

STATE OF MINNESOTA

EIGHTY-THIRD SESSION — 2003

 FIFTY-FIRST DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 7, 2003

The House of Representatives convened at 9:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Larry Hale, Riverdale Assembly of God, Andover, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Demmer	Holberg	Lesch	Ozment	Strachan
Abrams	Dempsey	Hoppe	Lieder	Paulsen	Swenson
Adolphson	Dill	Hornstein	Lindgren	Paymar	Sykora
Anderson, B.	Dorman	Howes	Lindner	Pelowski	Thao
Anderson, I.	Dorn	Huntley	Lipman	Penas	Thissen
Anderson, J.	Eastlund	Jacobson	Magnus	Peterson	Tingelstad
Atkins	Eken	Jaros	Mahoney	Powell	Urdahl
Beard	Ellison	Johnson, J.	Mariani	Pugh	Vandever
Bernardy	Entenza	Johnson, S.	Marquart	Rhodes	Wagenius
Biernat	Erhardt	Juhnke	McNamara	Rukavina	Walker
Blaine	Erickson	Kahn	Meslow	Ruth	Walz
Borrell	Fuller	Kelliher	Mullery	Samuelson	Wardlow
Boudreau	Gerlach	Kielkucki	Murphy	Seagren	Wasiluk
Bradley	Goodwin	Klinzing	Nelson, C.	Seifert	Westerberg
Brod	Greiling	Knoblach	Nelson, M.	Sertich	Westrom
Buesgens	Gunther	Koenen	Nelson, P.	Severson	Wilkin
Carlson	Haas	Kohls	Nornes	Sieben	Zellers
Clark	Hackbarth	Krinkie	Olsen, S.	Simpson	Spk. Sviggum
Cornish	Harder	Kuisle	Olson, M.	Slawik	
Cox	Hausman	Lanning	Opatz	Smith	
Davids	Heidgerken	Larson	Osterman	Soderstrom	
Davnie	Hilstrom	Latz	Otremba	Solberg	
DeLaForest	Hilty	Lenczewski	Otto	Stang	

A quorum was present.

Finstad was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Goodwin moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 418 and H. F. No. 373, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Nornes moved that the rules be so far suspended that S. F. No. 418 be substituted for H. F. No. 373 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 575 and H. F. No. 386, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Holberg moved that the rules be so far suspended that S. F. No. 575 be substituted for H. F. No. 386 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 645 and H. F. No. 438, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lindner moved that the rules be so far suspended that S. F. No. 645 be substituted for H. F. No. 438 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 891 and H. F. No. 1143, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Severson moved that the rules be so far suspended that S. F. No. 891 be substituted for H. F. No. 1143 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 905 and H. F. No. 967, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Swenson moved that the rules be so far suspended that S. F. No. 905 be substituted for H. F. No. 967 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 990 and H. F. No. 1213, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Swenson moved that the rules be so far suspended that S. F. No. 990 be substituted for H. F. No. 1213 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1069 and H. F. No. 1039, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Davids moved that the rules be so far suspended that S. F. No. 1069 be substituted for H. F. No. 1039 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 418, 575, 645, 891, 905, 990 and 1069 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Howes introduced:

H. F. No. 1598, A resolution urging adoption of quality and safety standards for the collection and processing of human plasma.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Lenczewski introduced:

H. F. No. 1599, A bill for an act relating to local government information systems; validating an applicable legislative enactment.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Seifert introduced:

H. F. No. 1600, A bill for an act relating to health; providing an exception to the nursing home moratorium for a nursing facility in Lyon county; amending Minnesota Statutes 2002, section 144A.071, subdivision 4a.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1511, A bill for an act relating to higher education; appropriating money for educational and related purposes to the higher education services office, board of trustees of the Minnesota state colleges and universities, board of regents of the University of Minnesota, and the Mayo Medical Foundation with certain restrictions; making various changes to the state grant program and the college savings plan; providing for purchasing and other administrative changes at MnSCU; authorizing revenue bonds; amending Minnesota Statutes 2002, sections 124D.42, subdivision 3; 135A.14, by adding a subdivision; 136A.08, subdivision 3; 136A.101, subdivision 5a; 136A.121, subdivisions 6, 7, 9, 9a, 13; 136A.125, subdivision 4; 136A.171; 136A.29, subdivision 9; 136A.69; 136F.12; 136F.40, subdivision 2; 136F.45, subdivisions 1, 2; 136F.581, subdivision 2; 136F.59, subdivision 3; 136F.60, subdivision 3; 136G.01; 136G.03, subdivision 31, by adding subdivisions; 136G.05, subdivisions 4, 5, 10; 136G.09, subdivisions 1, 2, 6, 7, 8, 9; 136G.11, subdivisions 1, 2, 3, 9, 13; 136G.13, subdivisions 1, 3; 137.44; 299A.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 135A; 136F; 136G; repealing Minnesota Statutes 2002, sections 124D.95; 136A.1211; 136A.122; 136A.124; 136F.13; 136F.56; 136F.582; 136F.59, subdivision 2; 136G.03, subdivision 25.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Pappas, Solon, Skoe, Sparks and Tomassoni.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Stang moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1511. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1524, A bill for an act relating to state government; appropriating money for the general legislative and administrative expenses of state government, criminal justice, and economic development; modifying provisions relating to state and local government operations; modifying certain fee and revenue provisions; modifying certain board and commission provisions; modifying certain public safety and judiciary provisions; amending Minnesota Statutes 2002, sections 3.885, subdivision 1; 3A.11, subdivision 1; 10A.02, by adding a subdivision; 10A.025, subdivision 2; 10A.04, by adding subdivisions; 10A.34, subdivision 1a, by adding a subdivision; 13.072,

subdivisions 1, 2; 13.87, subdivision 3; 14.48, subdivision 3; 16A.11, subdivision 3; 16A.1285, subdivision 3; 16A.40; 16B.24, subdivision 5; 16B.465, subdivision 7; 16B.48, subdivision 2; 16B.54, by adding a subdivision; 16C.02, subdivision 6; 16C.05, subdivision 2, by adding a subdivision; 16C.06, subdivision 1; 16C.08, subdivisions 2, 3, 4, by adding a subdivision; 16D.08, subdivision 2; 16E.01, subdivision 3; 16E.07, subdivision 9; 43A.17, subdivision 9; 116J.8771; 154.18; 197.608; 239.101, subdivision 3, by adding a subdivision; 240.03; 240.10; 240.15, subdivision 6; 240.155, subdivision 1; 240A.03, subdivision 10; 240A.04; 240A.06, subdivision 1; 256B.435, subdivision 2a; 270.052; 270.44; 270A.07, subdivision 1; 271.06, subdivision 4; 289A.08, subdivision 16; 299C.10, subdivision 4, by adding a subdivision; 299C.48; 299F.46, subdivision 1, by adding subdivisions; 299M.03, by adding a subdivision; 303.14; 340A.301, by adding a subdivision; 349A.08, subdivision 5; 349A.15; 357.021, subdivisions 2, 7; 357.022; 357.08; 403.02, subdivision 10; 403.06; 403.07, subdivisions 1, 2, 3; 403.09, subdivision 1; 403.11; 403.113; 473.891, subdivision 10, by adding a subdivision; 473.898, subdivisions 1, 3; 473.901; 473.902, by adding a subdivision; 473.907, subdivision 1; 611A.72; 611A.73, subdivisions 2, 6; 611A.74; 624.22, subdivision 1; Laws 1998, chapter 366, section 80, as amended; Laws 2001, First Special Session chapter 8, article 4, section 2; proposing coding for new law in Minnesota Statutes, chapters 5; 15; 16C; 326; 473; repealing Minnesota Statutes 2002, sections 16B.50; 16C.07; 123B.73.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Ranum, Kubly, Vickerman, Saxhaug and Metzen.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Haas moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1524. The motion prevailed.

CERTIFICATION PURSUANT TO RULE 4.03
ON FINANCE AND REVENUE BILLS

May 7, 2003

Edward A. Burdick
Chief Clerk of the House of Representatives
The State of Minnesota

Dear Mr. Burdick:

House Rule 4.03 requires the Chair of the Committee on Ways and Means to certify to the House of Representatives that the Committee has reconciled any finance and revenue bills with the budget resolution and targets.

Please accept this letter as certification that H. F. No. 1597, the omnibus tax bill, reconciles with the budget resolution and targets.

Sincerely,

REPRESENTATIVE JIM KNOBLACH
Chair, House Ways and Means Committee

Paulsen moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

FISCAL CALENDAR

Pursuant to rule 1.22, Abrams requested immediate consideration of H. F. No. 1597.

H. F. No. 1597 was reported to the House.

Pursuant to rule 2.05, the Speaker excused Davids from voting on the adoption of any amendments to H. F. No. 1597, the first engrossment, that relate to Article 5, section 8, of the omnibus Tax Bill.

Howes, Abrams and Solberg moved to amend H. F. No. 1597, the first engrossment, as follows:

Page 201, line 23, after the comma, insert "except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility."

The motion prevailed and the amendment was adopted.

The Speaker called Boudreau to the Chair.

