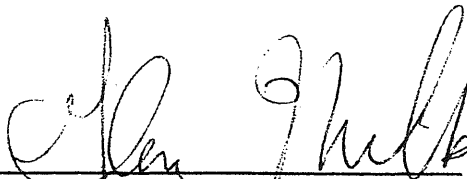
**WHEREAS, The City of Marine on St. Croix has been most pleased with the services of Frank Langer, as evidenced by continued low turnout at the annual Board of Review, and;**

**WHEREAS, Minnesota State Statute provides for the removal of local assessors by a simple majority vote of the respective County Board, and;**

**WHEREAS, The Marine on St. Croix City Council voted unanimously at its March 10, 2005 meeting to direct the City Clerk to prepare a resolution for special legislation to change this;**

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARINE ON ST. CROIX, WASHINGTON COUNTY, MINNESOTA, That the Marine on St. Croix City Council requests special legislation from elected officials to change Minnesota State Statute 273.055 to require super majority vote of the entire County Board for removal of local assessors.**

Whereupon said resolution was declared passed and adopted this  
10<sup>th</sup> day of March, 2005.

  
\_\_\_\_\_  
Glen T. Mills, Mayor

ATTEST:

  
\_\_\_\_\_  
Lynette Peterson, City Clerk

*Glen*



# TOWN OF NEW SCANDIA

14727 209th St. North, P.O. Box 128  
Scandia, Minnesota 55073  
(651) 433-2274

March 16, 2005

Representative Matt Dean  
417 State Office Building  
St. Paul, MN 55155

Senator Michele Bachmann  
125 State Office Building  
St. Paul, MN 55155

Representative Ray Vandever  
529 State Office Building  
St. Paul, MN 55155

Jim Schug, Administrator  
Washington County Government Center  
14949 62<sup>nd</sup> Street North  
P.O. Box 6  
Stillwater, MN 55082-0006

Dear Honorable Senator Bachmann:

At its March 15, 2005 meeting, the New Scandia Town Board adopted Resolution 03-15-05 supporting a change in State Statute to require a county board's super majority vote to remove a local assessor. Current statute reads "by resolution" which is interpreted as a simple majority. New Scandia Town Board directed me to request your support and sponsorship of a Bill to change Minnesota Statute 273.055.

The New Scandia Town Board prefers to leave control of our Township's local assessor, Frank Langer, at the local level. Mr. Langer has been New Scandia Township's Assessor for the past 29 years and has provided excellent professional assessing services to our community.

If you have any questions regarding this proposed legislation please contact Dennis Seefeldt at 651-433-5999 or Dolores Peterson at 651-433-2274. Thank you for your support and consideration on this matter.

Sincerely,

Dolores Peterson  
New Scandia Township Clerk

c: New Scandia Township Chairmen and Supervisors

New Scandia Town Board  
March 15, 2005  
Page 4

**WEED INSPECTOR FOR THE YEAR OF 2005**

Nancy Madden made a motion to appoint John Morrison as the Weed Inspector for New Scandia Township for the year of 2005. Michael Hinz seconded the motion and motion adopted unanimously.

**DEPOSITARY FOR THE YEAR OF 2005**

Michael Hinz made a motion to designate Security State Bank, Mainstreet Bank and the 3M Fund through the League of Minnesota Cities. Nancy Madden seconded the motion and motion adopted unanimously.

**BUILDING INSPECTOR SALARY**

Mr. Seefeldt made reference to the questions regarding the Building Inspector's salary at the Annual Town Meeting on March 8, 2005. He informed the Board Members that the Building Inspector's contract is in effect until December 31, 2005 and Mr. Joselyn and Mr. Seefeldt will review possible other alternatives or contracts.

**RESOLUTION 03-15-05/SUPER MAJORITY COUNTY BOARD VOTE TO REMOVE LOCAL ASSESSOR**

Nancy Madden made a motion to adopt Resolution Number 03-15-05 Supporting Change in State Statue to Require a Super Majority County Board Vote to Remove Local Assessor with changes in the Resolution. The Resolution shall also be sent to Representative Ray Vandever and Senator Michele Bachmann. Michael Hinz seconded the motion and motion adopted unanimously.

**SPRINGSTED INCORPORATED/FISCAL ANALYSIS**

Mr. Harnetty on behalf of the Incorporation Committee submitted a draft for a Fiscal Impact Analysis of the impacts incorporation of the Town into a City.

Nancy Madden made a motion to enter into a contract with Springsted Incorporated for a Fiscal Impact Analysis for Phase 1 in the amount of \$3,000.00. Michael Harnetty seconded the motion and motion adopted unanimously.

**SPEED LIMIT ON HIGHWAY 97 NOVAK AVENUE TO PARRISH ROAD NORTH**

Mr. Seefeldt stated that many residents have expressed concerns regarding the excessive speed on Highway 97 especially by the Scandia School.

# Agenda #2

Senators Pogemiller and Belanger introduced—  
S.F. No 2206: Referred to the Committee on Taxes.

1 A bill for an act

2 relating to taxation; defining the term tax for  
3 purposes of Minnesota Statutes; amending Minnesota  
4 Statutes 2004, section 645.44, by adding a subdivision.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. Minnesota Statutes 2004, section 645.44, is  
7 amended by adding a subdivision to read:

8 Subd. 19. [FEE AND TAX.] (a) "Tax" means any fee, charge,  
9 exaction, or assessment imposed by a governmental entity on an  
10 individual, person, entity, transaction, good, service, or other  
11 thing. It excludes a price that an individual or entity chooses  
12 voluntarily to pay in return for receipt of goods or services  
13 provided by the governmental entity. A government good or  
14 service does not include access to or the authority to engage in  
15 private market transactions with a nongovernmental party, such  
16 as licenses to engage in a trade, profession, or business or to  
17 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 [EFFECTIVE DATE.] This section is effective the day

*Surcharge*  
*a fine or penalty imposed for violation of a State law or local*  
*(c) This subdivision is not intended to extend the application of Art 4, Sec 18 of the const. of Minn*

1 following final enactment.

