

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2005

 FIFTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 11, 2005

The House of Representatives convened at 7:30 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Lonnie E. Titus, House Chaplain.

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	Dill	Hilstrom	Latz	Ozment	Smith
Abrams	Dittrich	Hilty	Lenczewski	Paulsen	Soderstrom
Anderson, B.	Dorman	Holberg	Lesch	Paymar	Solberg
Anderson, I.	Dorn	Hoppe	Liebling	Pelowski	Sykora
Atkins	Eastlund	Hornstein	Lieder	Penas	Thao
Beard	Eken	Hortman	Lillie	Peppin	Thissen
Bernardy	Ellison	Hosch	Loeffler	Peterson, A.	Tingelstad
Blaine	Emmer	Howes	Magnus	Peterson, N.	Urdahl
Bradley	Entenza	Huntley	Mahoney	Peterson, S.	Vandev eer
Brod	Erhardt	Jaros	Mariani	Poppe	Wagenius
Buesgens	Erickson	Johnson, J.	Marquart	Powell	Walker
Carlson	Finstad	Johnson, R.	McNamara	Rukavina	Wardlow
Charron	Fritz	Johnson, S.	Meslow	Ruth	Walti
Clark	Garofalo	Juhnke	Moe	Ruud	Westerberg
Cornish	Gazelka	Kahn	Mullery	Sailer	Westrom
Cox	Goodwin	Kelliher	Murphy	Samuelson	Wilkin
Cybart	Greiling	Klinzing	Nelson, M.	Scalze	Zellers
Davids	Gunther	Knoblach	Nelson, P.	Seifert	Spk. Sviggum
Davnie	Hackbarth	Koenen	Newman	Sertich	
Dean	Hamilton	Kohls	Nornes	Severson	
DeLaForest	Hansen	Krinkie	Olson	Sieben	
Demmer	Hausman	Lanning	Opatz	Simon	
Dempsey	Heidgerken	Larson	Otremba	Simpson	

A quorum was present.

Slawik was excused until 8:15 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Hamilton 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. 314 and H. F. No. 667, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Gazelka moved that S. F. No. 314 be substituted for H. F. No. 667 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 333 and H. F. No. 527, 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. 333 be substituted for H. F. No. 527 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 483 and H. F. No. 432, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Smith moved that S. F. No. 483 be substituted for H. F. No. 432 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 877 and H. F. No. 1275, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sykora moved that the rules be so far suspended that S. F. No. 877 be substituted for H. F. No. 1275 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 917 and H. F. No. 952, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Finstad moved that the rules be so far suspended that S. F. No. 917 be substituted for H. F. No. 952 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1231 and H. F. No. 1473, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Mullery moved that the rules be so far suspended that S. F. No. 1231 be substituted for H. F. No. 1473 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1371 and H. F. No. 1309, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lanning moved that the rules be so far suspended that S. F. No. 1371 be substituted for H. F. No. 1309 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1379 and H. F. No. 1529, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Severson moved that S. F. No. 1379 be substituted for H. F. No. 1529 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1479 and H. F. No. 1578, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Liebling moved that the rules be so far suspended that S. F. No. 1479 be substituted for H. F. No. 1578 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1563 and H. F. No. 1630, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Thissen moved that S. F. No. 1563 be substituted for H. F. No. 1630 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1819 and H. F. No. 1929, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Klinzing moved that the rules be so far suspended that S. F. No. 1819 be substituted for H. F. No. 1929 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 314, 333, 483, 877, 917, 1231, 1371, 1379, 1479, 1563 and 1819 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Kahn, Erickson, Blaine and Jaros introduced:

H. F. No. 2511, A bill for an act relating to state government; authorizing the State Lottery to lease space for and operate a casino in the main terminal of the Minneapolis-St. Paul International Airport; appropriating money; amending Minnesota Statutes 2004, sections 349A.01, by adding a subdivision; 349A.10, subdivisions 2, 3, 5; 349A.11, subdivision 1; 541.20; 541.21; 609.75, subdivision 3; 609.761, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 349A.

The bill was read for the first time and referred to the Committee on State Government Finance.

Opatz was excused between the hours of 7:45 a.m. and 11:40 a.m.

FISCAL CALENDAR

Pursuant to rule 1.22, Krinkie requested immediate consideration of H. F. No. 785.

H. F. No. 785 was reported to the House.

Davnie moved to amend H. F. No. 785, the second engrossment, as follows:

Page 151, line 5, strike "50 percent" and insert "for taxable years beginning before January 1, 2006, 50 percent, and for taxable years beginning after December 31, 2005, 75 percent"

Page 169, lines 25 to 36, delete the new language and reinstate the stricken language

Page 170, lines 3 to 21, delete the new language

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Davnie amendment and the roll was called. There were 63 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Huntley	Lesch	Nelson, M.	Sertich
Atkins	Fritz	Jaros	Liebling	Otremba	Sieben
Bernardy	Goodwin	Johnson, R.	Lieder	Paymar	Simon
Carlson	Greiling	Johnson, S.	Lillie	Pelowski	Solberg
Clark	Hansen	Juhnke	Loeffler	Peterson, A.	Thissen
Davnie	Hausman	Kahn	Mahoney	Peterson, S.	Wagenius
Dill	Hilstrom	Kelliher	Mariani	Poppe	Walker
Dittrich	Hilty	Koenen	Marquart	Rukavina	Walti
Dorn	Hornstein	Larson	Moe	Ruud	
Eken	Hortman	Latz	Mullery	Sailer	
Ellison	Hosch	Lenczewski	Murphy	Scalze	

Those who voted in the negative were:

Abeler	Davids	Gazelka	Kohls	Penas	Sykora
Abrams	Dean	Gunther	Krinkie	Peppin	Tingelstad
Anderson, B.	DeLaForest	Hackbarth	Lanning	Peterson, N.	Urdahl
Blaine	Demmer	Hamilton	Magnus	Powell	Wardlow
Bradley	Dempsey	Heidgerken	Meslow	Ruth	Westerberg
Brod	Dorman	Holberg	Nelson, P.	Samuelson	Westrom
Buesgens	Eastlund	Hoppe	Newman	Seifert	Wilkin
Charron	Emmer	Howes	Nornes	Severson	Zellers
Cornish	Erickson	Johnson, J.	Olson	Simpson	Spk. Sviggum
Cox	Finstad	Klinzing	Ozment	Smith	
Cybart	Garofalo	Knoblach	Paulsen	Soderstrom	

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

Rukavina and Huntley moved to amend H. F. No. 785, the second engrossment, as follows:

Page 87, line 8, after "employees" insert "and an amount up to \$48,765 is allocated annually to St. Louis County to pay the additional personnel costs related to issuance of marriage licenses in Hibbing and Virginia"

Page 90, line 15, delete "\$105,132,923" and insert "\$105,181,688"

Page 93, line 27, after "only" insert "and the amount paid to St. Louis County under Minnesota Statutes, section 273.1398, subdivision 4a, is increased by \$24,383 for aids payable in 2005 only"

Page 93, line 32, delete "\$66,462" and insert "\$90,845" and delete "\$132,923" and insert "\$181,688"

A roll call was requested and properly seconded.

The question was taken on the Rukavina and Huntley amendment and the roll was called. There were 51 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Goodwin	Johnson, R.	Lesch	Nelson, M.	Sieben
Atkins	Hansen	Johnson, S.	Lieder	Otremba	Simon
Bernardy	Hilstrom	Juhnke	Lillie	Paymar	Solberg
Carlson	Hilty	Kahn	Loeffler	Pelowski	Thissen
Dill	Hornstein	Kelliher	Mahoney	Peterson, A.	Wagenius
Dorn	Hortman	Koenen	Marquart	Poppe	Walker
Eken	Hosch	Larson	Moe	Rukavina	
Ellison	Huntley	Latz	Mullery	Ruud	
Fritz	Jaros	Lenczewski	Murphy	Sertich	

Those who voted in the negative were:

Abeler	Dean	Gunther	Liebling	Peterson, S.	Urdahl
Abrams	DeLaForest	Hackbarth	Magnus	Powell	Wardlow
Anderson, B.	Demmer	Hamilton	McNamara	Ruth	Welti
Blaine	Dempsey	Heidgerken	Meslow	Sailer	Westerberg
Bradley	Dittrich	Holberg	Nelson, P.	Samuelson	Westrom
Brod	Eastlund	Hoppe	Newman	Scalze	Wilkin
Buesgens	Emmer	Howes	Nornes	Seifert	Zellers
Charron	Entenza	Johnson, J.	Olson	Severson	Spk. Sviggum
Cornish	Erickson	Klinzing	Ozment	Simpson	
Cox	Finstad	Knoblach	Paulsen	Smith	
Cybart	Garofalo	Kohls	Penas	Soderstrom	
Davids	Gazelka	Krinkie	Peppin	Sykora	
Davnie	Greiling	Lanning	Peterson, N.	Tingelstad	

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

Larson, Lenczewski and Peterson, N., moved to amend H. F. No. 785, the second engrossment, as follows:

Pages 61 to 63, delete section 38

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Larson et al amendment and the roll was called. There were 71 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Bernardy	Davnie	Dorman	Ellison	Fritz
Anderson, I.	Carlson	Dill	Dorn	Entenza	Garofalo
Atkins	Clark	Dittrich	Eken	Erhardt	Goodwin

Greiling	Jaros	Lesch	Murphy	Rukavina	Slawik
Hansen	Johnson, R.	Liebling	Nelson, M.	Ruud	Solberg
Hausman	Johnson, S.	Lieder	Otremba	Sailer	Thao
Hilstrom	Kahn	Lillie	Paymar	Samuelson	Thissen
Hilty	Kelliher	Loeffler	Pelowski	Scalze	Tingelstad
Hornstein	Koenen	Mahoney	Peterson, A.	Sertich	Wagenius
Hortman	Larson	Marquart	Peterson, N.	Severson	Walker
Hosch	Latz	Moe	Peterson, S.	Sieben	Wolti
Huntley	Lenczewski	Mullery	Poppe	Simon	

Those who voted in the negative were:

Abrams	Davids	Gunther	Knoblach	Olson	Soderstrom
Anderson, B.	Dean	Hackbarth	Kohls	Ozment	Sykora
Blaine	DeLaForest	Hamilton	Krinkie	Paulsen	Urdahl
Bradley	Demmer	Heidgerken	Lanning	Penas	Vandever
Brod	Dempsey	Holberg	Magnus	Peppin	Wardlow
Buesgens	Eastlund	Hoppe	McNamara	Powell	Westerberg
Charron	Emmer	Howes	Meslow	Ruth	Westrom
Cornish	Erickson	Johnson, J.	Nelson, P.	Seifert	Wilkin
Cox	Finstad	Juhnke	Newman	Simpson	Zellers
Cybart	Gazelka	Klinzing	Nornes	Smith	Spk. Sviggum

The motion prevailed and the amendment was adopted.