Ellison moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 26, delete lines 18 to 20

Page 26, line 21, delete "4" and insert "3"

Page 26, line 35, delete "5" and insert "4"

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

Osterman; Bradley; Kuisle; Sviggum; Lesch; Nelson, C.; Demmer; Mahoney; Kelliher and Hausman moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 40, delete article 2 and insert:

"ARTICLE 2

BIOTECHNOLOGY AND HEALTH SCIENCE ZONES

Section 1. [LEGISLATIVE FINDINGS.]

The legislature finds, as a matter of public policy, that biotechnology and the health sciences hold immense promise in improving the quality of our lives, including curing diseases, making our foods safer and more abundant, reducing our dependence on fossil fuels and foreign oil, making better use of Minnesota agriculture products, and growing tens of thousands of new, high-paying jobs.

The legislature further finds that there are hundreds of discoveries made each year at the University of Minnesota, the Mayo Clinic, and other research institutions that, if properly commercialized, could help provide these benefits.

The legislature further finds that biotechnology and health sciences companies benefit from location in proximity to these research institutions and the many faculty, students, and other intellectual and physical infrastructure these institutions provide.

The legislature further finds that Minnesota's high-quality workforce is attractive to biotechnology and health sciences companies that would want to relocate, start up, or expand in Minnesota.

The legislature further finds and declares that it is appropriate and necessary, to improve our quality of life and as a matter of economic development, that Minnesota take rapid and affirmative steps to encourage the development of biotechnology and the health sciences and the commercialization of important discoveries, especially through expansion of business opportunities in proximity to the research institutions where those discoveries occur. This must include attention to the ethical, legal, and societal impacts of the industry, including risk assessment and environmental protection.

Sec. 2. Minnesota Statutes 2002, section 272.02, is amended by adding a subdivision to read:

Subd. 56. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE PROPERTY.] (a) Improvements to real property, and personal property, classified under section 273.13, subdivision 24, and located within a biotechnology and health sciences industry zone are exempt from ad valorem taxes levied under chapter 275.

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

(c) The exemption applies beginning for the first assessment year after designation of the biotechnology and health sciences industry zone by the commissioner of trade and economic development. The exemption applies to each assessment year that begins during the duration of the biotechnology and health sciences industry zone. This exemption does not apply to:

(1) a levy under section 475.61 or similar levy provisions under any other law to pay general obligation bonds; or

(2) a levy under section 126C.17, if the levy was approved by the voters before the designation of the biotechnology and health sciences industry zone.

(d) This subdivision does not apply to any taxes payable to a city, town, or county that chose not to provide property tax exemptions to qualified businesses in the biotechnology and health sciences industry zone in the application submitted under section 469.313.

[EFFECTIVE DATE.] This section is effective beginning for property taxes assessed in 2004, payable in 2005.

Sec. 3. Minnesota Statutes 2002, section 290.01, subdivision 29, is amended to read:

Subd. 29. [TAXABLE INCOME.] The term "taxable income" means:

- (1) for individuals, estates, and trusts, the same as taxable net income;
- (2) for corporations, the taxable net income less
 - (i) the net operating loss deduction under section 290.095; ~~and~~
 - (ii) the dividends received deduction under section 290.21, subdivision 4; and
 - (iii) the exemption for operating in a biotechnology and health sciences industry zone under section 469.317.

[EFFECTIVE DATE.] This section is effective for taxable years beginning after December 31, 2003.

Sec. 4. Minnesota Statutes 2002, section 290.06, is amended by adding a subdivision to read:

Subd. 29. [BIOTECHNOLOGY AND HEALTH SCIENCE INDUSTRY ZONE JOB CREDIT.] A taxpayer that is a qualified business, as defined in section 469.310, subdivision 11, is allowed a credit as determined under section 469.318 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

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

Sec. 5. Minnesota Statutes 2002, section 290.06, is amended by adding a subdivision to read:

Subd. 30. [BIOTECHNOLOGY AND HEALTH SCIENCE INDUSTRY ZONE RESEARCH AND DEVELOPMENT CREDIT.] A taxpayer that is a qualified business, as defined in section 469.310, subdivision 11, is allowed a credit as determined under section 469.3181 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

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

Sec. 6. Minnesota Statutes 2002, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.

(2) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (16), is disallowed in determining alternative minimum taxable income.

(3) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause (19), is allowed as a depreciation deduction in determining alternative minimum taxable income.

(4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(6) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(8) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).

(9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(10) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(11) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.

(12) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(13) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii)

the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

(14) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

[EFFECTIVE DATE.] This section is effective for taxable years beginning after December 31, 2003.

Sec. 7. Minnesota Statutes 2002, section 290.0922, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, ~~and~~ any other tangible property located in Minnesota, and Minnesota property of a corporation, other than a corporation treated as an "S" corporation under section 290.9725, but does not include property of a qualified business located in a biotechnology and health sciences zone designated under section 469.314. Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, and Minnesota payroll of a corporation, other than a corporation treated as an "S" corporation under section 290.9725, but does not include biotechnology and health sciences zone payroll under section 469.310, subdivision 8. Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

[EFFECTIVE DATE.] This section is effective for taxable years beginning after December 31, 2003.

Sec. 8. Minnesota Statutes 2002, section 297A.68, is amended by adding a subdivision to read:

Subd. 37. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE.] (a) Purchases of tangible personal property or taxable services by a qualified business, as defined in section 469.310, are exempt if the property or services are primarily used or consumed in a biotechnology and health sciences industry zone designated under section 469.314.

(b) Purchase and use of construction materials and supplies for construction of improvements to real property in a biotechnology and health sciences industry zone are exempt if the improvements after completion of construction are to be used in the conduct of a qualified business, as defined in section 469.310. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax regardless of whether the local sales tax is imposed on the sales taxable as defined under this chapter.

(d)(1) The tax on sales of goods or services exempted under this subdivision shall be imposed and collected as if the applicable rate under section 297A.62 applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the tax paid shall be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid and the eligibility of the claimant to receive the credit. No more than two applications for refunds may be filed under this subdivision in a calendar year. The provisions of section 289A.40 apply to the refunds payable under this subdivision.

(2) There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

(3) The aggregate amount refunded to a qualified business cannot exceed the amount allocated to the qualified business under section 469.3141.

(e) This subdivision applies to sales made during the duration of the designation of the zone.

[EFFECTIVE DATE.] This section is effective for sales made on or after the day following final enactment.

Sec. 9. [469.310] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 469.310 to 469.320, the following terms have the meanings given.

Subd. 2. [APPLICANT.] "Applicant" means a local government unit or units applying for designation of an area as a biotechnology and health sciences industry zone or a joint powers board, established under section 471.59, acting on behalf of two or more local government units.

Subd. 3. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY FACILITY.] "Biotechnology and health sciences industry facility" means one or more facilities or operations involved in: (1) researching, developing, and/or manufacturing a biotechnology product or service or a biotechnology-related health sciences product or service; (2) researching, developing, and/or manufacturing a biotechnology medical device product or service or a biotechnology-related medical device product or service; or (3) promoting, supplying, or servicing a facility or operation involved in clause (1) or (2), if the business derives more than 50 percent of its gross receipts from those activities.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.

Subd. 5. [DEVELOPMENT PLAN.] "Development plan" means a plan meeting the requirements of section 469.311.

Subd. 6. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE OR ZONE.] "Biotechnology and health sciences industry zone" or "zone" means a zone designated by the commissioner under section 469.314.

Subd. 7. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE PERCENTAGE OR ZONE PERCENTAGE.] "Biotechnology and health sciences industry zone percentage" or "zone percentage" means the following fraction reduced to a percentage:

(1) the numerator of the fraction is:

(i) the ratio of the taxpayer's property factor under section 290.191 located in the zone for the taxable year over the property factor numerator determined under section 290.191, plus

(ii) the ratio of the taxpayer's biotechnology and health sciences industry zone payroll factor under subdivision 8 over the payroll factor numerator determined under section 290.191; and

(2) the denominator of the fraction is two.

When calculating the zone percentage for a business that is part of a unitary business as defined under section 290.17, subdivision 4, the denominator of the payroll and property factors is the Minnesota payroll and property of the unitary business as reported on the combined report under section 290.17, subdivision 4, paragraph (j).

Subd. 8. [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE PAYROLL FACTOR.] "Biotechnology and health sciences industry zone payroll factor" or "biotechnology and health sciences industry zone payroll" is that portion of the payroll factor under section 290.191 that represents:

(1) wages or salaries paid to an individual for services performed for a qualified business in a biotechnology and health sciences industry zone; or

(2) wages or salaries paid to individuals working from offices of a qualified business within a biotechnology and health sciences industry zone if their employment requires them to work outside the zone and the work is incidental to the work performed by the individual within the zone.

Subd. 9. [LOCAL GOVERNMENT UNIT.] "Local government unit" means a statutory or home rule charter city, county, town, or school district.

Subd. 10. [PERSON.] "Person" includes an individual, corporation, partnership, limited liability company, association, or any other entity.

Subd. 11. [QUALIFIED BUSINESS.] (a) "Qualified business" means a person carrying on a trade or business at a biotechnology and health sciences industry facility located within a biotechnology and health sciences industry zone.