# MINNESOTA • REVENUE

## VARIOUS TAXES

### Definition of Tax

April 13, 2005

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

Department of Revenue  
 Analysis of H.F. 2178 (Krinkie) / S.F. 2206 (Pogemiller)

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day following final enactment.

### EXPLANATION OF THE BILL

The bill creates a definition for the term "tax" in Chapter 645, Interpretation of Statutes and Rules. Tax means any fee, charge, exaction, or assessment imposed by a governmental entity on an individual, person, entity, transaction, good, service, or other thing. It excludes the price an individual or entity chooses to voluntarily pay for receipt of goods or services provided by a governmental entity. A fee or charge that meets the functional requirements of a tax must be treated as a tax for all purposes, regardless of whether the statute or law refers to it as a tax.

### REVENUE ANALYSIS DETAIL

- The bill would have no impact on any state funds.

**Number of Taxpayers:** None.

Source: Minnesota Department of Revenue  
 Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

hf2178(sf2206)\_1/nrg

**General Fund Taxes, Fees and Surcharges in SF 2273 -- Allocated in Bill**

<b>Tax, Fee or Surcharge</b>	<u>2006</u>	<u>2007</u>	<u>2006-07</u>
1 Alcohol excise tax 1-cent per drink equivalent	23,597	26,052	49,649
2 Sales tax on excise tax Increase	1,009	921	1,930
3 \$10 of \$11 increase in criminal/traffic fine surcharge	4,900	6,500	11,400
4 \$4 of \$6.50 increase in recorder fee surcharge	5,877	5,923	11,800
5 Civil court filing fee	594	594	1,188
6			
7 Total allocated in bill	35,977	39,990	75,967

**General Fund Fees and Surcharges in SF 2273 -- Allocated Elsewhere**

<b>Fee or Surcharge</b>			
13			
14			
15 \$1 of \$11 increase in criminal/traffic fine surcharge	490	650	1,140
16 \$2.50 of \$6.50 increase in recorder fee surcharge	3,673	3,707	7,380
17 Liquor wholesale/manufacture license fee increases	757	757	1,514
18			
19 Total allocated elsewhere	4,920	5,114	10,034

**Grand Total General Fund Taxes, Fees and Surcharges in SF 2273**

24			
25 Fees allocated in bill	35,977	39,990	75,967
26 Fees allocated elsewhere	4,920	5,114	10,034
27			
28 Grand Total Taxes and Fees in SF 2273	40,897	45,104	86,001

**Dedicated Statutory Fees and Surcharges in SF 2273**

33			
34 Driver's License Renewal Surcharge (\$1)	1,400	1,400	2,800
35 Non-DWI Driver's License Reinstatement Fee	763	832	1,595
36 9-1-1 fee increase (25-cents both years)	16,368	16,688	33,056
37			
38 Total Dedicated Statutory Fees and Surcharges in SF 2273	18,531	18,920	37,451

The Governor's Public Safety Budget Recommendation includes the \$10 criminal/traffic surcharge increase which is deposited in the general fund (line 3, above), the non-DWI driver's license reinstatement fee, which is deposited in the special revenue fund and is dedicated to peace officer continuing education and training (line 35, above) and the 9-1-1 fee increase at 25-cents the first year and 10-cents thereafter (line 36, above). The 9-1-1 fee is deposited in the state government special revenue fund and is used for funding 9-1-1 services and infrastructure.

Handout #1

Sec. 7. **Rules of government.** Each house may determine the rules of its proceedings, sit upon its own adjournment, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member; but no member shall be expelled a second time for the same offense.

Sec. 8. **Oath of office.** Each member and officer of the legislature before entering upon his duties shall take an oath or affirmation to support the Constitution of the United States, the constitution of this state, and to discharge faithfully the duties of his office to the best of his judgment and ability.

Sec. 9. **Compensation.** The compensation of senators and representatives shall be prescribed by law. No increase of compensation shall take effect during the period for which the members of the existing house of representatives may have been elected.

Sec. 10. **Privilege from arrest.** The members of each house in all cases except treason, felony and breach of the peace, shall be privileged from arrest during the session of their respective houses and in going to or returning from the same. For any speech or debate in either house they shall not be questioned in any other place.

Sec. 11. **Protest and dissent of members.** Two or more members of either house may dissent and protest against any act or resolution which they think injurious to the public or to any individual and have the reason of their dissent entered in the journal.

Sec. 12. **Biennial meetings; length of session; special sessions; length of adjournments.** The legislature shall meet at the seat of government in regular session in each biennium at the times prescribed by law for not exceeding a total of 120 legislative days. The legislature shall not meet in regular session, nor in any adjournment thereof, after the first Monday following the third Saturday in May of any year. After meeting at a time prescribed by law, the legislature may adjourn to another time. "Legislative day" shall be defined by law. A special session of the legislature may be called by the governor on extraordinary occasions.

Neither house during a session of the legislature shall adjourn for more than three days (Sundays excepted) nor to any other place than that in which the two houses shall be assembled without the consent of the other house.

Sec. 13. **Quorum.** A majority of each house constitutes a quorum to transact business, but a smaller number may adjourn from day to day and compel the attendance of absent members in the manner and under the penalties it may provide.

Sec. 14. **Open sessions.** Each house shall be open to the public during its sessions except in cases which in its opinion require secrecy.

Sec. 15. **Officers; journals.** Each house shall elect its presiding officer and other officers as may be provided by law. Both houses shall keep journals of their proceedings, and from time to time publish the same, and the yeas and nays, when taken on any question, shall be entered in the journals.

Sec. 16. **Elections viva voce.** In all elections by the legislature members shall vote viva voce and their votes shall be entered in the journal.

Sec. 17. **Laws to embrace only one subject.** No law shall embrace more than one subject, which shall be expressed in its title.

Sec. 18. **Revenue bills to originate in house.** All bills for raising revenue shall originate in the house of representatives, but the senate may propose and concur with the amendments as on other bills.

Sec. 19. **Reporting of bills.** Every bill shall be reported on three different days in each house, unless, in case of urgency, two-thirds of the house where the bill is pending deem it expedient to dispense with this rule.

