

**STATE OF MINNESOTA  
DEPARTMENT OF REVENUE**

**In the Matter of the Proposed Adoption  
of New Rules Relating to the Taxation of  
a Unitary Business and Formulary Appor-  
tionment Under the Multistate Tax  
Compact (Minnesota Rules Part 8017.5000)**

**STATEMENT OF NEED  
AND REASONABLENESS**

This document has been prepared as a verbatim affirmative presentation of the facts necessary to establish the statutory authority, need for, and reasonableness of the proposed new rule. It is submitted pursuant to Minnesota Statutes section 14.23 and Minnesota Rules Part 1400.0500 requiring a Statement of Need and Reasonableness.

A Notice of Intent to Solicit Outside Opinion regarding income tax rules including corporate income taxes was published in the State Register on January 29, 1979 and again on July 6, 1981. The notices directed persons wishing to be placed on a mailing list of persons wishing to be notified of rule making activities to contact the Department of Revenue. This proposed rule was submitted to people who contacted us, for their comment. In a letter dated January 26, 1984 such people were allowed thirty (30) days in which to submit written comments. No substantive comments have been received.

**Impact on Small Business**

The impact of this rule on small businesses has been considered. Minnesota Statutes, section 290.171, article IV, which this rule is based on imposes a uniform system of apportionment on all corporations which apportion income under Minnesota Statutes, section 290.171, article IV. It would be contrary to those statutory objectives to establish less stringent compliance, schedules, deadlines or exempt small businesses from any of the statutory requirements. As with other businesses, small businesses

which elect not to have their income apportioned under Minnesota Statutes, section 290.171, article IV will not be subject to this rule.

#### **Authority to Adopt Rules**

Minnesota Statutes Section 290.52 grants the commissioner of revenue statutory authority to promulgate rules concerning the income tax laws. The Multistate Tax Compact Rule is caused by new law made in Laws 1983, chapter 342, article 16, sections 1-5, codified in Minnesota Statutes, sections 290.171, 290.172, 290.174 and 290.175.

## **PART 8017.5000 THE MULTISTATE TAX COMPACT**

### **Statement of Need and Reasonableness**

**Subpart 1.** The first sentence makes it clear that when a taxpayer is taxed under the allocation and apportionment provisions of the Multistate Tax Compact (the "Compact"), the taxpayer will be subject to the Multistate Tax Commission (MTC) Allocation and Apportionment Regulations as revised February 21, 1973. The proposed rule incorporates the Multistate Tax Commission Allocation and Apportionment Regulations by reference with changes as noted below.

Because several provisions of the Multistate Tax Compact differ from the apportionment provisions in Minnesota Statutes Section 290.19, the existing rules found in Minnesota Rules Part 8019 are inadequate. In addition, it is anticipated that the majority of taxpayers who elect to use the MTC allocation and apportionment provisions will use them in other states which have also adopted or which follow the Multistate Tax Commission Rules or apportion income under the Uniform Division of Income for Tax Purposes Act (UDITPA). By adopting the same rules as are in effect in other states, taxpayers are offered a method of figuring their taxes which is consistent from state to state. If taxpayers are able to treat their income and factors consistently from state to state, the possibility of double taxation may be avoided without sacrificing full accountability of income.

The second sentence of this subpart informs taxpayers that copies of the Multistate Tax Commission Regulations may be obtained at the Minnesota State Law Library, and other law libraries. The regulations have also been printed in loose leaf services such as Prentice-Hall. Based on the foregoing, copies of the Multistate Tax Commission Apportionment and Allocation Regulations are "conveniently available to the public" pursuant to Minnesota Statutes section 14.07, Subd. 4(b).

In order to avoid confusion between Regulation IV of the Multistate Tax Commission Allocation and Apportionment Regulations, Article IV of the Multistate Tax Compact and Minnesota Statutes, section 290.171, article IV, the fourth sentence explains that all references to "Article IV" are to Minnesota Statutes, section 290.171, article IV.

The last sentence of this subpart states that taxpayers electing under Minnesota Statutes section 290.175 to apportion their income to Minnesota without regard to section 290.171, article IV are subject to Minnesota's existing rules on the taxation of a unitary business found in Minnesota Rules Parts 8017 and 8019.