(b) A person that relocates a biotechnology and health sciences industry facility from outside a biotechnology and health sciences industry zone into a zone is not a qualified business, unless the business:

(1)(i) increases full-time employment in the first full year of operation within the biotechnology and health sciences industry zone by at least 20 percent measured relative to the operations that were relocated; or

(ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and

(2) enters a binding written agreement with the commissioner that:

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

(ii) provides for repayment of all tax benefits enumerated under section 469.315 to the business under the procedures in section 469.319, if the requirements of clause (1) are not met; and

(iii) contains any other terms the commissioner determines appropriate.

Subd. 12. [RELOCATES.] (a) "Relocates" means that the trade or business:

(1) ceases one or more operations or functions at another location in Minnesota and begins performing substantially the same operations or functions at a location in a biotechnology and health sciences industry zone; or

(2) reduces employment at another location in Minnesota during a period starting one year before and ending one year after it begins operations in a biotechnology and health sciences industry zone and its employees in the biotechnology and health sciences industry zone are engaged in the same line of business as the employees at the location where it reduced employment.

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

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

Sec. 10. [469.311] [DEVELOPMENT PLAN.]

(a) An applicant for designation of a biotechnology and health sciences industry zone must adopt a written development plan for the zone before submitting the application to the commissioner.

(b) The development plan must contain, at least, the following:

(1) a map of the proposed zone that indicates the geographic boundaries of the zone, the total area, and present use and conditions generally of the land and structures within those boundaries;

(2) evidence of community support and commitment from local government, local workforce investment boards, school districts, and other education institutions, business groups, and the public;

(3) a description of the methods proposed to increase economic opportunity and expansion, facilitate infrastructure improvement, reduce the local regulatory burden, and identify job-training opportunities;

(4) current social, economic, and demographic characteristics of the proposed zone and anticipated improvements in education, health, human services, and employment if the zone is created;

(5) a description of anticipated activity in the zone and each subzone, including, but not limited to, industrial use and industrial site reuse; and

(6) any other information required by the commissioner.

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

Sec. 11. [469.312] [BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE; LIMITATIONS.]

Subdivision 1. [MAXIMUM SIZE.] A biotechnology and health sciences industry zone may not exceed 5,000 acres.

Subd. 2. [SUBZONES.] The area of a biotechnology and health sciences industry zone may consist of one or more noncontiguous areas or subzones.

Subd. 3. [DURATION LIMIT.] The maximum duration of a zone is 12 years. The applicant may request a shorter duration. The commissioner may specify a shorter duration, regardless of the requested duration.

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

Sec. 12. [469.313] [APPLICATION FOR DESIGNATION.]

Subdivision 1. [WHO MAY APPLY.] One or more local government units, or a joint powers board under section 471.59, acting on behalf of two or more units, may apply for designation of an area as a biotechnology and health sciences industry zone. All or part of the area proposed for designation as a zone must be located within the boundaries of each of the governmental units. A local government unit may not submit or have submitted on its behalf more than one application for designation of a biotechnology and health sciences industry zone.

Subd. 2. [APPLICATION CONTENT.] The application must include:

(1) a development plan meeting the requirements of section 469.311;

(2) the proposed duration of the zone, not to exceed 12 years;

(3)(i) a resolution or ordinance adopted by each of the cities or towns and the counties in which the zone is located, agreeing to provide all of the local sales and use tax exemptions provided under section 469.315; (ii) a resolution or ordinance adopted by each of the cities or towns and the counties in which the zone is located that declares whether it will provide property tax exemptions under section 469.315; and

(4) supporting evidence to allow the commissioner to evaluate the application under the criteria in section 469.314.

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

Sec. 13. [469.314] [DESIGNATION OF BIOTECHNOLOGY AND HEALTH SCIENCES INDUSTRY ZONE.]

Subdivision 1. [COMMISSIONER TO DESIGNATE.] (a) The commissioner, in consultation with the commissioner of revenue and the director of the office of strategic and long-range planning, shall designate not more than one biotechnology and health sciences industry zone. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may, upon designation of a zone, modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modification and provide a statement of the reasons for the modifications.

Subd. 2. [NEED INDICATORS.] (a) In evaluating applications to determine the need for designation of a biotechnology and health sciences industry zone, the commissioner shall consider the following factors as indicators of need:

(1) the extent to which land in proximity to a significant scientific research institution could be developed as a higher and better use for biotechnology and health sciences industry facilities;

(2) the amount of property in or near the zone that is deteriorated or underutilized; and

(3) the extent to which property in the area would remain underdeveloped or nonperforming due to physical characteristics.

(b) The commissioner may require applicants to provide data to demonstrate how the area meets one or more of the indicators of need.

Subd. 3. [SUCCESS INDICATORS.] In determining the likelihood of success of a proposed zone, the commissioner shall consider:

(1) applicants that show a viable link between a higher education/research institution, the biotechnology and/or medical devices business sectors, and one or more units of local government with a development plan;

(2) the extent to which the area has substantial real property with adequate infrastructure and energy to support new or expanded development;

(3) the strength and viability of the proposed development goals, objectives, and strategies in the development plan;

(4) whether the development plan is creative and innovative in comparison to other applications;

(5) local public and private commitment to development of a biotechnology and health sciences industry facility or facilities in the proposed zone and the potential cooperation of surrounding communities;

(6) existing resources available to the proposed zone;

(7) how the designation of the zone would relate to other economic and community development projects and to regional initiatives or programs;

(8) how the regulatory burden will be eased for biotechnology and health sciences industry facilities located in the proposed zone;

(9) proposals to establish and link job creation and job training in the biotechnology and health sciences industry with research/educational institutions; and

(10) the extent to which the development is directed at encouraging, and that designation of the zone is likely to result in, the creation of high-paying jobs.

Subd. 4. [DESIGNATION SCHEDULE.] (a) The schedule in paragraphs (b) to (e) applies to the designation of the biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

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

Sec. 14. [469.3141] [APPLICATION FOR TAX BENEFITS.]

(a) To claim a tax credit or exemption under section 469.315, clauses (2) through (5), a business must apply to the commissioner for a tax credit certificate. As a condition of its application, the business must agree to furnish information to the commissioner that is sufficient to verify the eligibility for any credits or exemptions claimed. The

total amount of the state tax credits and exemptions allowed for the specified period may not exceed the amount of the tax credit certificates provided by the commissioner to the business. The commissioner must verify to the commissioner of revenue the amount of tax exemptions or credits for which each business is eligible.

(b) A tax credit certificate issued under this section may specify the particular tax exemptions or credits that the qualified business is eligible to claim under section 469.315, clauses (2) through (5), and the amount of each exemption or credit allowed.

(c) The commissioner may issue \$1,000,000 of tax credits or exemptions in fiscal year 2004. Any tax credits or exemptions not awarded in fiscal year 2004 may be awarded in fiscal year 2005.

(d) A qualified business must use the tax credits or tax exemptions granted under this section by the later of the end of the state fiscal year or the taxpayer's tax year in which the credits or exemptions are granted.

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

Sec. 15. [469.315] [TAX INCENTIVES AVAILABLE IN ZONES.]

Qualified businesses that operate in a biotechnology and health sciences industry zone, individuals who invest in a qualified business that operates in a biotechnology and health sciences industry zone, and property of a qualified business located in a biotechnology and health sciences industry zone qualify for:

(1) exemption from the property tax as provided in section 272.02, subdivision 56;

(2) exemption from corporate franchise taxes as provided under section 469.317;

(3) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 37;

(4) research and development credits as provided under section 469.3181;

(5) jobs credits as provided under section 469.318.

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

Sec. 16. [469.317] [CORPORATE FRANCHISE TAX EXEMPTION.]

(a) A qualified business is exempt from taxation under section 290.02, the alternative minimum tax under section 290.0921, and the minimum fee under section 290.0922, on the portion of its income attributable to operations of a qualified business within the biotechnology and health sciences industry zone. This exemption is determined as follows:

(1) for purposes of the tax imposed under section 290.02, by multiplying its taxable net income by its zone percentage and subtracting the result in determining taxable income;

(2) for purposes of the alternative minimum tax under section 290.0921, by multiplying its alternative minimum taxable income by its zone percentage and reducing alternative minimum taxable income by this amount; and

(3) for purposes of the minimum fee under section 290.0922, by excluding property and payroll in the zone from the computations of the fee.

(b) No subtraction is allowed under this section in excess of 20 percent of the sum of the corporation's biotechnology and health sciences industry zone payroll and the adjusted basis of the property at the time that the property is first used in the biotechnology and health sciences industry zone by the corporation.

(c) No reduction in tax is allowed in excess of the amount allocated under section 469.3141.

[EFFECTIVE DATE.] This section is effective for taxable years beginning after December 31, 2003.

Sec. 17. [469.318] [JOBS CREDIT.]

Subdivision 1. [CREDIT ALLOWED.] A qualified business is allowed a credit against the taxes imposed under chapter 290.