Sec. 20. **Enrollment of bills.** Every bill passed by both houses shall be enrolled and signed by the presiding officer of each house. Any presiding officer refusing to sign a bill passed by both houses shall thereafter be disqualified from any office of honor or profit in the state. Each house by rule shall provide the manner in which a bill shall be certified for presentation to the governor in case of such refusal.

Sec. 21. **Passage of bills on last day of session prohibited.** No bill shall be passed by either house upon the day prescribed for adjournment. This section shall not preclude the



A

1 Senator ..... moves to amend S.F. No. 2206 as follows:

2 Page 1, after line 5, insert:

3 "Section 1. Minnesota Statutes 2004, section 270.0682,  
4 subdivision 1, is amended to read:

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

16 Renumber the sections in sequence and correct the internal  
17 references

18 Amend the title as follows:

19 Page 1, line 3, after the semicolon, insert "providing that  
20 the tax incidence study includes all taxes;"

21 Page 1, line 4, delete "section" and insert "sections  
22 270.0682, subdivision 1;"

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 297H.01,  
5 subdivision 6, is amended to read:

6 Subd. 6. [NONMIXED MUNICIPAL SOLID WASTE.] "Nonmixed  
7 municipal solid waste" means:

8 (1) infectious waste as defined in section 116.76,  
9 subdivision 12;

10 (2) pathological waste as defined in section 116.76,  
11 subdivision 14;

12 (3) industrial waste as defined in section 115A.03,  
13 subdivision 13a, except that, for purposes of this chapter,  
14 industrial waste does not include packaging waste, unless the  
15 packaging is contaminated with material that renders the  
16 packaging in need of special management or is incidental  
17 packaging included with industrial waste for disposal or is  
18 packaging utilized for transporting industrial solid waste.  
19 Industrial solid waste does not include office materials,  
20 restaurant and food preparation waste, discarded machinery,  
21 demolition debris, municipal solid waste combustor ash, or  
22 household refuse; and

23 (4) construction debris as defined in section 115A.03,  
24 subdivision 7.

25 [EFFECTIVE DATE.] This section is effective July 1, 2005."

26 Renumber the sections in sequence and correct the internal  
27 references

28 Amend the title accordingly

SET ASIDE 4/29  
Moua (P)

1 Senator ..... moves to amend S.F. No. .... as follows:

2 Page ..., after line ..., insert:

3 "Sec. .... [477A.0133] [COUNTY CRIMINAL JUSTICE AID.]

4 Subdivision 1. [PURPOSE.] County criminal justice aid is  
5 intended to reduce the reliance of county criminal justice and  
6 corrections programs and associated costs on local property  
7 taxes.

8 County criminal justice aids must be used to pay expenses  
9 associated with criminal justice activities, specifically (KEEP)  
10 probation and supervised release caseload reductions, chemical  
11 dependency treatment, and assistance to crime victims. and mental health programs.

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

14 (1) "population" means the population according to the most  
15 recent federal census, or according to the state demographer's  
16 most recent estimate if it has been issued subsequent to the  
17 most recent federal census; and

18 (2) "Part I crimes" means the three-year average annual  
19 number of Part I crimes reported for each county by the  
20 Department of Public Safety for the most recent years  
21 available. By July 1 of each year, the commissioner of public  
22 safety shall certify to the commissioner of revenue the number  
23 of Part I crimes reported for each county for the three most  
24 recent calendar years available.

25 Subd. 3. [FORMULA.] Each calendar year, the commissioner  
26 of revenue shall distribute county criminal justice aid to each  
27 county in an amount determined according to the following  
28 formula:

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

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

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

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

6        Subd. 6. [ANNUAL APPROPRIATION.] Aid payments to counties  
7 under this section are limited to \$..... in 2006 and  
8 subsequent years."

9        Renumber the sections in sequence and correct the internal  
10 references

11        Amend the title accordingly

## 1 ARTICLE ..

## 2 PROPERTY TAX FREEZE

## 3 Section 1. [CITATION.]

4 This article may be cited as the "Truth and Fairness in  
5 Taxation Act" (TAFTA) or the "State/Local Fiscal Relations:  
6 Truth in Taxation Act."

## 7 Sec. 2. [STATEMENT OF PURPOSE.]

8 The legislature finds that the state of Minnesota is  
9 continuing to experience a persistent budget deficit and that  
10 reductions in state spending have resulted in increased burdens  
11 on school districts, counties, cities, and other units of local  
12 government. In order to maintain stability in state and local  
13 fiscal relations, the purpose of this act is to prevent property  
14 tax rate increases and to illuminate the impact of reductions in  
15 revenue to school districts, counties, cities, and other units  
16 of local government.

## 17 Sec. 3. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

18 Notwithstanding Minnesota Statutes, section 272.67,  
19 subdivision 6, the benefit ratio used for apportioning levies to  
20 a rural service district for taxes payable in 2006 and any  
21 subsequent year prior to the freeze termination year must not be  
22 greater than that in effect for taxes payable in 2005.

## 23 Sec. 4. [PROHIBITION AGAINST INCURRING NEW DEBT.]

24 Subdivision 1. [ACTIONS PROHIBITED.] After May 31, 2006,

1 no municipality as defined in Minnesota Statutes, section  
2 475.51, or any special taxing district as defined in Minnesota  
3 Statutes, section 275.066, may sell obligations, certificates of  
4 indebtedness, or capital notes under Minnesota Statutes, section  
5 412.301, chapter 475, or any other law authorizing obligations,  
6 certificates of indebtedness, capital notes, or other debt  
7 instruments, or enter into installment purchase contracts or  
8 lease purchase agreements under Minnesota Statutes, section  
9 465.71, or any other law authorizing installment purchase  
10 contracts or lease purchase agreements, if issuing those debt  
11 instruments or entering into those contracts would require a  
12 levy first becoming payable in 2007 or any subsequent year prior  
13 to the freeze termination year.