Ellison moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 29, after line 2, insert:

"Sec. 15. Minnesota Statutes 2004, section 273.11, is amended by adding a subdivision to read:

Subd. 21. [VALUATION EXCLUSION FOR LEAD HAZARD REDUCTION.] Owners of property classified as class 1a, 1b, 1c, 2a, 4b, or 4bb under section 273.13 may apply for a valuation exclusion for lead hazard reduction, provided that the property is located in a city which has authorized valuation exclusions under this subdivision. A city may by resolution authorize valuation exclusions under this subdivision and must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion of qualifying projects. For purposes of this subdivision, "lead hazard reduction" has the same meaning as in section 144.9501, subdivision 17.

The property owner must obtain a certificate from the city stating that the project has been completed and stating the cost incurred by the owner in completing the project. Only projects originating after April 1, 2004, may qualify for exclusion under this subdivision. The property owner shall apply for a valuation exclusion to the assessor on a form prescribed by the assessor.

A qualifying property is eligible for a valuation exclusion equal to 50 percent of the actual costs incurred, to a maximum exclusion of \$15,000, for a period of five years. The valuation exclusion shall terminate upon the sale of the property. If a property owner applies for exclusion under this subdivision between January 1 and June 30 of any year, the exclusion shall first apply for taxes payable in the following year. If a property owner applies for exclusion under this subdivision between July 1 and December 31 of any year, the exclusion shall first apply for taxes payable in the second following year.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Ellison amendment and the roll was called. There were 75 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Huntley	Lieder	Ozment	Simon
Anderson, I.	Ellison	Jaros	Lillie	Paymar	Slawik
Atkins	Entenza	Johnson, R.	Loeffler	Pelowski	Smith
Bernardy	Fritz	Johnson, S.	Mahoney	Peterson, A.	Solberg
Carlson	Goodwin	Juhnke	Mariani	Peterson, S.	Thao
Clark	Greiling	Kahn	Marquart	Poppe	Thissen
Cox	Hansen	Kelliher	McNamara	Rukavina	Tingelstad
Cybart	Hausman	Koenen	Meslow	Ruud	Wagenius
Davnie	Hilstrom	Larson	Moe	Sailer	Walker
Dill	Hilty	Latz	Mullery	Samuelson	Welti
Dittrich	Hornstein	Lenczewski	Murphy	Scalze	
Dorn	Hortman	Lesch	Nelson, M.	Sertich	
Eastlund	Hosch	Liebling	Otremba	Sieben	

Those who voted in the negative were:

Abrams	Dean	Gazelka	Knoblach	Penas	Urdahl
Anderson, B.	DeLaForest	Gunther	Kohls	Peppin	Vandever
Beard	Demmer	Hackbarth	Krinkie	Peterson, N.	Wardlow
Blaine	Dempsey	Hamilton	Lanning	Powell	Westerberg
Bradley	Dorman	Heidgerken	Magnus	Ruth	Westrom
Brod	Emmer	Holberg	Nelson, P.	Seifert	Wilkin
Buesgens	Erhardt	Hoppe	Newman	Severson	Zellers
Charron	Erickson	Howes	Nornes	Simpson	Spk. Sviggum
Cornish	Finstad	Johnson, J.	Olson	Soderstrom	
Davids	Garofalo	Klinzing	Paulsen	Sykora	

The motion prevailed and the amendment was adopted.

Krinkie moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 57, line 36, after "numerator" insert "of which is the net tax capacity of the residential rental portion and the denominator"

Page 170, line 15, before the period insert ", but disregarding the subtraction in clause (3)"

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

Davids, Hackbarth, Ozment and Latz moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Pages 320 and 321, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 2004, section 270.30, is amended by adding a subdivision to read:

Subd. 5a. [NONGAME WILDLIFE CHECKOFF.] A tax preparer must give written notice of the option to contribute to the nongame wildlife management account in section 290.431 to corporate clients that file an income tax return and to individual clients who file an income tax return or property tax refund claim form. This notification must:

(1) state substantially the following: "You can help preserve Minnesota's nongame wildlife, such as bald eagles and loons, by donating to the nongame wildlife fund. If you wish to donate, enter the amount on the appropriate line provided by your tax preparer or otherwise notify your tax preparer. This amount will decrease your refund or increase the amount you owe"; and

(2) be included with information sent to the client at the same time as the preliminary worksheets or other documents used in preparing the client's return and must include a line for displaying contributions.

[EFFECTIVE DATE.] This section is effective for returns prepared for taxable years beginning after December 31, 2004."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Westrom and Marquart moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 30, after line 25, insert:

"Sec. 17. Minnesota Statutes 2004, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, the owner's spouse, ~~or~~ the son or daughter of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;

(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(4) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

- (1) the day-to-day operation, administration, and financial risks remain the same;
- (2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;
- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Sieben moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 288, line 5, delete "110" and insert "175"

A roll call was requested and properly seconded.

The question was taken on the Sieben amendment and the roll was called. There were 65 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Huntley	Lesch	Olson	Sertich
Atkins	Fritz	Jaros	Liebling	Otremba	Sieben
Bernardy	Goodwin	Johnson, R.	Lieder	Paymar	Simon
Carlson	Greiling	Johnson, S.	Lillie	Pelowski	Slawik
Clark	Hansen	Juhnke	Loeffler	Peterson, A.	Solberg
Davnie	Hausman	Kahn	Mahoney	Peterson, S.	Thao
Dill	Hilstrom	Kelliher	Mariani	Poppe	Thissen
Dittrich	Hilty	Koenen	Moe	Rukavina	Wagenius
Dorn	Hornstein	Larson	Mullery	Ruud	Walker
Eken	Hortman	Latz	Murphy	Sailer	Wolti
Ellison	Hosch	Lenczewski	Nelson, M.	Scalze	

Those who voted in the negative were:

Abeler	Davids	Gazelka	Krinkie	Peppin	Vandevveer
Abrams	Dean	Gunther	Lanning	Peterson, N.	Wardlow
Anderson, B.	DeLaForest	Hackbarth	Magnus	Powell	Westerberg
Beard	Demmer	Hamilton	Marquart	Ruth	Westrom
Blaine	Dempsey	Heidgerken	McNamara	Samuelson	Wilkin
Bradley	Dorman	Holberg	Meslow	Seifert	Zellers
Brod	Eastlund	Hoppe	Nelson, P.	Severson	Spk. Sviggum
Buesgens	Emmer	Howes	Newman	Simpson	
Charron	Erhardt	Johnson, J.	Nornes	Soderstrom	
Cornish	Erickson	Klinzing	Ozment	Sykora	
Cox	Finstad	Knoblach	Paulsen	Tingelstad	
Cybart	Garofalo	Kohls	Penas	Urdahl	

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

The Speaker resumed the Chair.

Vandevveer moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 33, line 8, after "(e)," insert "for a maximum period of five years"

Page 34, after line 3, insert:

"(d) An owner of low-income rental property certified under this section must reapply under this subdivision for certification every five years."

The motion prevailed and the amendment was adopted.

Marquart; Peterson, S.; Rukavina; Heidgerken; Davnie; Atkins; Dorman; Hosch; Otremba; Welti and Peterson, A., moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Pages 77 and 78, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 2004, section 477A.011, subdivision 34, is amended to read:

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

(b) For a city with a population less than 2,500, "city revenue need" is the greater of (1) \$400 or (2) the sum of (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4) 1.206 times the transformed population; minus (5) 62.772.

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

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

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

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

Page 83, line 3, after "(m)" insert "Beginning with aids payable in 2002,"

Page 83, line 5, strike "in 2002 and thereafter"

Page 83, line 8, strike "calendar year 2002 only" and insert "the first year in which it receives aid under this paragraph"

Page 83, line 9, strike "as determined by"

Page 83, line 10, strike "the United States Bureau of the Census, in the 2000 census,"

Pages 87 to 89, delete sections 13 and 14 and insert:

"Sec. 13. Minnesota Statutes 2004, section 477A.013, subdivision 8, is amended to read:

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

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

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

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03 after the subtraction under section 477A.014, subdivisions 4 and 5. The need increase percentage may not be more than 100 percent.

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

Sec. 14. Minnesota Statutes 2004, 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.