The credit equals seven percent of the (1) lesser of (i) zone payroll for the taxable year, less the zone payroll for the base year; or (ii) total Minnesota payroll for the taxable year, less total Minnesota payroll for the base year; minus (2) \$30,000 multiplied by the number of full-time equivalent employee positions that the qualified business employs in the biotechnology and health sciences industry zone for the taxable year, minus the number of full-time equivalent employees the business employed in the zone in the base year, but not less than zero.

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

(b) "Base year" means the taxable year beginning during the calendar year in which the commissioner designated the zone.

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

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

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

Subd. 3. [INFLATION ADJUSTMENT.] For taxable years beginning after December 31, 2004, the dollar amount in subdivision 1, clause (2), is annually adjusted for inflation. The commissioner of revenue shall adjust the amount by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

Subd. 4. [REFUNDABLE.] If the amount of the credit calculated under this section and allocated to the qualified business under section 14 exceeds the liability for tax under chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

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

Sec. 18. [469.3181] [CREDIT FOR INCREASING RESEARCH ACTIVITIES IN A BIOTECHNOLOGY AND HEALTH SCIENCES ZONE.]

Subdivision 1. [CREDIT ALLOWED.] A corporation, other than a corporation treated as an "S" corporation under section 290.9725, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to: (1) five percent of the first \$2,000,000 of the excess (if any) of (i) the qualified research expenses for the taxable year, over (ii) the base amount; and (2) 2.5 percent of all such excess expenses over \$2,000,000.

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

(b) "Qualified research expenses" means qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code.

(c) "Qualified research" means activities in the fields of biotechnology or health sciences that are "qualified research" as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the biotechnology and health sciences industry zone.

(d) "Base amount" means base amount as defined in section 4(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in paragraphs (b) and (c) shall apply.

(e) "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

Subd. 3. [REFUNDABLE CREDIT.] If the credit determined under this section and allocated to the taxpayer under section 469.3141 for the taxable year exceeds the taxpayer's liability for tax for the year, the commissioner shall refund the difference to the taxpayer.

Subd. 4. [PARTNERSHIPS.] In the case of partnerships the credit shall be allocated in the same manner provided by section 41(f)(2) of the Internal Revenue Code.

Subd. 5. [ADJUSTMENTS; ACQUISITIONS AND DISPOSITIONS.] If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code.

Subd. 6. Any amount used to calculate a credit under this section may not be used to generate a credit under section 290.068.

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

Sec. 19. [469.319] [REPAYMENT OF TAX BENEFITS.]

Subdivision 1. [REPAYMENT OBLIGATION.] A business must repay the amount of the tax reduction listed in section 469.315 and any refunds under sections 469.318 and 469.3181 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

(1) received tax reductions authorized by section 469.315; and

(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner; or

(ii) ceased to operate its facility located within the biotechnology and health sciences industry zone or otherwise ceases to be or is not a qualified business.

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

(b) "Business" means any person who received tax benefits enumerated in section 469.315.

(c) "Commissioner" means the commissioner of revenue.

Subd. 3. [DISPOSITION OR REPAYMENT.] The repayment must be paid to the state to the extent it represents a state tax reduction and to the county to the extent it represents a property tax reduction. Any amount repaid to the state must be deposited in the general fund. Any amount repaid to the county for the property tax exemption must be distributed to the local governments with authority to levy taxes in the zone in the same manner provided for distribution of payment of delinquent property taxes. Any repayment of local sales taxes must be repaid to the city or county imposing the local sales tax.

Subd. 4. [REPAYMENT PROCEDURES.] (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ceasing to do business in the zone. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the valuation and determination of the property tax to the tax court within 30 days after receipt of the tax statement.

(c) The provisions of chapters 270 and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraph (a). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270.75, from 30 days after ceasing to do business in the biotechnology and health sciences industry zone until the date the tax is paid.

(d) If a property tax is not repaid under paragraph (b), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the treasurer discovers that the business ceased to operate in the biotechnology and health sciences industry zone.

(e) For determining the tax required to be repaid, a tax reduction is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to the exemption, or on the date a refund was issued for a refundable credit.

(f) The commissioner may assess the repayment of taxes under paragraph (c) any time within two years after the business ceases to operate in the biotechnology and health sciences industry zone, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later.

Subd. 5. [WAIVER AUTHORITY.] The commissioner may waive all or part of a repayment, if the commissioner, in consultation with the commissioner of trade and economic development and appropriate officials from the local government units in which the business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

(1) a natural disaster;

(2) unforeseen industry trends; or

(3) loss of a major supplier or customer.

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

Sec. 20. [469.320] [ZONE PERFORMANCE; REMEDIES.]

Subdivision 1. [REPORTING REQUIREMENT.] An applicant receiving designation of a biotechnology and health sciences industry zone under section 469.314 must annually report to the commissioner on its progress in meeting the zone performance goals under the development plan for the zone.

Subd. 2. [PROCEDURES.] For reports required by subdivision 1, the commissioner may prescribe:

(1) the required time or times by which the reports must be filed;

(2) the form of the report; and

(3) the information required to be included in the report.

Subd. 3. [REMEDIES.] If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. The commissioner shall publish any order modifying a zone in the State Register and on the Internet. The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

Subd. 4. [EXISTING BUSINESSES.] (a) An action to remove area from a zone or to terminate a zone under this section does not apply to:

(1) the property tax on improvements constructed before the first January 2 following publication of the commissioner's order;

(2) sales tax on purchases made before the first day of the next calendar month beginning at least 30 days after publication of the commissioner's order; and

(3) individual income tax or corporate franchise tax attributable to a facility that was in operation before the publication of the commissioner's order.

(b) The tax exemptions specified in paragraph (a) terminate on the date on which the zone expires under the original designation."

The motion prevailed and the amendment was adopted.

Bradley; Kielkucki; Blaine; Simpson; Magnus; Powell; Nornes; Dempsey; Olson, M.; Cornish; Ruth; Severson; Stang; Boudreau; Adolphson; Erhardt; Anderson, J.; Johnson, J.; Fuller; Beard; Cox; Westrom; Lenczewski; Marquart; Penas and McNamara moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 432, after line 25, insert:

"Sec. 21. [MANDATED PROGRAMS; FUNDING ADJUSTMENT.]

Notwithstanding any other law to the contrary, if state funding is reduced or terminated to a county for a program mandated by state law, rule, or bulletin, or for which a maintenance of effort or county payment share is added or increased, then the county, at its option, after a public hearing, may adjust the mandated service or program to reflect the level of state funds appropriated. This provision expires on June 30, 2005.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Anderson, I., moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 132, line 28, delete "\$269,000" and insert "\$259,000"

Page 134, after line 20, insert:

"Sec. 2. [126C.446] [TREE GROWTH REPLACEMENT REVENUE.]

Beginning with taxes payable in 2004, a school district may levy an amount not to exceed its miscellaneous revenue for tree growth revenue for taxes payable in 2002.

[EFFECTIVE DATE.] This section is effective the day following final enactment and supersedes any change made to this specific revenue contained in Laws 2003, H.F. 1404, regardless of order of enactment.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hausman and Abrams moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 88, line 25, reinstate the stricken language and after "(f)" insert "Effective for sales made before July 1, 2003, and after June 30, 2009,"

Page 88, lines 26 to 30, reinstate the stricken language

Page 133, delete lines 2 to 5

Page 133, line 6, delete "(d)" and insert "(c)"

The motion prevailed and the amendment was adopted.

Abrams moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 156, delete lines 2 and 3

Page 156, line 4, delete everything before "Payments" and insert:

"(c) Any payment under paragraph (a), clause (1), must be made at the time of acquisition and must be paid to the county treasurer of the county where the property is located. The payment under paragraph (b) must be made at the time of acquisition and must be paid directly to each affected taxing jurisdiction."

Page 156, line 6, before the period, insert "and must be paid directly to the affected taxing jurisdictions"

Page 212, line 9, strike "In the"

Page 212, strike lines 10 and 11

Page 212, line 12, strike "the city's levy."

Page 360, line 26, delete "and"

Page 360, line 28, after the comma, insert "and on or before December 2 of each year, for the period ending November 20,"

The motion prevailed and the amendment was adopted.

Pelowski and Davids moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Pages 220 and 221, delete section 7

Page 221, line 15, delete the new language

Page 222, delete lines 10 to 15

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Boudreau to the Chair.

Lenczewski moved to amend the Pelowski and Davids amendment to H. F. No. 1597, the first engrossment, as amended, as follows:

Page 1, after line 5, insert:

"Page 433, after line 10, insert:

"ARTICLE 20

STATE REVERSE REFERENDUM

Section 1. [CONSTITUTIONAL AMENDMENT.]

An amendment to the Minnesota Constitution, article X, by adding a section, is proposed to the people. If the amendment is adopted, the new section will read as follows:

Sec. 9. Notwithstanding section 1, a law may be enacted to allow for a referendum or reverse referendum regarding increases in state tax rates or state tax revenue collections.

Sec. 2. [SUBMISSION TO VOTERS.]

The proposed amendment in section 1 must be submitted to the people at the 2004 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to authorize the enactment of a law allowing voters to approve or disapprove of increases in state tax rates or state tax revenue collections?"