14 Subd. 2. [EXCEPTIONS.] This prohibition does not apply to:

15 (1) refunding bonds sold to refund bonds originally sold  
16 before June 1, 2006;

17 (2) obligations for which the amount of the levy first  
18 becoming due in 2007 would not exceed the amount by which the  
19 municipality's total debt service levy for taxes payable in 2007  
20 prior to issuance of those obligations is less than the  
21 municipality's total debt service levy for taxes payable in  
22 2006; or

23 (3) obligations with respect to which the municipality  
24 makes a finding at the time of the issuance of the obligations  
25 that no levy will be required for taxes payable in 2007 or any  
26 subsequent year prior to the freeze termination year or to pay  
27 the debt service on the obligations because sufficient funds are  
28 available from nonproperty tax sources to pay the debt service.

29 As used in clauses (2) and (3), "obligations" includes  
30 certificates of indebtedness, capital notes, or other debt  
31 instruments or installment purchase contracts or lease purchase  
32 agreements.

33 Subd. 3. [DATE WHEN BONDS ARE DEEMED SOLD.] For purposes  
34 of this section, bonds will be deemed to have been sold before  
35 June 1, 2006, if:

36 (1) an agreement has been entered into between the

1 municipality and a purchaser or underwriter for the sale of the  
2 bonds by that date;

3 (2) the issuing municipality is a party to a contract or  
4 letter of understanding entered into before June 1, 2006, with  
5 the federal government or the state government that requires the  
6 municipality to pay for a project, and the project will be  
7 funded with the proceeds of the bonds; or

8 (3) the proceeds of the bonds will be used to fund a  
9 project or acquisition with respect to which the municipality  
10 has entered into a contract with a builder or supplier before  
11 June 1, 2006.

12 Sec. 5. [LEVY LIMITATION FOR TAXES PAYABLE IN 2007 AND  
13 SUBSEQUENT YEARS.]

14 Subdivision 1. [PROPOSED LEVY.] Notwithstanding any other  
15 law to the contrary, for purposes of the certification required  
16 by Minnesota Statutes, section 275.065, subdivision 1, in 2006  
17 and any subsequent year prior to the freeze termination year, no  
18 taxing authority, other than a school district, shall certify to  
19 the county auditor a proposed property tax levy or, in the case  
20 of a township, a final property tax levy, greater than the levy  
21 certified to the county auditor pursuant to Minnesota Statutes,  
22 section 275.07, subdivision 1, in the prior year, except as  
23 provided in this section.

24 Subd. 2. [FINAL LEVY.] Notwithstanding any other law to  
25 the contrary, for purposes of the certification required by  
26 Minnesota Statutes, section 275.07, subdivision 1, in 2006 and  
27 any subsequent year prior to the freeze termination year, no  
28 taxing authority, other than a school district, shall certify to  
29 the county auditor a property tax levy greater than the amount  
30 certified to the county auditor pursuant to Minnesota Statutes,  
31 section 275.07, subdivision 1, in the prior year, except as  
32 provided in this section.

33 Subd. 3. [DEBT SERVICE EXCEPTION.] If a levy for taxes  
34 payable in 2007 or any subsequent year prior to the freeze  
35 termination year, for debt service on obligations, certificates  
36 of indebtedness, capital notes, or other debt instruments sold

1 prior to June 1, 2006, or to make payments on installment  
2 purchase contracts or lease purchase agreements entered into  
3 prior to June 1, 2006, exceeds the levy a taxing authority  
4 certified pursuant to Minnesota Statutes, section 275.07,  
5 subdivision 1, for taxes payable in 2006 for the same purpose,  
6 the excess may be levied notwithstanding the limitations of  
7 subdivisions 1 and 2.

8 Subd. 4. [ANNEXATION EXCEPTION.] The city tax rate for  
9 taxes payable in 2007 or any subsequent year prior to the freeze  
10 termination year on any property annexed under Minnesota  
11 Statutes, chapter 414, may not be increased over the city or  
12 township tax rate in effect on the property for taxes payable in  
13 2006, notwithstanding any law, municipal board order, or  
14 ordinance to the contrary. The limit on the annexing city's  
15 levy under subdivisions 1 and 2 may be increased in excess of  
16 that limit by an amount equal to the net tax capacity of the  
17 property annexed times the city or township tax rate in effect  
18 on that property for taxes payable in 2006. The levy limit of  
19 the city or township from which the property was annexed shall  
20 be reduced by the same amount.

21 Subd. 5. [SCHOOL DISTRICT EXCEPTIONS.] (a) For taxes  
22 payable in 2007 and subsequent years prior to the freeze  
23 termination year, no school district shall certify to the county  
24 auditor a property tax levy that exceeds the maximum levy that  
25 may be imposed by that district under 2005 S.F. No. 2267, except  
26 as provided in paragraph (b).

27 (b) A school district that is in statutory operating debt  
28 under Minnesota Statutes, section 123B.81, and has an approved  
29 plan under Minnesota Statutes, section 123B.83 that includes an  
30 increase to its referendum allowance under Minnesota Statutes,  
31 section 126C.17, is exempt from the levy freeze on referenda  
32 according to this section.

33 Sec. 6. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

34 Notwithstanding any other law to the contrary, the local  
35 funding or local match required from any city, town, or county  
36 for any state grant or program shall not be increased for



1 calendar year 2007 or any subsequent year prior to the freeze  
 2 termination year above the dollar amount of the local funding or  
 3 local match required for the same grant or program in 2006,  
 4 regardless of the level of state funding provided. Any local  
 5 match or local funding requirement that first becomes effective  
 6 after December 31, 2006, for new or changed state grants or  
 7 programs shall not be effective until the freeze has been  
 8 terminated for that taxing jurisdiction under section 16.  
 9 Nothing in this section shall affect the eligibility of a city,  
 10 town, or county for the receipt of state grants or program funds  
 11 in 2007 or any subsequent year prior to the freeze termination  
 12 year, or reduce the amount of state funding a city, town, or  
 13 county would otherwise receive in 2007 or any subsequent year  
 14 prior to the freeze termination year if the local match  
 15 requirements of the state grant or program were met in 2006.

16       Sec. 7. [SUSPENSION OF SALARY AND BUDGET APPEAL  
 17 AUTHORIZATION.]

18       After March 1, 2006, no county sheriff may exercise the  
 19 authority granted under Minnesota Statutes, section 387.20,  
 20 subdivision 7, and no county attorney may exercise the authority  
 21 granted under Minnesota Statutes, section 388.18, subdivision 6,  
 22 to the extent that the salary or budget increase sought in the  
 23 appeal would result in an increase in county expenditures in  
 24 calendar year 2007 or any subsequent year prior to the freeze  
 25 termination year.