(b) ~~The aid for a city in calendar year 2004 shall not exceed the amount of its aid in calendar year 2003 after the reductions under Laws 2003, First Special Session chapter 21, article 5.~~

~~(c) For aids payable in 2005 and thereafter, the total aid for any 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 2005 and thereafter, the total aid for any city with a population of 2,500 or more may not decrease from its total aid under this section in the previous year by an amount greater than ten percent of its net levy in the year prior to the aid distribution.~~

~~(d) For aids payable in 2004 only, the total aid for a city with a population less than 2,500 may not be less than the amount it was certified to receive in 2003 minus the greater of (1) the reduction to this aid payment in 2003 under Laws 2003, First Special Session chapter 21, article 5, or (2) five percent of its 2003 aid amount. For aids payable in 2005 2006 and thereafter, 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 aid amount.~~

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

Page 89, line 21, delete "\$419,552,000" and insert "\$503,173,550 of which \$83,621,550 is paid from the property tax relief account"

Page 89, line 23, delete "provided that the" and insert "from the general fund plus an amount from the property tax relief account equal to the lesser of (1) \$66,121,550 or (2) the estimated amount available in the account at the end of the fiscal year in which the aid will be paid."

Page 89, deletes lines 24 to 26

Pages 250 to 252, delete sections 33 and 34

Page 254, delete section 38

Page 345, after line 13, insert:

"ARTICLE 12

ADDITIONAL TAX RELIEF REVENUES

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

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

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

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

(3) ~~either~~ (i) the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations inside outside the United States ~~and the District of Columbia, excluding the commonwealth of Puerto Rico and possessions of the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States,~~ as determined under section 290.191 or 290.20, is at least 80 percent or less more; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code; and

(4) it has \$1,000,000 of payroll and \$2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation.

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

Sec. 2. Minnesota Statutes 2004, section 290.17, subdivision 4, is amended to read:

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

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

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

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

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

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

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

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

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

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

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

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

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

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

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

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

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

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

Sec. 3. Minnesota Statutes 2004, section 290.62, is amended to read:

290.62 [DISTRIBUTION OF REVENUES.]

Subdivision 1. [GENERAL FUND.] Except as provided in subdivision 2, all revenues derived from the taxes, interest, penalties and charges under this chapter shall, notwithstanding any other provisions of law, be paid into the state treasury and credited to the general fund, and be distributed as follows:

(1) There shall, notwithstanding any other provision of the law, be paid from this general fund all refunds of taxes erroneously collected from taxpayers under this chapter as provided herein;

(2) There is hereby appropriated to the persons entitled to payment herein, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Subd. 2. [TAX RELIEF ACCOUNT.] By July 15 of each odd-numbered year, the commissioner of finance, in consultation with the commissioner of revenue, shall estimate the amount of revenue anticipated for the biennium resulting from enactment of the provisions of sections 1 and 2. The estimated amounts must be deposited in a property tax relief account in the special revenue fund. Amounts in the account, along with its investment earnings, are credited to the account and are available for appropriation to fund local government aid, other property tax relief aids, and property tax refund payments.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Seifert moved to amend the Marquart et al amendment to H. F. No. 785, the second engrossment, as amended, as follows:

Page 3, line 14, after the period, insert "For aids payable in 2006, the commissioner shall calculate the aid as if the appropriation were \$503,173,550."

Page 4, delete lines 13 to 15

Page 4, line 16, delete "and insert"

Page 4, delete lines 17 to 20

Page 4, after line 20, insert:

"Page 89, after line 26, insert "The commissioner shall deduct from the aid payable to cities of the first class, \$66,000,000. The aid reduction must be allocated in proportion to the aid entitlements."

Delete page 4, line 24 to page 9, line 25

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 67 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gunther	Lanning	Peterson, N.	Vandever
Abrams	Dean	Hackbarth	Magnus	Powell	Wardlow
Anderson, B.	DeLaForest	Hamilton	McNamara	Ruth	Westerberg
Beard	Demmer	Heidgerken	Meslow	Samuelson	Westrom
Blaine	Dempsey	Holberg	Nelson, P.	Seifert	Wilkin
Bradley	Eastlund	Hoppe	Newman	Severson	Zellers
Brod	Emmer	Howes	Nornes	Simpson	Spk. Sviggum
Buesgens	Erhardt	Johnson, J.	Olson	Smith	
Charron	Erickson	Klinzing	Ozment	Soderstrom	
Cornish	Finstad	Knoblach	Paulsen	Sykora	
Cox	Garofalo	Kohls	Penas	Tingelstad	
Cybart	Gazelka	Krinkie	Peppin	Urdahl	

Those who voted in the negative were:

Anderson, I.	Entenza	Jaros	Lieder	Paymar	Slawik
Atkins	Fritz	Johnson, R.	Lillie	Pelowski	Solberg
Bernardy	Goodwin	Johnson, S.	Loeffler	Peterson, A.	Thao
Carlson	Greiling	Juhnke	Mahoney	Peterson, S.	Thissen
Clark	Hansen	Kahn	Mariani	Poppe	Wagenius
Davnie	Hausman	Kelliher	Marquart	Rukavina	Walker
Dill	Hilstrom	Koenen	Moe	Ruud	Welti
Dittrich	Hilty	Larson	Mullery	Sailer	
Dorman	Hornstein	Latz	Murphy	Scalze	
Dorn	Hortman	Lenczewski	Nelson, M.	Sertich	
Eken	Hosch	Lesch	Opatz	Sieben	
Ellison	Huntley	Liebling	Otremba	Simon	

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

The question recurred on the Marquart et al amendment and the roll was called. There were 67 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Jaros	Lieder	Paymar	Slawik
Atkins	Fritz	Johnson, R.	Lillie	Pelowski	Solberg
Bernardy	Goodwin	Johnson, S.	Loeffler	Peterson, A.	Thao
Carlson	Greiling	Juhnke	Mahoney	Peterson, S.	Thissen
Clark	Hansen	Kahn	Mariani	Poppe	Wagenius
Davnie	Hausman	Kelliher	Marquart	Rukavina	Walker
Dill	Hilstrom	Koenen	Moe	Ruud	Welti
Dittrich	Hilty	Larson	Mullery	Sailer	
Dorman	Hornstein	Latz	Murphy	Scalze	
Dorn	Hortman	Lenczewski	Nelson, M.	Sertich	
Eken	Hosch	Lesch	Opatz	Sieben	
Ellison	Huntley	Liebling	Otremba	Simon	

Those who voted in the negative were:

Abeler	Davids	Gunther	Lanning	Peterson, N.	Vandever
Abrams	Dean	Hackbarth	Magnus	Powell	Wardlow
Anderson, B.	DeLaForest	Hamilton	McNamara	Ruth	Westerberg
Beard	Demmer	Heidgerken	Meslow	Samuelson	Westrom
Blaine	Dempsey	Holberg	Nelson, P.	Seifert	Wilkin
Bradley	Eastlund	Hoppe	Newman	Severson	Zellers
Brod	Emmer	Howes	Nornes	Simpson	Spk. Sviggum
Buesgens	Erhardt	Johnson, J.	Olson	Smith	
Charron	Erickson	Klinzing	Ozment	Soderstrom	
Cornish	Finstad	Knoblach	Paulsen	Sykora	
Cox	Garofalo	Kohls	Penas	Tingelstad	
Cybart	Gazelka	Krinkie	Peppin	Urdahl	

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

The Speaker called Abrams to the Chair.

Krinkie moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 254, after line 2, insert:

"Sec. 38. Minnesota Statutes 2004, section 297A.99, is amended by adding a subdivision to read:

Subd. 12b. [TERMINATION OF AUTHORITY.] The authority of a political subdivision to impose a general sales tax terminates on the later of:

(1) December 31, 2008; or

(2) the last day of the calendar quarter in which the political subdivision has paid or defeased all debt obligations, secured by revenues from the tax, that were outstanding on May 15, 2005.

[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 Krinkie amendment and the roll was called. There were 32 yeas and 102 nays as follows:

Those who voted in the affirmative were:

Abrams	Emmer	Howes	Lenczewski	Seifert	Wilkin
Anderson, B.	Erickson	Johnson, J.	Olson	Simpson	Zellers
Buesgens	Greiling	Klinzing	Paulsen	Smith	
Charron	Hackbarth	Kohls	Penas	Soderstrom	
Dean	Holberg	Krinkie	Peppin	Vanderveer	
DeLaForest	Hoppe	Larson	Powell	Westrom	

Those who voted in the negative were:

Abeler	Dill	Hausman	Latz	Newman	Sertich
Anderson, I.	Dittrich	Heidgerken	Lesch	Nornes	Severson
Atkins	Dorman	Hilstrom	Liebling	Opatz	Sieben
Beard	Dorn	Hilty	Lieder	Otremba	Simon
Bernardy	Eastlund	Hornstein	Lillie	Ozment	Slawik
Blaine	Eken	Hortman	Loeffler	Paymar	Solberg
Bradley	Ellison	Hosch	Magnus	Pelowski	Sykora
Brod	Entenza	Huntley	Mahoney	Peterson, A.	Thao
Carlson	Erhardt	Jaros	Mariani	Peterson, N.	Thissen
Clark	Finstad	Johnson, R.	Marquart	Peterson, S.	Tingelstad
Cornish	Fritz	Johnson, S.	McNamara	Poppe	Urdahl
Cox	Garofalo	Juhnke	Meslow	Rukavina	Wagenius
Cybart	Gazelka	Kahn	Moe	Ruth	Walker
Davids	Goodwin	Kelliher	Mullery	Ruud	Wardlow
Davnie	Gunther	Knoblach	Murphy	Sailer	Welti
Demmer	Hamilton	Koenen	Nelson, M.	Samuelson	Westerberg
Dempsey	Hansen	Lanning	Nelson, P.	Scalze	Spk. Sviggum

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

The Speaker resumed the Chair.

Beard moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 256, after line 2, insert:

"Section 1. Minnesota Statutes 2004, section 240.30, subdivision 8, is amended to read:

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

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

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

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

Page 256, line 14, delete "does not" and insert "may"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Atkins raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Beard amendment was not in order. The Speaker ruled the point of order not well taken and the Beard amendment in order.

POINT OF ORDER

Atkins raised a point of order pursuant to rule 3.21 that the Beard amendment was not in order. The Speaker ruled the point of order not well taken and the Beard amendment in order.