**Item A.** This item incorporates MTC Regulation IV.1(a) but deletes references to Regulations IV.1.(c) and IV.1.(d). Regulation IV.1(a) defines business income as income arising from transactions and activity in the regular course of the taxpayer's trade or business, including income from tangible and intangible property if the acquisition, management and disposition of the property constitute integral parts of the taxpayer's trade or business. In short, business income is all income which arises from the conduct of the taxpayer's trade or business. It is a restatement of the definition in Minnesota Statutes section 290.171, article IV.1.(a). This is consistent with Minnesota's treatment of business income.

Regulations IV.1.(b) and IV.1.(c) are not incorporated. Regulation IV.1.(b) defines what a unitary business is. As Minnesota Statutes section 290.17, Subd. 4 and Rules Part 8019 already define a unitary business, additional rules are unnecessary and duplicative.

Regulation IV.1.(c) deals with specific allocations of nonbusiness income. Minnesota did not enact the sections of the Multistate Tax Compact which deal with specific allocations and there is no statutory authority for adopting this Regulation. There-

fore this Regulation was not incorporated. Because Regulations IV.1.(b) and IV.1.(c) were not incorporated, references to them in Regulation IV.1.(a) have been deleted.

**Item B.** This item incorporates Regulation IV.1.(d) in its entirety. The Regulation provides that allowable deductions are applicable only to the business income arising from a particular trade or business or to a particular item of nonbusiness income. Deductions may be prorated among several trades or businesses or nonbusiness income if the deduction is applicable to more than one business activity. Taxpayers must also disclose any changes in the method used to prorate deductions. This rule is consistent with current Minnesota policy regarding deductions.

**Item C.** This item incorporates Regulation IV.2.(a)(1) which defines "taxpayer." Under the Regulations each state may insert its own definition of "taxpayer" or the definition found in Article II.3. of the Compact. This item inserts the definition found in Minnesota Statutes, section 290.171, article II.3. which is identical to that in Article II.3. of the Compact.

**Item D.** This item incorporates Regulation IV.2.(a)(2) in its entirety. The Regulation defines "apportionment" as the "division of business income between states by the use of a formula containing apportionment factors." This definition is consistent with the way the term is used in Minnesota Statutes, section 290.19.

**Item E.** This item incorporates Regulation IV.2.(a)(3), which defines "allocation" as "the assignment of nonbusiness income to a particular state," in its entirety. Again this definition is consistent with the way the term is used in Minnesota Statutes, section 290.19.

**Item F.** This item incorporates Regulation IV.2.(a)(4) in its entirety. The Regulation defines "business activity" as the "transactions and activity occurring in the regular

course of a particular trade or business of the taxpayer." Again, this is consistent with the way this term is used elsewhere in Minnesota Statutes.

**Item G.** This item incorporates Regulation IV.2.(b)(1) but changes the reference to "Article IV.9 to IV.17" of the Multistate Tax Compact to Minnesota Statutes, section 290.171, article IV.4 to IV.12. The change is necessary because in adopting the Compact, Minnesota did not enact Articles IV.4 to .8, but did enact Articles IV.9 to .18. In Article IV of Minnesota Statutes, section 290.171 all paragraphs are numbered consecutively; therefore, paragraphs 4 through 13 of Minnesota Statutes, section 290.171, article IV are identical to paragraphs 9 through 18 of Article IV of the Multistate Tax Compact. In adopting Regulation IV.2.(b)(1) it is necessary to amend the references to Article IV of the Compact so that the Regulation refers to the correct sections of Minnesota law.

The Regulation as adopted in Item G provides that if a taxpayer does business within and without Minnesota and the taxpayer is also taxable in another state, the portion of income (or loss) from the trade or business which is derived from sources within Minnesota will be determined under Minnesota Statutes, section 290.171, article IV.4. to .12. The authority for this item is Minnesota Statutes, section 290.171, article IV.4 to .12.

**Item H.** This item incorporates Regulation IV.2.(b)(2), which specifically allows the use of a combined report. Regulation IV.2.(b)(2) has been amended. The first amendment provides that the combined report shall reflect income only from corporations organized in the United States, or under the laws of the United States, any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States or political subdivision of the foregoing. The authority for this statement is in Minnesota Statutes, section 290.34, subd. 2. Additionally, Laws 1984, Chapter 514,

Art. 3 s. 5 made it clear that Minnesota Statutes, section 290.171, article IV, cannot be construed to permit worldwide reporting.

In addition, the reference to Article IV.9. to IV.17. of the Compact is amended to refer to the correct paragraphs of Minnesota Statutes, section 290.171; article IV. (See discussion under Item G.)