26       Sec. 8. [SUSPENSION OF PUBLICATION AND HEARING  
 27 REQUIREMENTS.]

28       A local taxing authority is not required to comply with the  
 29 public advertisement notice of Minnesota Statutes, section  
 30 275.065, subdivision 5a, or the public hearing requirement of  
 31 Minnesota Statutes, section 275.065, subdivision 6, with respect  
 32 to taxes payable in 2007 and any subsequent year prior to the  
 33 freeze termination year.

34       Sec. 9. [TAX RATE FREEZE; REDUCTION OF LEVY.]

35       If in the course of determining local tax rates for taxes  
 36 payable in 2007 or any subsequent year prior to the freeze

1 termination year after reductions for disparity reduction aid  
2 under Minnesota Statutes, section 275.08, subdivisions 1c and  
3 1d, the county auditor finds the local tax rate exceeds that in  
4 effect for taxes payable in 2006, the county auditor shall  
5 reduce the local government's levy so that the local tax rate  
6 does not exceed that in effect for taxes payable in 2006,  
7 adjusted as provided in section 5.

8 Sec. 10. [PENSION LIABILITIES.]

9 Notwithstanding any other law or charter provision to the  
10 contrary, no levy for taxes payable in 2007 or any subsequent  
11 year prior to the freeze termination year for a local police and  
12 fire relief association for the purpose of amortizing an  
13 unfunded pension liability may exceed the levy for that purpose  
14 for taxes payable in 2006.

15 Sec. 11. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

16 Notwithstanding Minnesota Statutes, section 365.10, in 2006  
17 the township board of supervisors shall adjust the levy and in  
18 any subsequent year prior to the freeze termination year, the  
19 township board of supervisors may adjust the expenditures of a  
20 township below the level authorized by the electors to adjust  
21 for any reduction in the previously authorized levy of the  
22 township pursuant to section 5.

23 Sec. 12. [PROHIBITION ON NEW OR INCREASED FEES.]

24 After March 1, 2006, no municipality as defined in  
25 Minnesota Statutes, section 475.51, or special taxing district  
26 as defined in Minnesota Statutes, section 275.066, and no  
27 executive branch state agency may impose a new fee or increase  
28 the rate or amount of an existing fee. As used in this section,  
29 a fee is any charge for goods, services, regulations, or  
30 licensure, and includes charges for admission to or for use of  
31 public facilities.

32 Sec. 13. [SAVINGS CLAUSE.]

33 Notwithstanding any provision in this article, nothing in  
34 this article constitutes an impairment of any obligations,  
35 certificates of indebtedness, capital notes, or other debt  
36 instruments, including installment purchase contracts or lease

1 purchase agreements, issued before the date of final enactment  
2 of this act, by a municipality as defined in Minnesota Statutes,  
3 section 469.174, subdivision 6; a school district; or a special  
4 taxing district as defined in Minnesota Statutes, section  
5 275.066.

6 Sec. 14. [EFFECTIVE DATE; TERMINATION.]

7 (a) This article is effective the day following final  
8 enactment and applies to taxes payable in 2007 and subsequent  
9 years prior to the termination date provided in paragraph (b),  
10 (c), (d), or (e) for the taxing jurisdiction described in each  
11 of those paragraphs.

12 (b) For cities and towns, the termination date is the taxes  
13 payable year that is the calendar year when local government  
14 aids payable to cities under Minnesota Statutes, section  
15 477A.013, are sufficient to fully fund the formula without any  
16 reduction due to the limitation in Minnesota Statutes, section  
17 477A.03.

18 (c) For counties, the termination date is the taxes payable  
19 year when the total amount to be paid to all counties under  
20 Minnesota Statutes, section 477A.0124, exceeds the amount paid  
21 to all counties under Minnesota Statutes 2002, sections 273.138;  
22 273.1398, subdivision 2, minus the amount certified under  
23 Minnesota Statutes, section 273.1398, subdivision 4a, paragraph  
24 (b), for counties in Judicial Districts One, Three, Six, and  
25 Ten, and by 25 percent of the amount certified under Minnesota  
26 Statutes, section 273.1398, subdivision 4a, paragraph (b), for  
27 counties located in Judicial Districts Two and Four; 273.166;  
28 477A.0121; and 477A.0122, increased by the rate of increase in  
29 the annual implicit price deflator for government consumption  
30 expenditures from 2003 to the current year.

31 (d) For school districts, the termination date is the taxes  
32 payable year that is the year in which the state provides a real  
33 state aid inflationary increase to the basic formula allowance  
34 under Minnesota Statutes, section 126C.10, subdivision 2, over  
35 the amount paid in the prior year.

36 (e) For special taxing districts, the termination date is

1 the 2009 taxes payable year.

Solon Baker A

1 Senator ..... moves to amend S.F. No. .... (Tax111) as  
2 follows:

3 Page 54, after line 11, insert:

4 "Sec. 4. [APPROPRIATION.]

5 \$320,000 is appropriated from the general fund to the  
6 commissioner of employment and economic development to be  
7 distributed to the city of Duluth to be used by the city for  
8 grants to enterprises related to environmental cleanup of Lake  
9 Superior and long-term community health care."

10 Renumber the sections in sequence and correct the internal  
11 references

12 Amend the title accordingly

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

3 Page 52, after line 20, insert:

4 "Section 1. Minnesota Statutes 2004, section 270.0603,  
5 subdivision 3, is amended to read:

6 Subd. 3. [DISTRIBUTION.] The appropriate statement  
7 prepared in accordance with subdivisions 1 and 2 must be  
8 distributed by the commissioner to all taxpayers contacted with  
9 respect to the determination or collection of a tax, other than  
10 the providing of tax forms. Failure to receive the statement  
11 does not invalidate the determination or collection action, nor  
12 does it affect, modify, or alter any statutory time limits  
13 applicable to the determination or collection action, including  
14 the time limit for filing a claim for refund.