The question recurred on the Beard amendment and the roll was called. There were 55 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Dauids	Hamilton	Meslow	Ruth	Westerberg
Abrams	Dean	Heidgerken	Nelson, P.	Samuelson	Westrom
Beard	DeLaForest	Holberg	Newman	Severson	Wilkin
Blaine	Demmer	Hoppe	Nornes	Simpson	Zellers
Bradley	Dorman	Howes	Ozment	Smith	Spk. Sviggum
Brod	Emmer	Knoblach	Paulsen	Soderstrom	
Buesgens	Erickson	Kohls	Penas	Solberg	
Cornish	Garofalo	Lanning	Peppin	Sykora	
Cox	Gunther	Magnus	Peterson, N.	Tingelstad	
Cybart	Hackbarth	McNamara	Powell	Wardlow	

Those who voted in the negative were:

Anderson, B.	Ellison	Hosch	Lenczewski	Opatz	Simon
Anderson, I.	Entenza	Huntley	Lesch	Otremba	Slawik
Atkins	Erhardt	Jaros	Liebling	Paymar	Thao
Bernardy	Finstad	Johnson, J.	Lieder	Pelowski	Thissen
Carlson	Fritz	Johnson, R.	Lillie	Peterson, A.	Urdahl
Charron	Gazelka	Johnson, S.	Loeffler	Peterson, S.	Vandever
Clark	Goodwin	Juhnke	Mahoney	Poppe	Wagenius
Davnie	Greiling	Kahn	Mariani	Rukavina	Walker
Dempsey	Hansen	Kelliher	Marquart	Ruud	Welti
Dill	Hausman	Klinzing	Moe	Sailer	
Dittrich	Hilstrom	Koenen	Mullery	Scalze	
Dorn	Hilty	Krinkie	Murphy	Seifert	
Eastlund	Hornstein	Larson	Nelson, M.	Sertich	
Eken	Hortman	Latz	Olson	Sieben	

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

Vandever, Sieben, Smith, Rukavina, Sertich and Ozment moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 289, after line 15, insert:

"(g) A qualifying business must pay each employee compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four."

The motion prevailed and the amendment was adopted.

Emmer moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 117, line 15, delete "At a reasonable time" and insert "Within 60 days"

The motion prevailed and the amendment was adopted.

Atkins and Dorman moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 10, delete lines 20 to 36

Page 11, delete lines 1 to 7

Page 53, after line 32, insert:

"Sec. 26. Minnesota Statutes 2004, section 275.065, subdivision 3, is amended to read:

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

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

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

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

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

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

(ii) the proposed tax amount.

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

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

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

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

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

(1) special assessments;

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

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

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

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

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

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

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

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

(j) The governing body of a county, city, or school district may, with the county auditor's consent, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

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

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

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

The supplemental information for each jurisdiction must not exceed one side of an 8.5 inch by 11 inch sheet of paper.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006 and thereafter."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Davnie moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Pages 54 to 58, delete sections 27 to 30 and insert:

"Sec. 27. Minnesota Statutes 2004, section 290A.03, subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] (a) "Rent constituting property taxes" means ~~49~~ the percent specified in paragraph (b) of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

(b) For rent paid in 2005, the percent is 16 percent; and for rent paid in 2006, and thereafter, the percent is 15 percent.

[EFFECTIVE DATE.] This section is effective for claims based on rent paid in 2005 and thereafter.

Sec. 28. Minnesota Statutes 2004, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~49~~ a percent of the gross rent paid in the preceding year for the site on which the homestead is located. The percent of gross rent paid included in property taxes payable is the percent specified in subdivision 11. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

[EFFECTIVE DATE.] This section is effective beginning with refunds based on property taxes payable in 2006 and thereafter, and for claims based on rent paid in 2005 and thereafter.

Pages 58 and 59, delete section 32 and insert:

"Sec. 30. Minnesota Statutes 2004, section 290A.23, subdivision 1, is amended to read:

Subdivision 1. [RENTERS CREDIT.] There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivision 2a, after subtraction of the amount appropriated in subdivision 1a.

[EFFECTIVE DATE.] This section is effective for claims based on rent paid in 2006 and following years.

Sec. 31. Minnesota Statutes 2004, section 290A.23, is amended by adding a subdivision to read:

Subd. 1a. [SUPPLEMENTAL AMOUNT.] In fiscal year 2007, \$17,460,000 is appropriated from the supplemental property tax refund account to the commissioner of revenue for a portion of the payments required under section 290A.04, subdivision 2a. On August 1, 2007, and on August 1 of each following odd-numbered year, the amount available in the supplemental property tax refund account is appropriated to the commissioner of revenue for a portion of the payments required under section 290A.04, subdivision 2a.

[EFFECTIVE DATE.] This section is effective for claims based on rent paid in 2006 and following years.

Sec. 32. [290A.231] [SUPPLEMENTAL PROPERTY TAX REFUND ACCOUNT.]

(a) A supplemental property tax refund account is created in the special revenue fund. The fund is a direct appropriation fund. The commissioner shall deposit to the credit of the fund the amounts estimated under paragraph (b) and any other money made available by law to the fund. Notwithstanding section 11A.20, after June 30, 1997, all investment income and all investment losses attributable to the investment of the fund not currently needed are credited to the supplemental property tax refund.

(b) By July 15 of each odd-numbered year, the commissioner of finance, in consultation with the commissioner of revenue, shall estimate the amount of revenue anticipated for the biennium resulting from the corporate franchise tax revenue attributable to the changes in the rules for foreign operating corporations and foreign royalties under article 5, sections 14 and 33.

(c) Notwithstanding any law to the contrary, the deposit provisions under this section govern the deposit of revenues enumerated in paragraph (b), in the amounts estimated under paragraph (b).

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

Page 144, after line 33, insert:

"Sec. 14. Minnesota Statutes 2004, section 290.01, subdivision 6b, is amended to read:

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

- (1) it is part of a unitary business at least one member of which is taxable in this state;
- (2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year; and
- (3) either (i) the average of the percentages of its property and payrolls assigned to locations ~~inside~~ outside the United States ~~and the District of Columbia, excluding the commonwealth of Puerto Rico and possessions of the United States,~~ as determined under section 290.191 or 290.20, is ~~20~~ 80 percent or ~~less~~ greater ~~and it has at least \$2,000,000 of property and \$1,000,000 of payroll as determined under section 290.191 or 290.20;~~ or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code.

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

Page 174, after line 18, insert:

"Sec. 32. Minnesota Statutes 2004, section 290.17, subdivision 4, is amended to read:

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

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

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

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

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

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

(g) The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4. Fifty-five percent of the dividends received deduction is not allowed on dividends, interest, royalties, capital gains, or other like income received by the foreign operating corporation.

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

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

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

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

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

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

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

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

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

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

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Davnie amendment and the roll was called. There were 67 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Carlson	Dill	Dorn	Entenza	Greiling
Atkins	Clark	Dittrich	Eken	Fritz	Hansen
Bernardy	Davnie	Dorman	Ellison	Goodwin	Hausman

Hilstrom	Juhnke	Lieder	Nelson, M.	Ruud	Thissen
Hilty	Kahn	Lillie	Opatz	Sailer	Wagenius
Hornstein	Kelliher	Loeffler	Otremba	Scalze	Walker
Hortman	Koenen	Mahoney	Paymar	Sertich	Welti
Hosch	Larson	Mariani	Pelowski	Sieben	
Huntley	Latz	Marquart	Peterson, A.	Simon	
Jaros	Lenczewski	Moe	Peterson, S.	Slawik	
Johnson, R.	Lesch	Mullery	Poppe	Solberg	
Johnson, S.	Liebling	Murphy	Rukavina	Thao	

Those who voted in the negative were:

Abeler	Dauids	Gunther	Lanning	Peterson, N.	Vandever
Abrams	Dean	Hackbarth	Magnus	Powell	Wardlow
Anderson, B.	DeLaForest	Hamilton	McNamara	Ruth	Westerberg
Beard	Demmer	Heidgerken	Meslow	Samuelson	Westrom
Blaine	Dempsey	Holberg	Nelson, P.	Seifert	Wilkin
Bradley	Eastlund	Hoppe	Newman	Severson	Zellers
Brod	Emmer	Howes	Nornes	Simpson	Spk. Sviggum
Buesgens	Erhardt	Johnson, J.	Olson	Smith	
Charron	Erickson	Klinzing	Ozment	Soderstrom	
Cornish	Finstad	Knoblach	Paulsen	Sykora	
Cox	Garofalo	Kohls	Penas	Tingelstad	
Cybart	Gazelka	Krinkie	Peppin	Urdahl	

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

Dorn, Pelowski, Cornish, Hosch, Juhnke, Poppe, Sailer, Bradley, Dorman, Severson, Gunther, Knoblach, Liebling, Gazelka and Moe moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 252, line 5, after "297A.981" insert "or subdivision 1a"

Page 252, after line 17, insert:

"Sec. 35. Minnesota Statutes 2004, section 297A.99, is amended by adding a subdivision to read:

Subd. 1a. [GENERAL AUTHORITY; CERTAIN CITIES.] (a) A city with a population of 2,500 or more in the city or within a five-mile radius of the city, or a group of cities acting under a joint powers agreement, may impose a local sales tax of one-half of one percent without authorization under a special law provided that:

(1) the city or cities are located outside of the metropolitan counties, as defined in section 473.121, subdivision 4;

(2) imposition of the tax is approved by the voters of each city pursuant to subdivision 3, paragraph (a);

(3) all the conditions for adoption, use, and termination of the tax contained in this subdivision and subdivisions 3 to 12 are met;

(4) if the tax is imposed by a group of cities, that at least one city has a population of 2,500 or more and the remaining cities are within five miles of the first city; and

(5) imposition of tax under this authority would not increase the total local tax imposed in the city to a rate greater than one-half of one percent.