**Item I.** This item incorporates Regulation IV.2.(b)(3). As amended in Item I this Regulation provides that nonbusiness income shall be allocated in accordance with Minnesota Statutes, section 290.171, article IV. The original Regulation refers to Article IV.4 to .8 which Minnesota has not adopted; therefore, it is necessary to amend the Regulation accordingly. (See discussion under Item G.)

Under Minnesota Statutes, section 290.17, subd. 2(4) all income derived from a unitary business must be apportioned unless it falls into certain specific categories such as income from the operation of a farm (treated under Minnesota Statutes, section 290.17, subd. 2(2)) and income from a business consisting principally of the performance of personal and professional services ( treated under Minnesota Statutes, section 290.17, subd. 2(1)).

**Item J.** This item incorporates Regulation IV.2.(c) in its entirety. The Regulation requires the taxpayer to treat business and nonbusiness income consistently from year to year. The returns or reports filed by the taxpayer for all states to which the taxpayer reports its income under the Compact must be uniform in the classification of income as business and nonbusiness income. This rule is consistent with Minnesota Statutes, section 290.07 which requires taxpayers to compute taxable net income in accordance with a regularly employed accounting method and to inform the commissioner of any changes in accounting methods. Consistency is necessary in order to avoid distortion of income and factors.

**Item K.** This item incorporates Regulation IV.3.(a) in its entirety. The Regulation sets forth criteria for determining when a taxpayer is taxable in another state. A taxpayer is taxable within a state if it meets either of the two tests set out in Minnesota Statutes, section 290.171, article IV.3. except that a taxpayer is not taxable in another state with respect to a particular trade or business if the activities being conducted in the other state pertain to nonbusiness income or business activities related to a separate trade or business. The statutory authority for this item is Minnesota Statutes, section 290.171, article IV.3.

**Item L.** This item incorporates Regulation IV.3.(b) in its entirety. The item sets out the criteria for determining when a corporation is "subject to" tax in another state. In general, a corporation is subject to tax if it carries on business activities in another state and that state imposes tax. The commissioner may require taxpayers who assert that they are subject to tax in another state to provide evidence to support the assertion. Filing of returns and payment of tax is prima facie evidence that the taxpayer is subject to tax in another state. If the taxpayer voluntarily files and pays tax when not required to do so or pays a minimal fee for qualification but does not engage in business activity in that state or engages in insufficient business activity to establish nexus and the minimum tax bears no relation to business activity done in the state, the taxpayer is not subject to tax. The example shows that a taxpayer who only pays a minimum tax for the privilege of doing business is not taxable if it carries on no business activity. The Regulation emphasizes the fact that only those taxes enumerated in Article IV.3.(1) of the Compact, Minnesota Statutes section 290.171, article IV.3.(1) (net income tax, franchise tax measured by net income, franchise tax for the privilege of doing business or a corporate stock tax) shall be considered in determining whether a corporation is subject to tax. Because the purpose of the Compact is the uniform division of income among states and the avoidance<sup>of</sup> duplicative taxation, (Minnesota Statutes section 240.171, article I.4.), only those taxes which actually are designed to raise revenue on the basis of income, rather than regulatory measures,



should be considered. The four examples in Regulation IV.3.(b).(2) show that the tax must be based on actual business activity conducted or income produced even if the amount based on business activity is less than a minimum tax and the taxpayer is required to pay a minimum tax. The statutory authority for this item is Minnesota Statutes section 290.171, article IV.3.

**Item M.** This item incorporates Regulation IV.3.(c) in its entirety. The regulation provides that a taxpayer is taxable in another state when the taxpayer has nexus with that state. If a state is prohibited from imposing a tax under the provisions of P.L. 86-272 (the federal nexus statute) the taxpayer cannot be considered to be taxable in that state.

**Item N.** This item incorporates Regulation IV.9 and amends it to refer to the apportionment formula set out in Minnesota Statutes section 290.171, article IV.4, which contains the same language as Article IV.9 under the MTC numbering system. (See discussion under Item G). Item N as amended provides that business income shall be apportioned to Minnesota by use of the apportionment formula set out in Minnesota Statutes section 290.171, article IV.4.

**Item O.** This item incorporates Regulation IV.10.(a) in its entirety. It provides that the property factor includes all real and tangible personal property owned or rented by the taxpayer and used in the regular course of the taxpayer's business. This is consistent with current Minnesota rules and practice.