15 [EFFECTIVE DATE.] This section is effective the day  
16 following final enactment, except that for claims for refund, it  
17 is effective for claims filed after August 31, 2005."

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

20 Amend the title accordingly

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

3 Page 23, after line 9, insert:

4 "Section 1. Minnesota Statutes 2004, section 254B.02,  
5 subdivision 3, is amended to read:

6 Subd. 3. [RESERVE ACCOUNT.] The commissioner shall  
7 allocate money from the reserve account to counties that, during  
8 the current fiscal year, have met or exceeded the base level of  
9 expenditures for eligible chemical dependency services from  
10 local money. The commissioner shall establish the base level  
11 for fiscal year 1988 as the amount of local money used for  
12 eligible services in calendar year 1986. In later years, the  
13 base level must be increased in the same proportion as state  
14 appropriations to implement Laws 1986, chapter 394, sections 8  
15 to 20, are increased, except the county expenditure under  
16 subdivision 2 shall not exceed 55 percent of the total  
17 allocation for fiscal year 2005; 50 percent in fiscal year 2006;  
18 45 percent in fiscal year 2007; and 40 percent in fiscal year  
19 2008. Thereafter the expenditure shall decrease by five percent  
20 each fiscal year until the maximum county match is 15 percent.  
21 The base level must be decreased if the fund balance from which  
22 allocations are made under section 254B.02, subdivision 1, is  
23 decreased in later years. The local match rate for the reserve  
24 account is the same rate as applied to the initial allocation.  
25 Reserve account payments must not be included when calculating  
26 the county adjustments made according to subdivision 2. For  
27 counties providing medical assistance or general assistance  
28 medical care through managed care plans on January 1, 1996, the  
29 base year is fiscal year 1995. For counties beginning provision  
30 of managed care after January 1, 1996, the base year is the most  
31 recent fiscal year before enrollment in managed care begins.  
32 For counties providing managed care, the base level will be  
33 increased or decreased in proportion to changes in the fund  
34 balance from which allocations are made under subdivision 2, but  
35 will be additionally increased or decreased in proportion to the  
36 change in county adjusted population made in subdivision 1,

1 paragraphs (b) and (c). Effective July 1, 2001, at the end of  
2 each biennium, any funds deposited in the reserve account funds  
3 in excess of those needed to meet obligations incurred under  
4 this section and sections 254B.06 and 254B.09 shall cancel to  
5 the general fund."

6       Renumber the sections in sequence and correct the internal  
7 references

8       Amend the title accordingly



SKOE (A)

1 Senator ..... moves to amend S.F. No. .... (Tax III) as  
2 follows:

3 Page 6, after line 11, insert:

4 "Sec. 3. Minnesota Statutes 2004, section 290.06, is  
5 amended by adding a subdivision to read:

6 Subd. 33. [HIGHER EDUCATION TUITION TAX CREDIT.] (a) In  
7 this subdivision, the following terms have the meanings given in  
8 this paragraph.

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

12 (i) a resident of Minnesota;

13 (ii) a graduate of a Minnesota high school or recipient of  
14 a Minnesota general education development diploma in 2005 or  
15 later; and

16 (iii) an enrolled full-time student at an eligible  
17 Minnesota postsecondary institution.

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

21 (3) "Qualifying higher education expenses" means tuition  
22 and fees actually paid during the taxable year to an eligible  
23 institution by a taxpayer on behalf of an eligible student for  
24 the student's first two years of postsecondary education,  
25 reduced by:

26 (i) refunds of tuition and fees received from the  
27 institution;

28 (ii) the amount of any Hope Scholarship Credit or Lifetime  
29 Learning Credit received with respect to the student under  
30 section 25A of the Internal Revenue Code for the same taxable  
31 year; and

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

33 (b) An individual is allowed a credit against the tax  
34 imposed by this chapter equal to the amount of qualified higher  
35 education expenses for an eligible student. The maximum credit  
36 allowed for each eligible student is \$500 in each of the first

1 two years of postsecondary education.

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

4 (1) for single taxpayers, by ten percent for every \$500 by  
5 which the taxpayer's federal adjusted gross income exceeds  
6 \$25,000; and

7 (2) for married taxpayers, by ten percent for every \$1,000  
8 by which the taxpayer's federal adjusted gross income exceeds  
9 \$50,000.

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

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

16 Renumber the sections in sequence and correct the internal  
17 references

18 Amend the title accordingly

1 Sec. 15. Minnesota Statutes 2004, section 290.01,  
2 subdivision 7b, is amended to read:

3 Subd. 7b. [RESIDENT TRUST.] (a) Resident trust means a  
4 trust, except a grantor type trust, which either (1) was created  
5 by a will of a decedent who at death was domiciled in this state  
6 or (2) is an irrevocable trust, the grantor of which was  
7 domiciled in this state at the time the trust became  
8 irrevocable. For the purpose of this subdivision, a trust is  
9 considered irrevocable to the extent the grantor is not treated  
10 as the owner thereof under sections 671 to 678 of the Internal  
11 Revenue Code. The term "grantor type trust" means a trust where  
12 the income or gains of the trust are taxable to the grantor or  
13 others treated as substantial owners under sections 671 to 678  
14 of the Internal Revenue Code.

15 (b)(1) A trust, other than a grantor type trust, that  
16 became irrevocable before January 1, 1996, or that was  
17 administered in Minnesota before January 1, 1996, is a resident  
18 trust only if two or more of the following conditions are  
19 satisfied:

20 (i) a majority of the discretionary decisions of the  
21 trustees relative to the investment of trust assets are made in  
22 Minnesota;

23 (ii) a majority of the discretionary decisions of the  
24 trustees relative to the distributions of trust income and  
25 principal are made in Minnesota;

26 (iii) the official books and records of the trust,  
27 consisting of the original minutes of trustee meetings and the  
28 original trust instruments, are located in Minnesota.

29 (2) For purposes of this paragraph, if the trustees  
30 delegate decisions and actions to an agent or custodian, the  
31 actions and decisions of the agent or custodian must not be  
32 taken into account in determining whether the trust is  
33 administered in Minnesota, if:

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

35 (ii) the trustees retain the power to revoke the delegation  
36 on reasonable notice; and

1        (iii) the trustees monitor and evaluate the performance of  
2 the agent or custodian on a regular basis as is reasonably  
3 determined by the trustees.