(b) The proceeds of a tax imposed under this subdivision must be dedicated exclusively to pay for specific regional capital projects that provide benefit to persons outside of the city boundaries, as defined in paragraph (c), as well as to the city, and is approved by the voters in the authorizing referendum. No proceeds may be used for normal maintenance or operating costs of a facility. The proceeds may be used to pay for collecting and administering the tax, to pay all or part of the capital and administrative costs of the development, design, acquisition, construction, expansion, and improvement, and to secure and pay debt service on bonds or other obligations issued to finance capital costs of any of the following regional projects:

(1) regional convention or civic center;

(2) regional airport;

(3) regional public libraries, regional history centers, and performing arts centers;

(4) parks, trails, regional recreational centers, and open space;

(5) flood control and protection;

(6) regional wastewater project to mitigate surface or groundwater pollution;

(7) regional government center or jail owned and operated by two or more local government jurisdictions;

(8) lake improvement projects included in a watershed plan;

(9) overpasses, arterial and collector roads, or bridges, on, adjacent to, or connecting to a Minnesota state highway; or

(10) railroad overpasses or crossing safety improvements where the road is adjacent to or connecting to a Minnesota state highway.

(c) A capital project is considered to be a "regional capital project that provides benefits to persons outside the city boundaries" if it meets one of the following criteria:

(1) the project is one of the projects listed in paragraph (b), clauses (8) to (10);

(2) the project is funded by more than one city under a joint powers agreement and no more than 80 percent of the revenues for the project will be provided by one city;

(3) at least 20 percent of the direct users of the facility, except for a convention or civic center, will be persons from outside of the city; or

(4) at least 20 percent of the benefit derived from the project will accrue to persons residing or businesses located outside of the city boundaries.

(d) At least three months prior to holding a referendum to impose the tax, a city must provide to the commissioner of revenue a resolution approved by the city that shows that the tax will fund a project that meets the requirements of paragraphs (a) to (c), the date on which the referendum will be held, the maximum amount raised by the tax that may be used for the specified project, excluding issuance and interest costs for any related bonds, and the maximum time that the tax may be imposed. The commissioner shall certify that the requirements under this subdivision are met and the city shall provide any additional information the commissioner requests in order to make that determination. The commissioner's decision is final.

(e) The question put to the voters at the referendum authorizing the vote must include information on the specific project to be funded by the proceeds of the tax, the maximum amount of sales tax revenues that will be used to fund each project, not including any issuance and interest costs for related bonds, and the maximum length of time that the tax will be imposed. The referendum must also include a statement that the sales tax revenues are pledged to pay for the specific capital improvement but the improvement costs and any related bonds are a general obligation of the political subdivision and will be guaranteed by the political subdivision's property tax levy. If the referendum is not held on the date contained in the resolution, the authority for imposing the tax expires.

(f) A city may hold a referendum for more than one project at the same election provided that:

(1) all the requirements under this subdivision are met by each project;

(2) the question, with information on amount to be raised and the years needed to raise the amount, is stated separately for each project; and

(3) the total amount needed to fund all projects listed on the ballot does not exceed the amount of revenue that can be raised by the imposition of the tax under this subdivision in a 12-year period.

(g) A city may issue general obligation bonds to pay the costs of projects specified in the referendum authorizing imposition of the tax. The approval of the question under paragraph (e) meets the requirement for elector approval for issuance of bonds under section 475.58, subdivision 1. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by section 475.61 to pay the principal or any interest on the bonds must not be subject to any levy limitations or be included in computing or applying any levy limitation to the city.

(h) The tax, if enacted, expires when the specified revenue has been raised or the maximum time in which the tax is in effect under the resolution is reached, whichever is sooner. Any tax imposed under this subdivision must expire no later than 12 years after imposition. The governing board of the city may, by ordinance, terminate the tax at an earlier date.

(i) Except as specifically authorized by this section, a city must not use public funds to prepare or disseminate material regarding the passage of a ballot question under section 297A.99, subdivision 1a, including but not limited to billboards or other signs, newspaper advertising, advertising messages broadcast on radio or television, programming on cable television, except for any legal requirements regarding notice of election. A city may allow meetings in a public building of proponents of a question involving imposing a local sales tax under section 297A.99, subdivision 1a, if opponents of the question who so request are allowed to meet in a public building on similar terms to those applicable to the proponents. A city must not allow proponents or opponents of a ballot question on imposition of a local sales tax under section 297A.99, subdivision 1a, to place campaign signs on public property.

[EFFECTIVE DATE.] This section is effective for local sales taxes for which the authorizing referendum is held after June 30, 2004. If the authorizing referendum was held prior to July 1, 2005, the three month prior notice to the commissioner contained in paragraph (d) shall not apply, but the commissioner must still certify that all other provisions of this subdivision are met before the tax may be imposed.

Sec. 36. Minnesota Statutes 2004, section 297A.99, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENTS FOR ADOPTION, USE, TERMINATION.] (a) Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted.

(c) The tax must terminate after the improvement designated under paragraph (b) has been completed.

~~(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year. Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect at the time of or imposed after May 26, 1999.~~

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

Page 254, line 8, after "297A.981" insert "or section 297A.99, subdivision 1a"

Page 255, after line 27, insert:

"Sec. 42. [CITY OF MANKATO; LOCAL SALES TAX EXPIRATION DATE.]

Notwithstanding any other provision of law or municipal charter to the contrary, the city of Mankato may by resolution extend the imposition of the taxes imposed under Laws 1991, chapter 291, article 8, section 27, subdivisions 1 and 2, as needed to pay off existing bonds but no later than December 31, 2018. The proceeds of the tax must be used only to pay off previously issued bonds authorized under Laws 1991, chapter 291, article 8, section 27, and Laws 1996, chapter 471, article 2, section 25, and for renovations and capital improvements of the original projects funded by the sales tax under these laws.

[EFFECTIVE DATE.] This section is effective the day after compliance by the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 43. [ST. CLOUD AREA CITIES; SALES AND USE TAX AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 3, paragraph (d), and 477A.016, or any other provision of law, ordinance, or city charter, the following cities may, by ordinance, impose a sales and use tax of one-half of one percent for the purposes specified in subdivision 2:

(1) the city of St. Cloud, pursuant to the approval of the city voters at the general election held on November 2, 2004;

(2) the city of St. Joseph, pursuant to the approval of the city voters at the general election on November 2, 2004;

(3) the city of Waite Park, pursuant to the approval of the city voters at the general election held on November 4, 2003.

The provisions of Minnesota Statutes, section 297A.99, except subdivision 3, paragraph (d), govern the imposition, administration, collection, and enforcement of the tax authorized under this section, unless specifically provided for otherwise in another subdivision; and

(4) the city of St. Augusta, pursuant to the approval of the voters of that city at the next general election.

Subd. 2. [USE OF REVENUES.] (a) Revenues received from the tax authorized by subdivision 1 by the city of St. Cloud must be used for the cost of collecting and administering the tax and to pay all or part of the capital or administrative costs of the development, acquisition, construction, improvement, and securing and paying debt service on bonds or other obligations issued to finance the following regional projects as approved by the voters and specifically detailed in the referendum authorizing the tax:

- (1) St. Cloud Regional Airport;
- (2) regional transportation improvements;
- (3) community and aquatics centers;
- (4) regional public libraries; and
- (5) acquisition and improvement of regional park land and open space.

(b) Revenues received from the tax authorized by subdivision 1 by the cities of Waite Park and St. Augusta must be used for the cost of collecting and administering the tax and to pay all or part of the capital or administrative costs of the development, acquisition, construction, improvement, and securing and paying debt service on bonds or other obligations issued to fund the projects specifically approved by the voters at the referendum authorizing the tax. The portion of revenues from the city going to fund the regional airport or regional library located in the city of St. Cloud will be as required under the applicable joint powers agreement.

(c) The use of revenues received from the taxes authorized in subdivision 1 for projects allowed under paragraphs (a) and (b) are limited to the amount authorized for each project under the enabling referendum.

Subd. 3. [ST. CLOUD BONDING AUTHORIZED.] (a) The city of St. Cloud may issue general obligation bonds of up to \$30,000,000 to pay for the costs of the regional public library pursuant to the approval of the projects by the city voters at the election held on November 2, 2004.

(b) Each city may issue general obligation bonds for another project authorized under subdivision 2 without separate bonding approval at a referendum only if the issuance of bonds for that project was included in the authorizing question. The amount of bonds issued for a project is limited to the maximum amount of local sales tax revenues that may be spent on the project under the authorizing question.

(c) The debt represented by the bonds authorized under this subdivision must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitations or be included in computing or applying any levy limitation applicable to the city.

Subd. 4. [TERMINATION OF TAX.] (a) The tax imposed in the cities of St. Joseph and St. Cloud under subdivision 1 expires when the city council determines that sufficient funds have been collected from the tax to retire or redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no later than 11 years after the date the tax is first imposed.

(b) The tax imposed in the city of Waite Park expires July 1, 2007. Any funds remaining after completion of the projects specified in subdivision 2 and retirement or redemption of the bonds may be placed in the general fund of the city. The tax imposed in the city of St. Augusta expires five years after it is first imposed. Any funds remaining after completion of the projects specified in subdivision 2 and retirement or redemption of the bonds may be placed

in the general fund of the city. Each tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance. The cities may extend the tax beyond the dates in this paragraph upon additional approval of the voters at a subsequent referendum. The tax may not be extended beyond the number of years allowed in paragraph (a).

[EFFECTIVE DATE.] This section is effective for the city that approves it the day after compliance by the governing body of each city with Minnesota Statutes, section 645.021, subdivision 3, for sales and purchases made on and after January 1, 2006. Spending may not occur for the purposes authorized in subdivision 2 nor may bonds be issued under subdivision 3 until January 1, 2006.