**Item P.** This item incorporates Regulation IV.10.(b) in its entirety. Property is included in the factor if it is actually used or is available or capable of being used in the regular course of the taxpayer's trade or business to the extent used in the trade or business. The regulation specifically provides that property held as reserves or standby facilities are included. This is consistent with the approach that only items of income and

factors actually used in the business should be included. To this end, property remains in the factor until its permanent withdrawal is established by an identifiable event such as its conversion to the production of nonbusiness income, sale or lapse of an extended period of time (5 years) during which the property is held for sale.

**Item Q.** Regulation IV.10.(c) is incorporated in its entirety. The regulation requires the taxpayer to use a consistent method of valuing the property or including or excluding property from the property factor. This is in accord with Minnesota's longstanding requirement that accounting methods be consistent. See Minnesota Statutes, section 290.07, subd. 2. In addition, the regulation requires the taxpayer to use uniform property valuations in the returns or reports filed with other states under Article IV of the Compact.

**Item R.** This item incorporates Regulation IV.10.(d) in its entirety. The average value of real and tangible personal property owned or rented and used by the taxpayer in Minnesota is included in the numerator. Property in transit between locations owned by the taxpayer is considered to be at its destination, as is property in transit between a buyer and seller. The value of mobile property is determined on the basis of total time within Minnesota during the tax period. A traveling employee's automobile is included in the numerator of the state to which the employee's compensation is assigned or to the state in which the automobile is licensed. This item provides the taxpayer with rules likely to be consistent with rules in other states which have adopted UDITPA or which use the MTC Rules.

**Item S.** This item incorporates Regulation IV.11.(a) in its entirety. The regulation provides that owned property is valued at original cost and provides three examples. This treatment is consistent with the Department's treatment of property in Minnesota Rules Part 8017.3000, Subp. 5. Regulation IV.11.(a) is adopted in order to clarify how taxpayers using Minnesota Statutes, section 290.171, article IV should value property.

**Item T.** Regulation IV.11.(b) is incorporated in its entirety. The regulation provides that rented property is valued at eight times the net annual rental rate less aggregate subrentals. This treatment is consistent with the Department's policy as stated in Minnesota Rules Part 8017.3000, Subp. 5. Although present Department Rules specify that rented property is valued at eight times the net annual rental rate, this item is necessary to make it clear that taxpayers apportioning income under Minnesota Statutes, section 290.171, article IV must use this method also.

**Item U.** Regulation IV.12 is incorporated in its entirety. As a general rule, the average value of property owned by the taxpayer is determined by averaging the values at the beginning and ending of the tax period. This is consistent with current Department policy as set forth in Minnesota Rules Part 8017.3000, Subp. 5. It is necessary to incorporate this Regulation to make it clear that taxpayers who apportion income under Minnesota Statutes, section 290.171, article IV should determine their payroll factor in the same way.

**Item V.** Regulation IV.13.(a) which deals with the payroll factor in general is incorporated in its entirety. The payroll factor includes the total amount paid by the taxpayer, in the regular course of business, for compensation during the tax period with the amount "paid" determined on the basis of the taxpayer's accounting method. This is consistent with current Department policy as set forth in Minnesota Rules Part 8017.3000, Subp. 6. Again, it is necessary to incorporate this Regulation to make it clear that taxpayers who apportion income under Minnesota Statutes, section 290.171, article IV should determine their payroll factor in the same way.

**Item W.** This item incorporates Regulation IV.13.(b) in its entirety. The regulation states that the denominator consists of total compensation paid everywhere. However, due to the operation of Laws 1984 C.514 Art 3. s. 5 compensation paid is limited to

compensation paid in the United States, the commonwealth of Puerto Rico or any possession of the United States. This is consistent with Department policy.

**Item X.** This item incorporates Regulation IV.13.(c) but changes the reference in the Regulation to "Article IV.14" to read "Minnesota Statutes, section 290.171, article IV.9." This is necessary to avoid confusion and make the Regulations consistent with Minnesota Statutes, section 290.171, article IV. Article IV.14 of the Regulations contains language identical Article IV.9 of Minnesota Statutes section 290.171. See discussion under Part G.

The Regulation provides that in general the numerator of the payroll factor is the total amount paid for compensation in Minnesota. Amounts paid in Minnesota should equal the amounts reported to Minnesota for unemployment compensation purposes.