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

6        Sec. 16. Minnesota Statutes 2004, section 290.01,  
7 subdivision 19a, is amended to read:

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

11        (1)(i) interest income on obligations of any state other  
12 than Minnesota or a political or governmental subdivision,  
13 municipality, or governmental agency or instrumentality of any  
14 state other than Minnesota exempt from federal income taxes  
15 under the Internal Revenue Code or any other federal statute;  
16 and

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

30        (iii) for the purposes of items (i) and (ii), interest on  
31 obligations of an Indian tribal government described in section  
32 7871(c) of the Internal Revenue Code shall be treated as  
33 interest income on obligations of the state in which the tribe  
34 is located;

35        (2) the amount of income taxes paid or accrued within the  
36 taxable year under this chapter and income the amount of taxes

A

1 Senator ..... moves to amend S.F. No. 2277 as follows:

2 Page 20, delete lines 15 and 16 and insert:

3 "~~\$30,262,000~~ \$32,892,000 ..... 2006

4 ~~\$30,262,000~~ \$32,928,000 ..... 2007"

5 Page 20, line 17, delete "\$6,823,000" and insert

6 "\$7,109,000"

7 Page 22, line 5, delete "funds" and insert "federal money"

8 and delete "shall be" and insert "is"

9 Page 22, line 6, delete "available" and insert

10 "appropriated"

### Agenda #4

# COMMITTEE REPORT - WITH AMENDMENTS

Committee on TAXES

S.F. No. 2272

Resolution  
 Re-referred (from another committee)

**Amendments:**

A-2

**Committee recommendation:**

- And when so amended the bill do pass.
- And when so amended the bill do pass and be placed on the Consent Calendar.
- 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 3, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which  
2 was referred

3 S.F. No. 2277: A bill for an act relating to education;  
4 providing for early childhood, family, and adult education  
5 including early childhood, child care, adult basic education,  
6 and prevention policy; providing for a study; providing for  
7 reports; appropriating money; amending Minnesota Statutes 2004,  
8 sections 13.32, subdivision 2; 119A.46, subdivisions 1, 2, 3, 8;  
9 119B.09, subdivision 1; 119B.13, by adding a subdivision;  
10 121A.17, subdivisions 1, 3, 5, by adding a subdivision; 121A.19;  
11 124D.135, subdivision 1; 124D.15, subdivisions 1, 3, 5, 10, 12,  
12 by adding subdivisions; 124D.16, subdivision 2; 124D.22,  
13 subdivision 3; 124D.531, subdivisions 1, 4; 2005 S.F. No. 1879,  
14 article 2, section 1, subdivisions 2, 3, 4, 5, 10, if enacted;  
15 2005 S.F. No. 1879, article 2, section 2, subdivision 2, if  
16 enacted; proposing coding for new law in Minnesota Statutes,  
17 chapter 124D; repealing Minnesota Statutes 2004, sections  
18 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16,  
19 subdivisions 1, 4.

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

22 Page 20, delete lines 15 and 16 and insert:

23 "\$30,262,000 \$32,892,000 ..... 2006

24 \$30,262,000 \$32,928,000 ..... 2007"

25 Page 20, line 17, delete "\$6,823,000" and insert

26 "\$7,109,000"

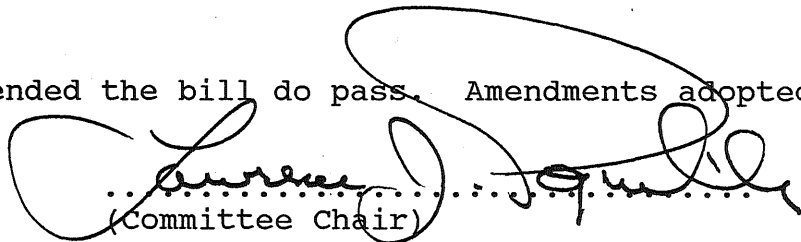
27 Page 22, line 5, delete "funds" and insert "federal money"

28 and delete "shall be" and insert "is"

29 Page 22, line 6, delete "available" and insert

30 "appropriated"

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



33 .....  
34 (Committee Chair)

35  
36 May 3, 2005.....  
37 (Date of Committee recommendation)

# COMMITTEE REPORT - WITH AMENDMENTS

Committee on TAXES

S .F. No. 22107

Resolution

Re-referred (from another committee)

Agenda #5

**Amendments:**

A-2

A-1

A-5

**Committee recommendation:**

And when so amended the bill do pass.

And when so amended the bill do pass and be placed on the Consent Calendar.

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 3, 2005 (date of committee recommendation)