Yes
No"

Sec. 3. [16A.104] [REVERSE REFERENDUMS TO RESCIND REVENUE INCREASES.]

Subdivision 1. [DUTIES OF COMMISSIONER.] Each year within 21 days after the close of the regular legislative session, the commissioner shall prepare an estimate of the revenues that will be received in the current and next fiscal years under the individual income tax and the general sales tax. If the estimated amount of revenue for the next fiscal year for the taxes is estimated to exceed the revenues for the current fiscal year by a percentage greater than the sum of the percentage increase in the implicit price deflator and the percentage increase in the number of households in the state, the commissioner shall publish the estimated amount of the increase in the State Register. The estimate must be published no later than 30 days after the close of the legislative session.

For purposes of this section, "percentage increase in the implicit price deflator" means the percentage increase in the implicit deflator for government consumption and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending on March 31 of the current calendar year. For purposes of this section, the "percentage increase in the number of households" means the percentage increase in the number of households in the state for the most recently available calendar year as of March 31 of the current calendar year.

Subd. 2. [REVERSE REFERENDUM.] If a petition, signed by eligible voters equal to ten percent of the registered voters in the state, is filed with the secretary of state within 21 days after the notice is published in the State Register, an election must be held on whether the increase is to be refunded under section 290.0676.

Subd. 3. [ELECTION.] The election must be held on the first Tuesday after the first Monday in November. If a majority of the voters at the election do not vote to sustain the tax increase, the increase must be refunded as provided in section 290.0675.

Subd. 4. [FORM OF PETITION AND BALLOT QUESTION.] The secretary of state shall specify the form of the petition to be used under subdivision 2. The commissioner of finance shall prepare the form of the question to be submitted to the voters.

[EFFECTIVE DATE.] This section is effective after approval by the voters of the constitutional amendment in section 1.

Sec. 4. [290.0676] [REFUND OF RESCINDED REVENUE INCREASES.]

Subdivision 1. [CREDIT ALLOWED.] If a majority of the voters at an election under section 16A.104, subdivision 3, do not vote to sustain the tax increase, an individual is allowed a credit against the tax imposed by this chapter equal to the sum of the allowable dollar amounts, determined under subdivision 3, for each of the following:

- (1) the taxpayer;
- (2) the taxpayer's spouse for a credit claimed on a joint return; and
- (3) each dependent of the taxpayer.

Subd. 2. [DEFINITIONS.] For purposes of this section, a "dependent" means a dependent as defined in section 152 of the Internal Revenue Code.

Subd. 3. [DETERMINATION OF ALLOWABLE AMOUNT.] (a) If a reverse referendum is to be submitted to the voters under section 16A.104, the commissioner shall estimate the total number of filers, spouses, and dependents for the current taxable year.

(b) The allowable amount for the taxable year equals the increase in revenues published in the State Register under section 16A.104, divided by the number estimated under paragraph (a).

Subd. 4. [CREDIT REFUNDABLE.] If the claimant is eligible to receive a credit that is larger than the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 5. [DEPENDENT BARRED FROM CLAIMING OWN CREDIT.] No credit may be paid to an individual claimed as a dependent on the federal tax return of another individual.

Subd. 6. [TAX FORMS.] If the issue is submitted to the voters under section 16A.104, the commissioner shall include the credit in the forms and tax instructions. After the results of the vote have been certified, the commissioner shall undertake efforts to publicize whether or not the credit is available for the taxable year. This may include mailing a notice to each taxpayer, advertising in the print or electronic media, or other measures.

Subd. 7. [APPROPRIATION.] An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

[EFFECTIVE DATE.] This section is effective after approval by the voters of the constitutional amendment in section 1."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Pelowski and Davids amendment and the roll was called. There were 55 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dill	Hornstein	Lieder	Pelowski	Urdahl
Anderson, J.	Dorman	Huntley	Magnus	Peterson	Wagenius
Atkins	Dorn	Jaros	Mahoney	Pugh	Walker
Bernardy	Eken	Juhnke	Marquart	Rhodes	Wasiluk
Carlson	Goodwin	Kahn	Nelson, C.	Rukavina	Westrom
Clark	Greiling	Kelliher	Nelson, M.	Sertich	
Cox	Hausman	Koenen	Nornes	Sieben	
Davids	Heidgerken	Lanning	Opatz	Slawik	
Davnie	Hilstrom	Latz	Otremba	Solberg	
Demmer	Hilty	Lesch	Paymar	Swenson	

Those who voted in the negative were:

Abeler	DeLaForest	Holberg	Lenczewski	Ozment	Strachan
Abrams	Dempsey	Hoppe	Lindgren	Paulsen	Sykora
Adolphson	Eastlund	Howes	Lindner	Penas	Thao
Anderson, B.	Ellison	Jacobson	Lipman	Powell	Thissen
Beard	Entenza	Johnson, J.	Mariani	Ruth	Tingelstad
Biernat	Erhardt	Johnson, S.	McNamara	Samuelson	Vanderveer
Blaine	Erickson	Kielkucki	Meslow	Seagren	Walz
Borrell	Fuller	Klinzing	Mullery	Seifert	Wardlow
Boudreau	Gerlach	Knoblach	Murphy	Severson	Westerberg
Bradley	Gunther	Kohls	Nelson, P.	Simpson	Wilkin
Brod	Haas	Krinkie	Olsen, S.	Smith	Zellers
Buesgens	Hackbarth	Kuisle	Olson, M.	Soderstrom	Spk. Sviggum
Cornish	Harder	Larson	Osterman	Stang	

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

The Speaker resumed the Chair.

Dorman moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 177, after line 19, insert:

"Sec. 6. Minnesota Statutes 2002, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT OF REVENUES.] ~~(a)~~ Money collected and received under this chapter must be deposited as ~~provided in this subdivision.~~

~~(b) From July 1, 2001, to June 30, 2002, 30.86 percent of the money collected and received must be deposited in the highway user tax distribution fund, and the remaining money must be deposited in the general fund.~~

~~(c) On and after July 1, 2002, follows:~~ 32 percent of the money collected and received must be deposited in the highway user tax distribution fund, ~~20.5~~ 10.25 percent must be deposited in the metropolitan area transit fund under section 16A.88, and ~~4.25~~ 0.625 percent must be deposited in the greater Minnesota transit fund under section 16A.88, and 10.875 percent must be deposited in the property tax relief fund. In fiscal year 2004 and thereafter, two percent of the money collected and received must be deposited in the metropolitan area transit appropriation account under section 16A.88. The remaining money must be deposited in the general fund.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 7. Minnesota Statutes 2002, section 473.388, subdivision 7, is amended to read:

Subd. 7. [LOCAL LEVY ~~OPTION.~~] (a) A statutory or home rule charter city or town that is eligible for assistance under this section may levy a tax for payment of the operating and capital expenditures for transit and other related activities and to provide for payment of obligations issued by the municipality ~~for capital expenditures for transit and other related activities, provided that property taxes were pledged to satisfy the obligations, and provided that legislative appropriations are insufficient to satisfy the obligations such purposes, provided that the tax, when combined with the assistance received under subdivision 4, must be sufficient to maintain the level of transit service provided in the municipality in the previous year.~~

(b) The transit tax levied by a municipality under this section for taxes payable in 2004 may not exceed 50 percent of the amount of the assistance received under subdivision 4 in fiscal year 2003, multiplied by an index for market valuation changes equal to the total market valuation of all taxable property located within the municipality for the current taxes payable year divided by the total market valuation of all taxable property located within the municipality for the previous taxes payable year.

For taxes payable in 2005 and subsequent years, the product of (i) the municipality's property tax levy limitation for the previous year determined under this subdivision, multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the municipality for the current taxes payable year divided by the total market valuation of all taxable property located within the municipality for the previous taxes payable year.

(c) This subdivision is consistent with the transit redesign plan. Eligible municipalities opting to operate under this subdivision shall continue to meet the regional performance standards established by the council.

~~(e)~~ (d) Within the designated Americans with Disabilities Act area, metro mobility remains the obligation of the state.

[EFFECTIVE DATE.] This section is effective for taxes levied in 2003, payable in 2004, and subsequent years.

Sec. 8. Minnesota Statutes 2002, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [METROPOLITAN AREA TRANSIT TAX.] (a) For the purposes of sections 473.405 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the council shall levy each year upon all taxable property within the metropolitan area, defined in section 473.121, subdivision 2, a transit tax consisting of:

(1) an amount which shall be used for payment of the expenses of operating transit and paratransit services;

(2) an amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council has specifically pledged tax levies under this clause; and

~~(3)~~ (3) an additional amount necessary to provide full and timely payment of certificates of indebtedness issued by the council, after consultation with the commissioner of finance, if revenues to the metropolitan area transit fund in the fiscal year in which the indebtedness is issued increase over those revenues in the previous fiscal year by a percentage less than the percentage increase for the same period in the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

(b) Indebtedness to which property taxes have been pledged under paragraph (a), clause (2), that is incurred in any fiscal year may not exceed the amount necessary to make up the difference between (1) the amount that the council received or expects to receive in that fiscal year from the metropolitan area transit fund and (2) the amount the council received from that fund in the previous fiscal year multiplied by the percentage increase for the same period in the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

(c) The property tax levied by the council for general purposes under paragraph (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 2004, 50 percent of the amount received by the council for that purpose from the metropolitan area transit fund under section 16A.88, subdivision 2, in fiscal year 2003, multiplied by an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous taxes payable year; and

(2) for taxes payable in 2005 and subsequent years, the product of (i) the council's property tax levy limitation for the previous year determined under this subdivision, multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous taxes payable year.