**Item Y.** Regulation IV.14 is incorporated in its entirety. This regulation sets up several tests used to determine whether compensation is paid in Minnesota. The rule is necessary because it gives the taxpayer detailed guidelines for determining whether sales are in Minnesota. In addition, these guidelines are consistent with the treatment afforded by other states which use the MTC allocation and apportionment provisions. In general if the employee's services are performed in Minnesota, the employee is directed or controlled from Minnesota and there is no base of operations in any state in which services are performed or the employee has a base of operations in Minnesota, the employee's compensation is paid within Minnesota. If the base of operations or the place where the employee is directed or controlled is not in any state where services are performed, compensation is paid in the state where the employee resides.

**Item Z.** This item incorporates Regulation IV.15.(a) but amends the reference to "paragraphs (5) through (8) of Article IV" to refer to the applicable section of Minnesota law. This is done to avoid confusion by making sure that the incorporated

regulation refers to the correct section of Minnesota law. (See discussion under Item G.) This regulation deals with the sales factor and sets forth rules for determining what is included in the term "sales." There is no counterpart to this rule in current Minnesota Rules; however, this rule is needed to provide taxpayers who use the MTC Allocation and Apportionment Provisions with a method of determining sales which is likely to be consistent from state to state in other states which have adopted the Multistate Tax Compact.

**Item AA.** Regulation IV.15(b) is incorporated in its entirety. The regulation provides that the denominator of the sales factor includes total gross receipts derived in the regular course of the taxpayer's trade or business. This item affords the taxpayer with a method of determining its sales factor which is likely to be consistent from state to state in states which have adopted the Multistate Tax Compact.

**Item BB.** This item incorporates Regulation IV.15.(c) in its entirety. The regulation deals with the numerator of the sales factor which includes all gross receipts attributable to Minnesota and derived from transactions and activity in the regular course of business. Again, this item will allow taxpayers a uniform method of determining their sales factor when using the MTC Allocation and Apportionment formulas in several states. Minnesota Statutes section 290.171, article IV.1(g) defines "sales" to mean all gross receipts not allocated under Article IV.

**Item CC.** Regulation IV.16.(a) is incorporated in its entirety. This regulation sets out the MTC definition of sales of tangible personal property within Minnesota. Unlike Minnesota law and rules, this regulation contains a throwback rule. Several examples are provided. This rule is necessary because taxpayers who elect to use the MTC's allocation and apportionment provisions in several states should have consistent treatment from state to state. In addition, the throwback rule is reasonable in that it avoids the situation where sales are in neither the numerator or denominator of the

sales factor of any state. Minnesota Statutes section 290.171, article IV.11.(b) contains a throwback rule. Only taxpayers who have their income apportioned under the MTC allocation and apportionment provisions (Minnesota Statutes section 290.171, article IV) will be subject to the throwback rule. Taxpayers not so electing will be subject to Minnesota Statutes sections 290.17 and 290.19 which do not contain a throwback rule.

**Item DD.** Regulation IV.16.(b) is incorporated in its entirety. The regulation provides that sales of tangible personal property to the U.S. government are in Minnesota if the property is shipped from an office, store, warehouse, factory or other place of storage in Minnesota. Minnesota Rules currently offer no such treatment. The statutory authority for this rule is Minnesota Statutes section 290.171, article IV.11.(b). For taxpayers electing to apportion their income under the MTC Allocation and Apportionment provisions, adoption of this regulation affords them a consistent method of figuring out their sales factor among all the states which they report to under the MTC allocation and apportionment provisions.

**Item EE.** Regulation IV.17 is incorporated and amended so that it refers to the correct section of Minnesota law. See discussion under Item G.

Regulation IV.17 explains how gross receipts from transactions other than sales of tangible personal property are included in the numerator of the sales factor. Minnesota Statutes section 290.171, article IV.12 requires that sales other than sales of tangible personal property are in Minnesota if a) the income producing activity is performed in Minnesota or b) the income-producing activity is performed both inside and outside Minnesota and a greater proportion of such activity is performed within Minnesota based on costs of performance. The rule defines "income producing activity" and "costs of performance" and provides rules for determining when receipts from income producing activities are in Minnesota. Incorporation of this regulation

will afford taxpayers who elect to apportion income under the MTC allocation and apportionment formula a uniform system of determining their sales factor.