1 Senator Pogemiller from the Committee on Taxes, to which  
2 was referred

3 S.F. No. 2267: A bill for an act relating to education;  
4 providing for prekindergarten through grade 12 education  
5 including general education; education excellence; special  
6 programs; technology, facilities, and accounting; nutrition;  
7 state agencies; technical and conforming amendments; authorizing  
8 rulemaking; providing for reports; appropriating money; amending  
9 Minnesota Statutes 2004, sections 13.321, by adding a  
10 subdivision; 120A.05, by adding a subdivision; 120B.02;  
11 120B.021, subdivision 1, by adding a subdivision; 120B.024;  
12 120B.11, subdivisions 1, 2, 3, 4, 5, 8; 120B.22, subdivision 1;  
13 120B.30, subdivisions 1, 1a, by adding a subdivision; 120B.31,  
14 subdivision 4; 121A.06, subdivisions 2, 3; 121A.41, subdivision  
15 10; 121A.53; 121A.66, subdivision 5, by adding subdivisions;  
16 121A.67; 122A.06, subdivision 4; 122A.12, subdivision 2;  
17 122A.15, by adding a subdivision; 122A.18, subdivision 2a;  
18 122A.40, subdivision 5; 122A.41, subdivisions 2, 5a, 14;  
19 122A.413; 122A.60, subdivision 1, by adding subdivisions;  
20 122A.61, subdivision 1; 123A.05, subdivision 2; 123B.02, by  
21 adding subdivisions; 123B.04, subdivisions 1, 2; 123B.42, by  
22 adding a subdivision; 123B.49, subdivision 4; 123B.492; 123B.53,  
23 subdivisions 1, 4, by adding a subdivision; 123B.54, as amended;  
24 123B.55; 123B.75, by adding a subdivision; 123B.76, subdivision  
25 3; 123B.79, subdivision 6; 123B.81, subdivision 1; 123B.82;  
26 123B.83, subdivision 2; 123B.88, by adding a subdivision;  
27 123B.92, subdivisions 1, 5; 124D.081; 124D.09, subdivision 12;  
28 124D.095, subdivisions 2, 4, 8, by adding a subdivision;  
29 124D.10, subdivision 8; 124D.11, subdivisions 1, 2, 5, 6;  
30 124D.111, subdivision 1; 124D.118, subdivision 4; 124D.40;  
31 124D.59, subdivision 2; 124D.66, subdivision 3; 124D.68,  
32 subdivision 9; 124D.69, subdivision 1; 124D.74, subdivision 1;  
33 124D.81, subdivision 1; 124D.84, subdivision 1; 125A.11,  
34 subdivision 1; 125A.24; 125A.28; 125A.51; 125A.76, subdivisions  
35 1, 3, 4; 125A.79, subdivisions 1, 6; 126C.01, subdivision 11;  
36 126C.05, by adding subdivisions; 126C.10, subdivisions 1, 2, 13,  
37 13a, 13b, 18, 24, 29, 30, 31, 32, 33; 126C.13, subdivision 4, by  
38 adding subdivisions; 126C.17, subdivisions 1, 2, 5, 9, 11, 13;  
39 126C.21, subdivision 4; 126C.40, subdivision 1; 126C.457;  
40 126C.48, subdivisions 2, 8; 126C.63, subdivisions 5, 8; 127A.41,  
41 subdivision 8; 127A.45, subdivisions 11, 12; 127A.47,  
42 subdivisions 7, 8; 127A.49, subdivisions 2, 3; 128C.12,  
43 subdivisions 1, 3; 128D.11, subdivision 9; 134.31, by adding a  
44 subdivision; 179A.03, subdivision 14; 260C.201, subdivision 1;  
45 275.14; 275.16; 469.177, subdivision 9; 475.61, subdivision 4;  
46 2005 S.F. No. 1879, article 3, section 3, subdivisions 2, 3, 7,  
47 8, 24, 25, 26, 29, 31, 32, 35, 36, 41, 43, 44, 50, if enacted;  
48 2005 S.F. No. 1879, article 3, section 4, if enacted; 2005 S.F.  
49 No. 1879, article 3, section 5, if enacted; Laws 1996, chapter  
50 412, article 5, section 24; Laws 2003, First Special Session  
51 chapter 9, article 4, section 29, as amended; proposing coding  
52 for new law in Minnesota Statutes, chapters 120A; 120B; 121A;  
53 122A; 123B; 124D; 125A; 125B; 127A; 129C; repealing Minnesota  
54 Statutes 2004, sections 121A.23; 122A.414; 122A.415; 123B.83,  
55 subdivision 1; 125A.75, subdivision 8; 126C.10, subdivisions  
56 13a, 13b, 29, 30, 31, 32, 33; 126C.42, subdivisions 1, 4;  
57 126C.44; 128C.12, subdivision 4.

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

60 Page 21, line 29, delete "plus" and insert "minus"

61 Page 21, delete lines 30 and 31

62 Page 21, line 32, delete "(3)" and insert "(2)"

63 Page 22, delete lines 3 to 11 and insert:

64 "Subd. 4. [GENERAL EDUCATION AID.] (a) Per-fiscal-year

1 ~~2004-a-district's-general-education-aid-is-the-sum-of-the~~  
2 ~~following-amounts:~~

3 ~~(1)-general-education-revenue;~~

4 ~~(2)-shared-time-aid-according-to-section-126C.01,~~  
5 ~~subdivision-7;~~

6 ~~(3)-referendum-aid-according-to-section-126C.17;-and~~

7 ~~(4)-online-learning-aid-according-to-section-126C.24.~~

8 (b) For fiscal year years 2005 and later 2006, a  
9 district's"

10 Page 22, line 26, delete "(c)" and insert "(b)"

11 Page 24, line 1, after "under" insert "Minnesota Statutes  
12 2004,"

13 Page 88, line 20, strike "PREPAREDNESS"

14 Page 105, after line 30, insert:

15 "Sec. 61. 2005 S.F. No. 1879, article 3, section 3,  
16 subdivision 27, if enacted, is amended to read:

17 Subd. 27. [STUDENT ORGANIZATIONS.] For student  
18 organizations:

19 \$~~625,000~~ \$725,000 ..... 2006

20 \$~~625,000~~ \$725,000 ..... 2007"

21 Pages 145 and 146, delete sections 3 and 4

22 Pages 147 and 148, delete section 6

23 Page 154, line 29, after "by" insert "organized"

24 Page 154, line 33, delete "90 percent of"

25 Page 154, line 36, before the period, insert "or no  
26 reduction if the district is part of an organized  
27 telecommunications access cluster. Equity aid must be  
28 distributed to the telecommunications access cluster for  
29 districts that are members of the cluster or to individual  
30 districts and charter schools not part of a telecommunications  
31 access cluster"

32 Page 166, line 9, after the period, insert "Any balance in  
33 the first year does not cancel but is available in the second  
34 year."

35 Page 168, line 22, delete "21,511,000" and insert  
36 "21,411,000"

1 Page 168, line 23, delete "22,796,000" and insert  
2 "22,696,000"

3 Page 169, line 13, delete "\$22,904,000" and insert  
4 "\$22,804,000"

5 Renumber the sections in sequence

6 Amend the title as follows:

7 Page 1, line 25, delete "subdivisions" and insert  
8 "subdivision" and delete ", 4, by adding a subdivision"

9 Page 1, line 26, delete "123B.55;"

10 Page 2, line 8, after "26," insert "27,"

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

13 .....  
14 (Committee Chair)

15 May 3, 2005.....  
16 (Date of Committee recommendation)  
17