Sec. 9. Minnesota Statutes 2002, section 473.446, is amended by adding a subdivision to read:

Subd. 1c. [TAXATION WITHIN TRANSIT AREA.] For the purposes of sections 473.405 to 473.449, and the metropolitan transit system, the metropolitan council shall levy upon all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district, defined in subdivision 2, a transit tax, which shall be equal to ten percent of the sum of the levies provided in subdivision 1, paragraph (a), clauses (1) to (3). The proceeds of this tax shall be used only for paratransit services or ride sharing programs designed to serve persons located within the transit area but outside of the transit taxing district.

[EFFECTIVE DATE.] This section is effective for taxes levied in 2003, payable in 2004, and subsequent years.

Sec. 10. Minnesota Statutes 2002, section 473.446, is amended by adding a subdivision to read:

Subd. 1d. [DEDUCTION OF LEVY FOR ELIGIBLE MUNICIPALITIES.] (a) The maximum the council may levy for general purposes under subdivision 1, paragraph (a), upon taxable property within a municipality levying taxes under section 473.388, subdivision 7, is the combined transit tax levied within the municipality in the previous year under subdivision 1 and section 473.388, subdivision 7, multiplied by the municipality's market value adjustment ratio, minus the amount to be levied by the municipality under section 473.388, subdivision 7, for the current levy year.

(b) For purposes of this subdivision:

(1) "municipality" means a municipality levying taxes under section 473.388, subdivision 7, for replacement transit service;

(2) "market value adjustment ratio" means the index for market valuation changes described in this section, as applied to individual municipalities; and

(3) "tax revenues" has the meaning given in section 473.388, subdivision 4.

[EFFECTIVE DATE.] This section is effective for taxes levied in 2003, payable in 2004, and subsequent years."

Page 178, line 11, delete "2004" and insert "2005"

Page 184, line 13, delete "2004" and insert "2005"

Page 184, line 15, delete "2004" and insert "2005"

Page 184, line 18, delete "2004" and insert "2005"

Page 184, line 26, delete "2004" and insert "2005"

Page 185, line 2, delete "2004" and insert "2005"

Page 185, line 9, delete "2004" and insert "2005"

Page 187, line 21, delete "2004" and insert "2005"

Page 188, line 11, delete "2004" and insert "2005"

Pages 188 to 189, delete section 13 and insert:

"Sec. 13. Minnesota Statutes 2002, section 477A.013, subdivision 9, is amended to read:

Subd. 9. [CITY AID DISTRIBUTION.] (a) ~~In calendar year 2002 and thereafter,~~ Each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base. The total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus five percent of its 2003 certified amount.

~~(b) The percentage increase for a first class city in calendar year 1995 and thereafter, except for 2002, shall not exceed the percentage increase in the sum of the aid to all cities under this section in the current calendar year compared to the sum of the aid to all cities in the previous year. For aids payable in 2002 only, the amount of the aid paid to a first class city shall not exceed the sum of its aid amount for calendar year 2001 under this section and its aid payment in calendar year 2001 under section 273.1398, subdivision 2, by more than 2.5 percent.~~

~~(c) For aids payable in all years except 2002, the total aid for any city, except a first class city, shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2002 only, the total aid for any city, except a first class city, shall not exceed the sum of (1) 40 percent of the city's net levy for taxes payable in the year prior to the aid distribution plus (2) 40 percent of its total aid in the previous year under section 273.1398, subdivision 2, plus (3) its total aid in the previous year under this section.~~

[EFFECTIVE DATE.] This section is effective beginning with aids payable in 2004."

Page 190, line 22, delete "\$406,602,000" and insert "\$608,000,000"

Pages 196 to 197, delete section 22 and insert:

"Sec. 22. [2004 CITY AID REDUCTIONS; CONTINGENT PERMANENT REDUCTION.]

Subdivision 1. [DEFINITION.] For purposes of this section, the 2004 "levy plus aid revenue base" for a city is the sum of that city's property tax levy for taxes payable in 2003, as reported to the commissioner of revenue under Minnesota Statutes, section 275.74, plus the sum of the amounts the city was certified to receive in 2003 as:

(1) local government aid under Minnesota Statutes, section 477A.013;

(2) existing low-income housing aid under Minnesota Statutes, section 477A.06;

(3) new construction low-income housing aid under Minnesota Statutes, section 477A.065; and

(4) taconite aids under Minnesota Statutes, sections 298.28 and 298.282, including any aid which was required to be placed in a special fund for expenditure in the next succeeding year.

Subd. 2. [COMPUTATION; APPLICATION.] The commissioner of revenue shall compute an aid reduction amount for each city for 2004 equal to 5.37 percent of the city's levy plus aid revenue base for 2004.

The reduction is limited to the city's payable 2004 distribution pursuant to Minnesota Statutes, section 477A.013, and related sections, and the city's payable 2004 reimbursement under Minnesota Statutes, section 273.1384.

The reduction is applied first to the city's distribution pursuant to Minnesota Statutes, section 477A.013, and then if necessary to the city's reimbursement pursuant to Minnesota Statutes, section 273.1384.

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

Page 199, after line 15, insert:

"Sec. 27. [BORROWING FOR TRANSIT REVENUE; SPECIAL LEVY.]

Subdivision 1. [BORROWING TO REPLACE TRANSIT REVENUE.] The metropolitan council and any municipality that received revenues to be used for transit services under Minnesota Statutes, section 174.242 or 473.388, in calendar year 2002 may borrow money to replace the revenue that the council or municipality would have received under Minnesota Statutes, section 174.242 or 473.388, in calendar year 2003 if this act had not been enacted. The money may be used or expended by the council or the municipality for any purpose for which the

money that would have been paid under Minnesota Statutes, section 174.242 or 473.388, could have been expended, including, but not limited to, current expenses, capital expenditures, and the discharge of any obligation or indebtedness of the council or municipality. The indebtedness must be represented by a note or notes which may be issued from time to time in any denomination and sold at public or private sale pursuant to a resolution authorizing the issuance. The resolution must set forth the form and manner of execution of the notes and shall contain other terms and conditions the council or the municipality deems necessary or desirable to provide security for the holders of the notes. The term of the notes may not exceed five years. The note or notes are payable from committed or appropriated money from taxes, grants or loans of the state or federal government made to the council, or other revenues, and the money may be pledged to the payment of the notes.

Subd. 2. [SPECIAL LEVY FOR REPAYMENT.] Notwithstanding any other law or charter provision to the contrary, the council or the municipality may levy taxes outside of any limitation on levies for the purpose of repayment of the notes issued under subdivision 1 for taxes levied in 2003 to 2007, payable from 2004 to 2008.

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

Sec. 28. [16A.89] [PROPERTY TAX RELIEF FUND.]

Subdivision 1. [CREATION.] A property tax relief fund is created in the state treasury.

Subd. 2. [PROPERTY TAX REFUNDS.] \$3,400,000 is appropriated from the fund to the commissioner of revenue to pay property tax refunds under chapter 290A in fiscal year 2005.

Subd. 3. [LOCAL GOVERNMENT AID PAYMENTS.] \$129,841,000 is appropriated from the fund to the commissioner of revenue to pay local government aids under section 477A.013 in fiscal year 2005. \$66,620,500 is appropriated from the fund to the commissioner of revenue to pay local government aids under section 477A.013 in fiscal year 2006 and subsequent years.