Sec. 44. [CITY OF BEMIDJI; LOCAL SALES TAX.]

Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.03, or any other provision of law, ordinance, or charter to the contrary, the city of Bemidji may impose a sales tax, pursuant to the approval of the city voters at a general election on November 5, 2002. Revenues from the tax must be used for the cost of collecting and administering the tax and to pay all or part of the capital and administrative costs of the acquisition, construction, improvement, and development of parks and trails within the city, as provided for in the city of Bemidji's parks, open space, and trail system plan, adopted by the Bemidji city council on November 21, 2001. Authorized expenses include, but are not limited to, acquiring property, paying construction expenses related to the development of these facilities and improvements, and securing and paying any debt service on bonds or other obligations issued to finance acquisition, construction, improvement, or development of parks and trails within the city of Bemidji. All other provisions of section 297A.99 not in conflict with the provisions of this section shall apply to the imposition, collection, administration, and use of revenues from this tax.

[EFFECTIVE DATE.] This section is effective the day after compliance by the city of Bemidji with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 45. [CITY OF ROCHESTER; LOCAL SALES TAX EXPIRATION DATE.]

Notwithstanding Minnesota Statutes, section 297A.99, or any other provision of law or municipal charter to the contrary, the city of Rochester may by resolution extend the taxes imposed under Laws 1998, chapter 389, article 8, section 43, until December 31, 2014. This extension of the imposition of taxes shall occur notwithstanding either of the total amount limitations on capital expenditures or bonds specified in Laws 1998, chapter 389, article 8, section 43. The proceeds of the tax must be used for the purposes authorized under that law and for regional highway infrastructure improvements jointly undertaken with Olmsted County. The city and the county may issue general obligation bonds for the purposes authorized under this section. The county may issue general obligation bonds in an amount not exceeding the amount of sales tax revenue anticipated to be received from the city. The city may issue additional general obligation bonds, above the amount allowed under Laws 1988, chapter 389, article 8, section 43, equal to the difference between the amount of additional local sales tax raised under this section and the amount anticipated to be given to the county. No election is required for the issuance of bonds under this subdivision, other than the election held by the city on June 23, 1998. The bonds shall not be included as net debt of the city or the county.

[EFFECTIVE DATE.] This section is effective the day after compliance by the city of Rochester with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Erhardt moved to amend the Dorn et al amendment to H. F. No. 785, the second engrossment, as amended, as follows:

Page 1, delete lines 14 to 16

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 12 yeas and 119 nays as follows:

Those who voted in the affirmative were:

Cox	Erhardt	Gunther	Howes	Juhnke	Rukavina
Dorman	Fritz	Hilstrom	Jaros	Mahoney	Westrom

Those who voted in the negative were:

Abeler	Demmer	Heidgerken	Lesch	Paulsen	Simpson
Abrams	Dempsey	Holberg	Liebling	Paymar	Slawik
Anderson, B.	Dill	Hoppe	Lieder	Pelowski	Smith
Anderson, I.	Dittrich	Hornstein	Lillie	Penas	Soderstrom
Atkins	Dorn	Hortman	Loeffler	Peppin	Solberg
Beard	Eastlund	Huntley	Magnus	Peterson, A.	Sykora
Bernardy	Eken	Johnson, J.	Mariani	Peterson, N.	Thao
Blaine	Ellison	Johnson, R.	Marquart	Peterson, S.	Thissen
Bradley	Emmer	Johnson, S.	McNamara	Poppe	Tingelstad
Brod	Entenza	Kahn	Meslow	Powell	Urdahl
Buesgens	Erickson	Kelliher	Moe	Ruth	Vandever
Carlson	Finstad	Klinzing	Mullery	Ruud	Wagenius
Charron	Garofalo	Knobloch	Nelson, M.	Sailer	Walker
Clark	Gazelka	Koenen	Nelson, P.	Samuelson	Wardlow
Cornish	Goodwin	Kohls	Newman	Scalze	Walti
Cybart	Greiling	Krinkie	Nornes	Seifert	Westerberg
Davids	Hackbarth	Lanning	Olson	Sertich	Wilkin
Davnie	Hamilton	Larson	Opatz	Severson	Zellers
Dean	Hansen	Latz	Otremba	Sieben	Spk. Sviggum
DeLaForest	Hausman	Lenczewski	Ozment	Simon	

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

Severson moved to amend the Dorn et al amendment to H. F. No. 785, the second engrossment, as amended, as follows:

Page 6, line 31, delete the period and insert ";

(4) the city of Sartell, pursuant to the approval of the voters of that city at the general election held on November 2, 1999; and

(5) the city of St. Augusta, pursuant to the approval of the voters of that city at the next general election."

Page 6, line 36, delete "; and" and insert a period

Page 7, delete lines 1 and 2

Page 7, line 19, after "Park" insert ", Sartell."

Page 8, line 35, after the period, insert "The tax imposed in the city of Sartell expires December 31, 2006."

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

Westrom and Otremba moved to amend the Dorn et al amendment, as amended, to H. F. No. 785, the second engrossment, as amended, as follows:

Page 10, after line 22, insert:

"Sec. 46. [COUNTY OF DOUGLAS; SALES AND USE TAX.]

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

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

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

Subd. 3. [BONDING AUTHORITY.] (a) The county may issue bonds of up to \$40,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures and improvements authorized by the referendum under subdivision 4. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61.

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

Subd. 4. [REFERENDUM.] If the county of Douglas proposes to impose the tax authorized by this section, the question of imposing the tax must be submitted to the voters at the next general election.

Subd. 5. [TERMINATION OF TAXES.] The tax imposed under this section expires at the earlier of (1) when the county board first determines that the amount of revenues raised to pay for the project under subdivision 2 meet or exceed \$40,000,000 plus any as interest and premiums associated with the bonds under subdivision 3, or (2) 15 years. Any funds remaining after completion of the projects may be placed in the general funds of the county. The county may rescind the tax imposed under this section at an earlier time by ordinance.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

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

Rukavina moved to amend the Dorn et al amendment, as amended, to H. F. No. 785, the second engrossment, as amended, as follows:

Page 1, delete line 9

Page 1, line 10, delete everything before "or"

Page 1, line 22, delete "that at"

Page 1, line 23, delete everything before "the"

Page 1, line 24, delete "remaining" and delete "are" and insert "shall be" and after "of" insert "each other" and delete "the first city"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 78 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Hortman	Lenczewski	Nelson, P.	Sertich
Anderson, B.	Eken	Hosch	Lesch	Olson	Sieben
Anderson, I.	Ellison	Howes	Liebling	Opatz	Simon
Atkins	Entenza	Jaros	Lieder	Otremba	Simpson
Bernardy	Fritz	Johnson, R.	Lillie	Paymar	Slawik
Carlson	Goodwin	Johnson, S.	Loeffler	Pelowski	Solberg
Clark	Greiling	Juhnke	Mahoney	Peterson, A.	Thao
Cornish	Gunther	Kahn	Mariani	Peterson, S.	Thissen
Davnie	Hansen	Kelliher	Marquart	Poppe	Vandever
Demmer	Hausman	Koenen	Moe	Rukavina	Wagenius
Dill	Hilstrom	Krinkie	Mullery	Ruud	Walker
Dittrich	Hilty	Larson	Murphy	Sailer	Welti
Dorman	Hornstein	Latz	Nelson, M.	Scalze	Zellers

Those who voted in the negative were:

Abrams	Cox	Emmer	Hamilton	Knoblach	Nornes
Beard	Cybart	Erhardt	Heidgerken	Kohls	Ozment
Blaine	Dauids	Erickson	Holberg	Lanning	Paulsen
Bradley	Dean	Finstad	Hoppe	Magnus	Penas
Brod	DeLaForest	Garofalo	Huntley	McNamara	Peppin
Buesgens	Dempsey	Gazelka	Johnson, J.	Meslow	Peterson, N.
Charron	Eastlund	Hackbarth	Klinzing	Newman	Powell

Ruth	Severson	Sykora	Wardlow	Wilkin
Samuelson	Smith	Tingelstad	Westerberg	Spk. Sviggum
Seifert	Soderstrom	Urdahl	Westrom	

The motion prevailed and the amendment to the amendment, as amended, was adopted.

The question recurred on the Dorn et al amendment, as amended, and the roll was called. There were 85 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Liebling	Peterson, N.	Soderstrom
Anderson, B.	Dorn	Hornstein	Lieder	Peterson, S.	Solberg
Anderson, I.	Eken	Hortman	Lillie	Poppe	Sykora
Atkins	Ellison	Hosch	Loeffler	Rukavina	Thao
Bernardy	Entenza	Huntley	Magnus	Ruth	Thissen
Bradley	Erhardt	Jaros	Mahoney	Ruud	Tingelstad
Clark	Finstad	Johnson, R.	Mariani	Sailer	Wagenius
Cornish	Fritz	Johnson, S.	Moe	Samuelson	Walker
Cox	Gazelka	Juhnke	Mullery	Scalze	Welti
Davids	Goodwin	Kahn	Murphy	Sertich	Spk. Sviggum
Davnie	Gunther	Kelliher	Nornes	Severson	
Demmer	Hamilton	Knoblach	Opatz	Sieben	
Dempsey	Hansen	Larson	Otremba	Simon	
Dill	Hausman	Latz	Paymar	Simpson	
Dittrich	Hilstrom	Lesch	Pelowski	Slawik	

Those who voted in the negative were:

Abrams	Dean	Heidgerken	Krinkie	Newman	Smith
Beard	DeLaForest	Holberg	Lanning	Olson	Urdahl
Blaine	Eastlund	Hoppe	Lenczewski	Paulsen	Vandever
Brod	Emmer	Howes	Marquart	Penas	Wardlow
Buesgens	Erickson	Johnson, J.	McNamara	Peppin	Westerberg
Carlson	Garofalo	Klinzing	Meslow	Peterson, A.	Westrom
Charron	Greiling	Koenen	Nelson, M.	Powell	Wilkin
Cybart	Hackbarth	Kohls	Nelson, P.	Seifert	Zellers

The motion prevailed and the amendment, as amended, was adopted.