**Item FF.** This item incorporates Regulation IV.18.(a). The regulation is amended to make it clear that combined reports shall reflect income only from corporations created or organized in the United States, District of Columbia, Puerto Rico and any possession of the United States. Minnesota does not permit worldwide apportionment and it is not permitted under section 290.171. See discussion under Item H. The references to "Article IV" are amended to refer to the correct paragraphs of Minnesota Statutes section 290.171, article IV. (See discussion under Item G). Regulation IV.18.(a) permits the use of other methods of apportionment if the allocation and apportionment methods of Article IV do not fairly represent the taxpayer's business activities in Minnesota. This is consistent with current practice under Minnesota Statutes section 290.20.

**Item GG.** Regulation IV.18.(b) is incorporated in its entirety. The regulation provides that if subrents taken into account in determining the net annual rental rate produce a negative or clearly inaccurate value another method which properly reflects the value of rented property may be required by the commissioner or requested by the taxpayer. This treatment is identical to that set forth in Minnesota's current Rules, Part 8017.3000, Subp. 5. It is necessary to incorporate this regulation to make it clear that taxpayers who apportion income under Minnesota Statutes section 290.171, article IV should treat subrents in the same way.

**Item HH.** Regulation IV.18.(c) is incorporated in its entirety. This regulation provides for special rules with respect to the sales factor when income arises from an incidental or occasional sale of fixed assets in the ordinary course of the taxpayer's business. This rule provides that taxpayers electing to use the MTC allocation and apportionment formula in more than one state will be able to treat such sales uniformly.

**Subp. 2 Construction Contractors.** This subpart deals with long-term construction contractors who elect to apportion their income under the Multistate Tax Compact. These taxpayers are subject to MTC Construction Contractor Regulation IV.18.(d), as modified by this subpart. As in subpart 1, construction contractors electing to be taxed under the MTC allocation and apportionment provisions are likely to use the MTC formula in other states and need a consistent method of determining their income from state to state.

In general, the regulation provides that long-term construction contractors' apportionable income is determined using a three-factor formula. Contractors may elect to use either the percentage of completion method or the completed contract method. This is consistent with Minnesota's current policy.

**Item A.** This item amends clause (1) of MTC Regulation IV.18.(d) so that it refers to the correct section of Minnesota law. "Article IV.1" is amended to read "Minnesota Statutes, section 290.171, article IV." Because MTC Regulations IV.1.(b) and IV.1.(c) have not been incorporated (see discussion under Subpart 1, Item A) references to them in this subpart have been deleted.

**Item B.** This item amends the third sentence in clause (1) to refer to the correct sections of Minnesota statutes (see discussion under Subp. 1, Item A).

**Item C.** This item amends Clause (2) of the regulation to delete references to Regulation IV.1.(b) and (c) which have not been incorporated. See discussions under Subp. 1, Item A.

**Item D.** Clause (3) is amended to refer to Minnesota's current law and policy concerning general rules of accounting, definitions and methods of accounting for long-term



construction contracts. The regulation provides that each state adopting it will insert its own definitions.

**Items E - G.** These items amend paragraphs (4)(iv), (4)(v) and (4)(iv), so that they refer to the correct sections of Minnesota law. See discussion under Subp. 1, Item A.

**Subp. 3 Railroads.** This subpart incorporates MTC Regulation IV.18.(f) by reference. This regulation applies to taxpayers who elect to be taxed under the MTC allocation and apportionment provisions as codified in Minnesota Statutes section 290.171, article IV. As with Subpart 1, the incorporation of this regulation will provide taxpayers who use the MTC formula in other states and elect to do so in Minnesota with a consistent method of determining their income. See discussion under Subp. 1, Item A.

Because the property of railroads is typically composed of movable property, special rules are needed.

MTC Regulation IV.18.(f) is amended as follows:

**Item A.** Because MTC Regulations IV.1.(b) and IV.1.(c) have not been incorporated (See discussion under Subpart 1, Item A) references to Regulation IV.1.(b) and IV.1.(c) in this subpart have been deleted.

**Item B.** The third sentence of clause (1) is amended to refer to the correct sections of Minnesota Statutes. See discussion under Subpart 1, Item A.

**Item C.** This item amends Clause (2) of the Regulation by deleting references to Regulation IV.1.(b) and IV.1.(c) which have not been incorporated. See discussions under Subp. 1, Item A.

**Items D - J.** These items amend Regulation IV.18.(f) to refer to the correct sections of Minnesota Statutes. See discussion under Subpart 1, Item A.