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

Pages 199 to 208, delete article 7

Pages 220 to 221, delete section 7

Page 221, line 15, delete the new language

Page 222, delete lines 10 to 15

Renumber the remaining sections and articles in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Seifert and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Anderson, B.	Atkins	Biernat	Boudreau	Buesgens
Abrams	Anderson, I.	Beard	Blaine	Bradley	Carlson
Adolphson	Anderson, J.	Bernardy	Borrell	Brod	Clark

Cornish	Gunther	Kelliher	Marquart	Peterson	Swenson
Cox	Haas	Kielkucki	McNamara	Powell	Sykora
Davids	Hackbarth	Klinzing	Meslow	Pugh	Thao
Davnie	Harder	Knoblach	Mullery	Rhodes	Thissen
DeLaForest	Hausman	Koenen	Murphy	Rukavina	Tingelstad
Demmer	Heidgerken	Kohls	Nelson, C.	Ruth	Urdahl
Dempsey	Hilstrom	Kuisle	Nelson, M.	Samuelson	Vandever
Dill	Hilty	Lanning	Nelson, P.	Seagren	Wagenius
Dorman	Holberg	Larson	Nornes	Seifert	Walker
Dorn	Hoppe	Latz	Olsen, S.	Sertich	Wardlow
Eastlund	Hornstein	Lenczewski	Olson, M.	Severson	Wasiluk
Eken	Howes	Lesch	Opatz	Sieben	Westerberg
Ellison	Huntley	Lieder	Osterman	Simpson	Wilkin
Entenza	Jacobson	Lindgren	Otremba	Slawik	Zellers
Erhardt	Jaros	Lindner	Otto	Smith	Spk. Sviggum
Erickson	Johnson, J.	Lipman	Ozment	Soderstrom	
Fuller	Johnson, S.	Magnus	Paymar	Solberg	
Gerlach	Juhnke	Mahoney	Pelowski	Stang	
Goodwin	Kahn	Mariani	Penas	Strachan	

Seifert moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Dorman amendment and the roll was called. There were 62 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Howes	Lindgren	Paymar	Swenson
Anderson, J.	Eken	Huntley	Magnus	Pelowski	Thao
Atkins	Ellison	Jaros	Mahoney	Peterson	Urdahl
Biernat	Entenza	Johnson, S.	Mariani	Pugh	Wagenius
Blaine	Fuller	Juhnke	Marquart	Rukavina	Walker
Clark	Goodwin	Kahn	Mullery	Sertich	Walz
Cox	Harder	Kelliher	Murphy	Severson	Westrom
Davids	Hausman	Koenen	Nelson, C.	Sieben	
Davnie	Heidgerken	Lanning	Olson, M.	Simpson	
Dill	Hilty	Lesch	Opatz	Soderstrom	
Dorman	Hornstein	Lieder	Otremba	Solberg	

Those who voted in the negative were:

Abeler	Cornish	Hilstrom	Latz	Ozment	Strachan
Abrams	DeLaForest	Holberg	Lenczewski	Paulsen	Sykora
Adolphson	Demmer	Hoppe	Lindner	Penas	Thissen
Anderson, B.	Dempsey	Jacobson	Lipman	Powell	Tingelstad
Beard	Eastlund	Johnson, J.	McNamara	Rhodes	Vandever
Bernardy	Erhardt	Kielkucki	Meslow	Ruth	Wardlow
Borrell	Erickson	Klinzing	Nelson, M.	Samuelson	Wasiluk
Boudreau	Gerlach	Knoblach	Nelson, P.	Seagren	Westerberg
Bradley	Greiling	Kohls	Nornes	Seifert	Wilkin
Brod	Gunther	Krinkie	Olsen, S.	Slawik	Zellers
Buesgens	Haas	Kuisle	Osterman	Smith	Spk. Sviggum
Carlson	Hackbarth	Larson	Otto	Stang	

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

Olson, M.; Otremba; Juhnke and Buesgens offered an amendment to H. F. No. 1597, the first engrossment, as amended.

POINT OF ORDER

Pugh raised a point of order pursuant to rule 3.21 that the Olson, M., et al amendment was not in order. The Speaker ruled the point of order well taken and the Olson, M., et al amendment out of order.

Anderson, I.; Abrams; Juhnke and Rukavina moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 385, line 25, after "horticulture," insert "silviculture,"

The motion prevailed and the amendment was adopted.

The Speaker called Boudreau to the Chair.

Paymar moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 144, after line 14, insert:

"Sec. 14. Minnesota Statutes 2002, section 273.11, subdivision 1a, is amended to read:

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

For assessment year 2002 through assessment year 2005, the amount of the increase shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) 15 percent of the difference between the current assessment and the preceding assessment.

For assessment year ~~2003~~ 2006, the amount of the increase shall not exceed the greater of (1) 12 percent of the value in the preceding assessment, or (2) 20 percent of the difference between the current assessment and the preceding assessment.

For assessment year ~~2004~~ 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year ~~2005~~ 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year ~~2006~~ 2009, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

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

The provisions of this subdivision shall be in effect through assessment year ~~2006~~ 2009 as provided in this subdivision.

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

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Paymar amendment and the roll was called. There were 54 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Huntley	Lieder	Otremba	Solberg
Atkins	Ellison	Johnson, S.	Mahoney	Otto	Stang
Bernardy	Entenza	Juhnke	Mariani	Paymar	Thao
Biernat	Goodwin	Kahn	Marquart	Pelowski	Thissen
Carlson	Greiling	Kelliher	Mullery	Peterson	Vandever
Clark	Hausman	Koenen	Murphy	Pugh	Wagenius
Davnie	Hilstrom	Larson	Nelson, M.	Rhodes	Walker
Dorman	Hilty	Latz	Opatz	Sieben	Wasiluk
Dorn	Hornstein	Lesch	Osterman	Slawik	Westrom

Those who voted in the negative were:

Abrams	Davids	Heidgerken	Lenczewski	Penas	Sykora
Adolphson	DeLaForest	Holberg	Lindgren	Powell	Tingelstad
Anderson, B.	Demmer	Hoppe	Lindner	Rukavina	Urdahl
Anderson, I.	Dempsey	Howes	Lipman	Ruth	Walz
Anderson, J.	Dill	Jacobson	Magnus	Samuelson	Wardlow
Beard	Eastlund	Jaros	McNamara	Seagren	Westerberg
Blaine	Erhardt	Johnson, J.	Meslow	Seifert	Wilkin
Borrell	Erickson	Kielkucki	Nelson, C.	Sertich	Zellers
Boudreau	Fuller	Klinzing	Nelson, P.	Severson	Spk. Sviggum
Bradley	Gerlach	Knoblach	Nornes	Simpson	
Brod	Gunther	Kohls	Olsen, S.	Smith	
Buesgens	Haas	Krinkie	Olson, M.	Soderstrom	
Cornish	Hackbarth	Kuisle	Ozment	Strachan	
Cox	Harder	Lanning	Paulsen	Swenson	

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

CALL OF THE HOUSE LIFTED

Entenza moved that the call of the House be suspended. The motion prevailed and it was so ordered.

Harder moved to amend H. F. No. 1597, the first engrossment, as amended, as follows:

Page 184, after line 16, insert:

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

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

H. F. No. 1597, A bill for an act relating to financing and operation of state and local government; providing for job opportunity building zones; providing for a biotechnology and health services industry zone; changing income, corporate franchise, estate, sales and use, motor vehicle sales, property, minerals, gravel, cigarette and tobacco, liquor, mortgage registry and deed, healthcare provider, insurance premiums, hazardous waste generator, and other taxes and tax provisions; changing and providing powers and duties relating to tax administration, collection, compliance, and enforcement; updating provisions to the internal revenue code; changing provisions relating to the state elections campaign fund; changing June accelerated tax liability provisions and extending the requirements to other taxes; changing and providing for intergovernmental aids; imposing levy limits; changing truth in taxation provisions and providing for reverse referenda; providing for economic development incentives; changing tax increment financing provisions; changing certain levy and other provisions relating to the metropolitan council and the metropolitan mosquito control district; authorizing towns to impose certain charges; giving special powers to the cities of Medford, Newport, Moorhead, Duluth, and Hopkins; repealing certain local laws; establishing a legislative commission on unnecessary mandates; providing for funding adjustments for certain state mandated programs; changing provisions relating to local impact notes; abolishing or providing for the expiration of certain funds and accounts; providing for cash flow and budget reserve accounts; providing for deposit of certain revenues in the general fund; providing for data disclosure; requiring studies and reports; providing for appointments; authorizing grants; imposing penalties; appropriating money; amending Minnesota Statutes 2002, sections 3.842, subdivision 4a; 3.843; 3.986, subdivision 4; 3.987, subdivision 1; 4A.02; 8.30; 10A.31, subdivisions 1, 3; 16A.152, subdivisions 1, 1b, 2, 7; 62J.694, subdivision 4; 115B.24, subdivision 8; 144.395, subdivision 3; 161.465; 168.27, subdivision 4a; 168A.03; 168A.05, subdivision 1a; 216B.2424, subdivision 5; 270.06; 270.10, subdivision 1a; 270.60, subdivision 4; 270.67, subdivision 4; 270.69, by adding a subdivision; 270.701, subdivision 2, by adding a subdivision; 270.72, subdivision 2; 270A.03, subdivision 2; 270B.12, by adding a subdivision; 272.02, subdivisions 31, 47, 48, 53, by adding subdivisions; 272.029, by adding a subdivision; 272.12; 273.01; 273.05, subdivision 1; 273.061, by adding subdivisions; 273.08; 273.11, subdivision 1a; 273.112, subdivision 3; 273.124, subdivisions 1, 14; 273.13, subdivisions 22, 23, 25; 273.1398, subdivisions 4a, 4b, 4c, 6, 8; 273.372; 273.42, subdivision 2; 274.01, subdivision 1; 274.13, subdivision 1; 275.025, subdivisions 1, 3, 4; 275.065, subdivisions 1, 1a, 1c, 3, 6, 8, by adding a subdivision; 275.07, subdivision 1; 275.70, subdivision 5; 275.71, subdivisions 2, 4, 5, 6; 275.72, subdivision 3; 275.73, subdivision 2; 275.74, subdivision 3; 276.10; 276.11, subdivision 1; 277.20, subdivision 2; 278.01, subdivision 4; 278.05, subdivision 6; 279.06, subdivision 1; 281.17; 282.01, subdivision 7a; 282.08; 287.12; 287.29, subdivision 1; 287.31, by adding a subdivision; 289A.02, subdivision 7; 289A.10, subdivision 1; 289A.18, subdivision 4; 289A.19, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivisions 3, 4, 7, by adding a subdivision; 289A.36, subdivision 7, by adding subdivisions; 289A.40, subdivision 2; 289A.50,