The Speaker called Emmer to the Chair.

Mullery moved to amend H. F. No. 785, the second engrossment, as amended, as follows:

Page 87, line 20, delete the new language and strike "the taconite aids under section 298.28 and"

Page 87, strike lines 21 to 25

Page 87, line 26, strike the existing language and delete the new language

Page 87, lines 27 to 31, delete the new language

Page 88, line 16, after "thereafter," insert "except for aids payable in 2006."

Page 89, line 21, delete "\$419,552,000" and insert "\$551,652,000 of which \$132,100,000 is paid from the property tax relief account"

Page 89, line 23, delete "provided that the" and insert "from the general fund plus an amount from the property tax relief account equal to the amount deposited in the account in the fiscal year ending June 30 of the year in which the aid is calculated."

Pages 250 to 252, delete sections 33 and 34

Page 254, delete section 38

Page 345, after line 13, insert:

"ARTICLE 12

ADDITIONAL TAX RELIEF REVENUES

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

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

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

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

(3) either (i) the average of the percentages of its property and payrolls assigned to locations ~~inside~~ outside the United States ~~and the District of Columbia, excluding the commonwealth of Puerto Rico and possessions of the United States,~~ as determined under section 290.191 or 290.20, is ~~20~~ 80 percent or ~~less~~ greater and it has at least \$2,000,000 of property and \$1,000,000 of payroll as determined under section 290.191 or 290.20; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code.

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

Sec. 2. Minnesota Statutes 2004, section 290.17, subdivision 4, is amended to read:

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

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

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

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

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

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

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

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

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

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

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

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

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

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

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

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

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

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

Sec. 3. Minnesota Statutes 2004, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

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

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

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

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

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

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

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

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

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

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

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

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

~~(14)~~ income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

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

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

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

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

~~(46)~~ (15) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

~~(47)~~ (16) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

~~(48)~~ (17) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 614 of Public Law 107-147; and

~~(49)~~ (18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (16). The resulting delayed depreciation cannot be less than zero.

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

Sec. 4. Minnesota Statutes 2004, section 290.62, is amended to read:

290.62 [DISTRIBUTION OF REVENUES.]

Subdivision 1. [GENERAL FUND.] Except as provided in subdivision 2, all revenues derived from the taxes, interest, penalties and charges under this chapter shall, notwithstanding any other provisions of law, be paid into the state treasury and credited to the general fund, and be distributed as follows:

(1) There shall, notwithstanding any other provision of the law, be paid from this general fund all refunds of taxes erroneously collected from taxpayers under this chapter as provided herein;

(2) There is hereby appropriated to the persons entitled to payment herein, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Subd. 2. [TAX RELIEF ACCOUNT.] By July 15 of each odd-numbered year, the commissioner of finance, in consultation with the commissioner of revenue, shall estimate the amount of revenue anticipated for the biennium resulting from enactment of the provisions of sections 1 through 3. The estimated amounts must be deposited in a property tax relief account in the special revenue fund. Amounts in the account, along with its investment earnings, are credited to the account and are available for appropriation to fund local government aid, other property tax relief aids, and property tax refund payments.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Mullery amendment and the roll was called. There were 53 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Eken	Huntley	Lesch	Murphy	Sailer
Atkins	Ellison	Jaros	Liebling	Nelson, M.	Sertich
Bernardy	Entenza	Johnson, R.	Lieder	Otremba	Simon
Carlson	Fritz	Johnson, S.	Loeffler	Paymar	Solberg
Clark	Hansen	Juhnke	Mahoney	Pelowski	Thao
Davnie	Hausman	Kahn	Mariani	Peterson, A.	Wagenius
Dill	Hilstrom	Kelliher	Marquart	Peterson, S.	Walker
Dorman	Hilty	Koenen	Moe	Poppe	Welti
Dorn	Hornstein	Latz	Mullery	Rukavina	

Those who voted in the negative were:

Abeler	DeLaForest	Hackbarth	Larson	Peppin	Sykora
Abrams	Demmer	Hamilton	Lenczewski	Peterson, N.	Thissen
Anderson, B.	Dempsey	Heidgerken	Lillie	Powell	Tingelstad
Beard	Dittrich	Holberg	Magnus	Ruth	Urdahl
Blaine	Eastlund	Hoppe	McNamara	Ruud	Vandeveer
Bradley	Emmer	Hortman	Meslow	Samuelson	Wardlow
Brod	Erhardt	Hosch	Nelson, P.	Scalze	Westerberg
Buesgens	Erickson	Howes	Newman	Seifert	Westrom
Charron	Finstad	Johnson, J.	Nornes	Severson	Wilkin
Cornish	Garofalo	Klinzing	Olson	Sieben	Zellers
Cox	Gazelka	Knoblach	Opatz	Simpson	Spk. Sviggum
Cybart	Goodwin	Kohls	Ozment	Slawik	
Davids	Greiling	Krinkie	Paulsen	Smith	
Dean	Gunther	Lanning	Penas	Soderstrom	

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

Jaros was excused between the hours of 4:35 p.m. and 8:00 p.m.

CALL OF THE HOUSE

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

Abeler	Charron	Dittrich	Garofalo	Holberg	Kelliher
Abrams	Clark	Dorman	Gazelka	Hoppe	Klinzing
Anderson, B.	Cornish	Dorn	Goodwin	Hornstein	Knoblach
Anderson, I.	Cox	Eastlund	Greiling	Hortman	Koenen
Atkins	Cybart	Eken	Gunther	Hosch	Kohls
Beard	Davids	Ellison	Hackbarth	Howes	Krinkie
Bernardy	Davnie	Emmer	Hamilton	Huntley	Lanning
Blaine	Dean	Entenza	Hansen	Johnson, J.	Larson
Bradley	DeLaForest	Erhardt	Hausman	Johnson, R.	Latz
Brod	Demmer	Erickson	Heidgerken	Johnson, S.	Lenczewski
Buesgens	Dempsey	Finstad	Hilstrom	Juhnke	Lesch
Carlson	Dill	Fritz	Hilty	Kahn	Liebling

Lieder	Murphy	Paymar	Ruth	Simpson	Vandever
Lillie	Nelson, M.	Pelowski	Ruud	Slawik	Wagenius
Magnus	Nelson, P.	Penas	Sailer	Smith	Walker
Mahoney	Newman	Peppin	Samuelson	Soderstrom	Wardlow
Mariani	Nornes	Peterson, A.	Scalze	Solberg	Welti
Marquart	Olson	Peterson, N.	Seifert	Sykora	Westerberg
McNamara	Opatz	Peterson, S.	Sertich	Thao	Westrom
Meslow	Otremba	Poppe	Severson	Thissen	Wilkin
Moe	Ozment	Powell	Sieben	Tingelstad	Zellers
Mullery	Paulsen	Rukavina	Simon	Urdahl	Spk. Sviggum

Paulsen 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 Speaker resumed the Chair.

H. F. No. 785, A bill for an act relating to financing and operation of government in this state; modifying truth in taxation provisions and adding a taxpayer satisfaction survey; changing income, corporate franchise, withholding, estate, property, sales and use, mortgage registry, health care gross revenues, motor fuels, gambling, cigarette and tobacco products, occupation, net proceeds, production, liquor, insurance, and other taxes and tax-related provisions; making technical, clarifying, collection, enforcement, refund, and administrative changes to certain taxes and tax-related provisions, tax-forfeited lands, revenue recapture, unfair cigarette sales, state debt collection, sustainable forest incentive programs, and payments in lieu of taxes; changing local government aids and credits; providing for determination of population for certain purposes; updating references to the Internal Revenue Code, changing property tax exemptions, homesteads, assessment, valuation, classification, class rates, levies, deferral, review and equalization, appeals, notices and statements, and distribution provisions; changing rent constituting property taxes and property tax refunds; requiring state contracts be with vendors registered to collect use taxes; abolishing the political contribution refund; authorizing local sales taxes; extending a sales tax expiration; providing for compliance with streamlined sales tax agreement; changing the taxation of liquor and cigarettes; authorizing income tax checkoffs; requiring registration of tax shelters and providing for a voluntary compliance initiative; changing job opportunity building zones, border city development zones, biotechnology and health sciences industry zone provisions; setting minimum employee compensation for qualifying business in a JOBZ; limiting sales tax construction exemption in job zones to businesses paying prevailing wage; requiring a referendum for certain subsidies to gambling enterprises; authorizing charges for certain emergency services; imposing a franchise fee on card clubs; defining the term "tax"; regulating tax preparers; suspending appropriations or aids to public employers who prohibit certain employees from wearing a flag on a uniform; providing for training and conduct of assessors; prohibiting purchases of tax-forfeited lands by certain local officials; providing for data classification and exchange of data; establishing a tax reform commission; providing and imposing powers and duties on the commissioner of revenue and other state agencies and departments and on certain political subdivisions and certain officials; changing and imposing penalties; requiring reports; transferring funds; appropriating money; amending Minnesota Statutes 2004, sections 4A.02; 16C.03, by adding a subdivision; 16D.10; 168A.05, subdivision 1a; 190.09, subdivision 2; 240.30, by adding a subdivision; 270.02, subdivision 3; 270.11, subdivision 2; 270.16, subdivision 2; 270.30, subdivisions 1, 5, 6, 8, by adding subdivisions; 270.65; 270.67, subdivision 4; 270.69, subdivision 4; 270A.03, subdivisions 5, 7; 272.01, subdivision 2; 272.02, subdivisions 1a, 7, 47, 53, 64, by adding subdivisions; 272.0211, subdivisions 1, 2; 272.0212, subdivisions 1, 2; 272.029, subdivisions 4, 6; 273.055; 273.0755; 273.11, subdivisions 1a, 8, by adding subdivisions; 273.111, by adding a subdivision; 273.123, subdivision 7; 273.124, subdivisions 3, 6, 8, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, by adding a subdivision; 273.1315; 273.1384, subdivision 1; 273.19, subdivision 1a; 273.372; 274.01, subdivision 1; 274.014, subdivisions 2, 3; 274.14; 275.025, subdivision 4; 275.065, subdivisions 1c, 3, 4, 7, by adding subdivisions; 275.07, subdivisions 1, 4; 276.04, subdivision 2; 276.112; 276A.01, subdivision 7; 282.016; 282.08; 282.15; 282.21; 282.224; 282.301;