subdivision 2a, by adding subdivisions; 289A.56, subdivisions 3, 4; 289A.60, subdivisions 7, 15, by adding a subdivision; 290.01, subdivisions 19, 19a, 19b, 19c, 19d, 29, 31; 290.05, subdivision 1; 290.06, subdivisions 2c, 23, 24, by adding subdivisions; 290.067, subdivision 1; 290.0671, subdivision 1; 290.0675, subdivisions 2, 3; 290.0679, subdivision 2; 290.0802, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivisions 2, 3; 290.17, subdivision 4; 290.191, subdivision 1; 290A.03, subdivisions 8, 15; 290C.02, subdivisions 3, 7; 290C.03; 290C.07; 290C.09; 290C.10; 290C.11; 291.005, subdivision 1; 291.03, subdivision 1; 295.50, subdivision 9b; 295.53, subdivision 1; 295.58; 297A.61, subdivisions 3, 7, 10, 12, 17, 30, 31, 34, by adding subdivisions; 297A.66, by adding a subdivision; 297A.665; 297A.668; 297A.67, subdivisions 2, 7, 8, by adding a subdivision; 297A.68, subdivisions 2, 4, 5, 36, by adding subdivisions; 297A.69, subdivisions 2, 3, 4; 297A.70, subdivisions 8, 16; 297A.71, by adding a subdivision; 297A.75, subdivision 4; 297A.81; 297A.82, subdivision 4; 297A.85; 297A.99, subdivisions 5, 10, 12; 297A.995, by adding a subdivision; 297B.01, subdivision 7; 297B.025, subdivisions 1, 2; 297B.03; 297B.035, subdivision 1, by adding a subdivision; 297F.01, subdivisions 21a, 23; 297F.05, subdivision 1; 297F.06, subdivision 4; 297F.08, subdivision 7; 297F.09, subdivisions 1, 2, by adding a subdivision; 297F.10, subdivision 1; 297F.20, subdivisions 1, 2, 3, 6, 9; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297G.09, by adding a subdivision; 297I.01, subdivision 9; 297I.20; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a, 4; 298.015, subdivisions 1, 2; 298.016, subdivision 4; 298.018; 298.24, subdivision 1; 298.27; 298.28, subdivisions 9a, 11; 298.75, subdivision 1; 325D.421, subdivision 2, by adding a subdivision; 349.16, by adding a subdivision; 352.15, subdivision 1; 353.15, subdivision 1; 354.10, subdivision 1; 354B.30; 354C.165; 366.011; 366.012; 469.169, by adding a subdivision; 469.1731, subdivision 3; 469.174, subdivisions 3, 6, 10, 25, by adding a subdivision; 469.175, subdivisions 1, 3, 4, 6; 469.176, subdivisions 1c, 2, 3, 4d, 4l, 7; 469.1763, subdivisions 1, 2, 3, 4, 6; 469.177, subdivisions 1, 12; 469.1771, subdivision 4, by adding a subdivision; 469.178, subdivision 7; 469.1791, subdivision 3; 469.1792, subdivisions 1, 2, 3; 469.1813, subdivision 8; 469.1815, subdivision 1; 473.167, subdivision 3; 473.246; 473.249, subdivision 1; 473.253, subdivision 1; 473.702; 473.711, subdivision 2a; 473F.07, subdivision 4; 477A.011, subdivisions 34, 36, by adding subdivisions; 477A.013, subdivisions 8, 9; 477A.03, subdivision 2; 515B.1-116; 611.27, subdivisions 13, 15; Laws 1997, chapter 231, article 10, section 25; Laws 2001, First Special Session chapter 5, article 3, section 61; Laws 2001, First Special Session chapter 5, article 3, section 63; Laws 2001, First Special Session chapter 5, article 9, section 12; Laws 2001, First Special Session chapter 5, article 12, section 95, as amended; Laws 2002, chapter 377, article 6, section 4; Laws 2002, chapter 377, article 7, section 3; Laws 2002, chapter 377, article 11, section 1; Laws 2002, chapter 377, article 12, section 17; proposing coding for new law in Minnesota Statutes, chapters 3; 123A; 126C; 270; 273; 274; 275; 276; 290C; 297A; 297F; 469; 477A; repealing Minnesota Statutes 2002, sections 270.691, subdivision 8; 273.138, subdivisions 2, 3, 6; 273.1398, subdivisions 2, 2c, 4, 4d; 273.166; 274.04; 275.065, subdivisions 3a, 4; 290.0671, subdivision 3; 290.0675, subdivision 5; 294.01; 294.02; 294.021; 294.03; 294.06; 294.07; 294.08; 294.09; 294.10; 294.11; 294.12; 297A.61, subdivisions 14, 15; 297A.69, subdivision 5; 297A.72, subdivision 1; 297A.97; 298.01, subdivisions 3c, 3d, 4d, 4e; 298.017; 298.24, subdivision 3; 298.28, subdivisions 9, 9b, 10; 298.2961; 298.297; 325E.112, subdivision 2a; 473.711, subdivision 2b; 477A.011, subdivision 37; 477A.0121; 477A.0122; 477A.0123; 477A.0132; 477A.03, subdivisions 3, 4; 477A.06; 477A.065; 477A.07; Laws 1984, chapter 652, section 2; Laws 2002, chapter 390, sections 36, 37, 38; Minnesota Rules, parts 8007.0300, subpart 3; 8009.7100; 8009.7200; 8009.7300; 8009.7400; 8092.1000; 8106.0100, subparts 11, 15, 16; 8106.0200; 8125.1000; 8125.1300, subpart 1; 8125.1400; 8130.0800, subparts 5, 12; 8130.1300; 8130.1600, subpart 5; 8130.1700, subparts 3, 4; 8130.4800, subpart 2; 8130.7500, subpart 5; 8130.8000; 8130.8300.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 70 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, B.	Borrell	Buesgens	DeLaForest	Eastlund
Abrams	Beard	Boudreau	Cornish	Demmer	Erhardt
Adolphson	Blaine	Bradley	Davids	Dempsey	Erickson

Fuller	Jacobson	Lenczewski	Ozment	Simpson	Walz
Gerlach	Johnson, J.	Lindgren	Paulsen	Smith	Wardlow
Gunther	Kielkucki	Lindner	Penas	Soderstrom	Westerberg
Haas	Klinzing	Lipman	Powell	Stang	Westrom
Hackbarth	Knoblach	Magnus	Rhodes	Strachan	Wilkin
Harder	Kohls	Meslow	Ruth	Swenson	Zellers
Holberg	Krinkie	Nelson, P.	Samuelson	Sykora	Spk. Sviggum
Hoppe	Kuisle	Nornes	Seagren	Tingelstad	
Howes	Lanning	Osterman	Seifert	Vandev eer	

Those who voted in the negative were:

Anderson, I.	Dorman	Hornstein	Lieder	Opatz	Slawik
Anderson, J.	Dorn	Huntley	Mahoney	Otremba	Solberg
Atkins	Eken	Jaros	Mariani	Otto	Thao
Bernardy	Ellison	Johnson, S.	Marquart	Paymar	Thissen
Biernat	Entenza	Juhnke	McNamara	Pelowski	Urdahl
Brod	Goodwin	Kahn	Mullery	Peterson	Wagenius
Carlson	Greiling	Kelliher	Murphy	Pugh	Walker
Clark	Hausman	Koenen	Nelson, C.	Rukavina	Wasiluk
Cox	Heidgerken	Larson	Nelson, M.	Sertich	
Davnie	Hilstrom	Latz	Olsen, S.	Severson	
Dill	Hilty	Lesch	Olson, M.	Sieben	

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Paulsen from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Wednesday, May 7, 2003:

S. F. No. 479; H. F. Nos. 1322, 679, 624 and 1011; S. F. No. 422; H. F. Nos. 553, 754 and 1111; S. F. Nos. 418, 28 and 256; H. F. Nos. 42 and 575; S. F. Nos. 328 and 1015; and H. F. Nos. 504 and 680.

CALENDAR FOR THE DAY

Paulsen moved that the Calendar for the Day be continued. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1511:

Stang; Nornes; Meslow; Nelson, C., and Pelowski.

MOTIONS AND RESOLUTIONS

Solberg moved that his name be stricken as an author on H. F. No. 1006. The motion prevailed.

Solberg moved that his name be stricken as an author on H. F. No. 1119. The motion prevailed.

Lenczewski moved that H. F. No. 1599 be recalled from the Committee on Local Government and Metropolitan Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Holberg moved that S. F. No. 575, now on the General Register, be re-referred to the Committee on Civil Law. The motion prevailed.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 9:30 a.m., Thursday, May 8, 2003. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:30 a.m., Thursday, May 8, 2003.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