287.04; 289A.02, subdivision 7; 289A.08, subdivisions 1, 3, 7, 13, 16; 289A.18, subdivision 1; 289A.19, subdivision 4; 289A.20, subdivision 2; 289A.31, subdivision 2; 289A.37, subdivision 5; 289A.38, subdivisions 6, 7, by adding subdivisions; 289A.40, subdivision 2, by adding subdivisions; 289A.50, subdivisions 1, 1a; 289A.56, by adding a subdivision; 289A.60, subdivisions 2a, 4, 6, 7, 11, 13, 20, by adding subdivisions; 290.01, subdivisions 6, 7, 7b, 19, as amended, 19a, 19b, 19c, 19d, 31; 290.032, subdivisions 1, 2; 290.06, subdivisions 2c, 22, by adding a subdivision; 290.067, subdivisions 1, 2a; 290.0671, subdivisions 1, 1a; 290.0672, subdivisions 1, 2; 290.0674, subdivisions 1, 2; 290.0675, subdivision 1; 290.091, subdivisions 2, 3; 290.0922, subdivision 2; 290.191, subdivisions 2, 3; 290.92, subdivisions 1, 4b; 290A.03, subdivisions 3, 11, 13, 15, by adding subdivisions; 290A.07, by adding a subdivision; 290A.19; 290B.05, subdivision 3; 290C.05; 290C.10; 291.005, subdivision 1; 291.03, subdivision 1; 295.52, subdivision 4; 295.53, subdivision 1; 295.582; 295.60, subdivision 3; 296A.22, by adding a subdivision; 297A.61, subdivisions 3, 4, by adding a subdivision; 297A.64, subdivision 4; 297A.668, subdivisions 1, 5; 297A.67, subdivisions 2, 7, 9, 29, by adding a subdivision; 297A.68, subdivisions 2, 5, 28, 35, 37, 38, 39, by adding subdivisions; 297A.70, subdivision 10; 297A.71, subdivision 12, by adding a subdivision; 297A.72, by adding a subdivision; 297A.75, subdivision 1; 297A.87, subdivisions 2, 3; 297A.99, subdivisions 1, 3, 4, 9, by adding subdivisions; 297E.01, subdivisions 5, 7, by adding subdivisions; 297E.06, subdivision 2; 297E.07; 297F.08, subdivision 12, by adding a subdivision; 297F.09, subdivisions 1, 2; 297F.14, subdivision 4; 297G.09, by adding a subdivision; 297I.01, by adding subdivisions; 297I.05, subdivisions 4, 5, by adding a subdivision; 298.01, subdivisions 3, 4; 298.24, subdivision 1; 298.75, by adding a subdivision; 325D.33, subdivision 6; 365.43, subdivision 1; 365.431; 366.011; 366.012; 373.45, subdivision 7; 469.169, by adding a subdivision; 469.1735, subdivision 3; 469.176, subdivisions 4l, 7; 469.310, subdivision 11, by adding a subdivision; 469.315; 469.316; 469.317; 469.319, subdivision 1, by adding a subdivision; 469.320, subdivision 3; 469.330, subdivision 11; 469.335; 469.337; 469.340, subdivision 1; 473.843, subdivision 5; 473F.02, subdivisions 2, 7; 477A.011, subdivisions 3, 34, 35, 36, 38; 477A.0124, subdivisions 2, 4; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.016; 477A.03, subdivisions 2a, 2b; 477A.11, subdivision 4, by adding a subdivision; 477A.12, subdivisions 1, 2; 477A.14, subdivision 1; 645.44, by adding a subdivision; Laws 1998, chapter 389, article 3, section 42, subdivision 2, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision 3; Laws 2001, First Special Session chapter 5, article 3, section 8; Laws 2001, First Special Session chapter 5, article 12, section 95, as amended; Laws 2002, chapter 377, article 3, section 4; Laws 2003, chapter 127, article 5, section 27; Laws 2003, chapter 127, article 5, section 28; Laws 2003, First Special Session chapter 21, article 5, section 13; Laws 2003, First Special Session chapter 21, article 6, section 9; Laws 2005, chapter 43, section 1; proposing coding for new law in Minnesota Statutes, chapters 15; 270; 272; 273; 275; 280; 289A; 290; 290C; 295; 297A; 297F; 373; 459; 473; repealing Minnesota Statutes 2004, sections 10A.322, subdivision 4; 16A.1522, subdivision 4; 270.85; 270.88; 272.02, subdivision 65; 273.19, subdivision 5; 273.37, subdivision 3; 274.05; 275.065, subdivisions 5a, 6, 6b, 8; 275.15; 275.61, subdivision 2; 283.07; 290.06, subdivision 23; 297E.12, subdivision 10; 469.1794, subdivision 6; 477A.08; Laws 1975, chapter 287, section 5; Laws 1998, chapter 389, article 3, section 41; Laws 2003, chapter 127, article 9, section 9, subdivision 4; Minnesota Rules, parts 8093.2000; 8093.3000; 8130.0110, subpart 4; 8130.0200, subparts 5, 6; 8130.0400, subpart 9; 8130.1200, subparts 5, 6; 8130.2900; 8130.3100, subpart 1; 8130.4000, subparts 1, 2; 8130.4200, subpart 1; 8130.4400, subpart 3; 8130.5200; 8130.5600, subpart 3; 8130.5800, subpart 5; 8130.7300, subpart 5; 8130.8800, subpart 4.

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 80 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Abeler	Bradley	Cox	Demmer	Emmer	Garofalo
Abrams	Brod	Cybart	Dempsey	Erhardt	Gazelka
Anderson, B.	Buesgens	Davids	Dittrich	Erickson	Gunther
Beard	Charron	Dean	Dorman	Finstad	Hackbarth
Blaine	Cornish	DeLaForest	Eastlund	Fritz	Hamilton

Heidgerken	Krinking	Nelson, P.	Peppin	Simpson	Westerberg
Holberg	Lanning	Newman	Peterson, N.	Smith	Westrom
Hoppe	Larson	Nornes	Powell	Soderstrom	Wilkin
Hortman	Lenczewski	Olson	Ruth	Sykora	Zellers
Hosch	Liebling	Opatz	Ruud	Tingelstad	Spk. Sviggum
Johnson, J.	Magnus	Ozment	Sailer	Urdahl	
Klinzing	McNamara	Paulsen	Samuelson	Vandever	
Knoblach	Meslow	Pelowski	Seifert	Wardlow	
Kohls	Moe	Penas	Severson	Welti	

Those who voted in the negative were:

Anderson, I.	Ellison	Howes	Lesch	Nelson, M.	Sieben
Atkins	Entenza	Huntley	Lieder	Otremba	Simon
Bernardy	Goodwin	Johnson, R.	Lillie	Paymar	Slawik
Carlson	Greiling	Johnson, S.	Loeffler	Peterson, A.	Solberg
Clark	Hansen	Juhnke	Mahoney	Peterson, S.	Thao
Davnie	Hausman	Kahn	Mariani	Poppe	Thissen
Dill	Hilstrom	Kelliher	Marquart	Rukavina	Wagenius
Dorn	Hilty	Koenen	Mullery	Scalze	Walker
Eken	Hornstein	Latz	Murphy	Sertich	

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

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the following change in membership of the Conference Committee on H. F. No. 1385:

Delete the name of Atkins and add the name of Johnson, R.

The Speaker announced the following change in membership of the Conference Committee on H. F. No. 1422:

Delete the name of Finstad and add the name of Powell.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Tingelstad from the Committee on Governmental Operations and Veterans Affairs to which was referred:

H. F. No. 2480, A bill for an act relating to state and local government operations; providing a process for developing a new baseball stadium; establishing a metropolitan stadium authority; providing for the membership and powers of the authority; authorizing the Metropolitan Council to issue bonds; providing powers of the host communities; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 2004, sections 473L.01; 473L.02; 473L.03; 473L.04; 473L.05; 473L.06; 473L.07; 473L.08; 473L.09; 473L.10; 473L.11; 473L.12; 473L.13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 297A.71, is amended by adding a subdivision to read:

Subd. 33. [BUILDING MATERIALS EXEMPTION.] Materials, supplies, and equipment used or consumed in, and incorporated into the construction or improvement of the ballpark, and public infrastructure constructed pursuant to sections 2 to 10, are exempt.

Sec. 2. [CONSTRUCTION AND FINANCING OF MAJOR LEAGUE BALLPARK.]

Subdivision 1. [PURPOSE; FINDINGS.] The purpose of this act is to provide for the construction, financing, and long-term use of a ballpark primarily as a venue for major league baseball. It is hereby found and declared that the expenditure of public funds for this purpose is necessary and serves a public purpose. It is further found and declared that any provision in a lease or use agreement with a major league team, that requires the team to play its home games in a publicly funded ballpark for the duration of the lease or use agreement, serves a unique public purpose for which the remedies of specific performance and injunctive relief are essential to its enforcement. It is further found and declared that government assistance to facilitate the presence of major league baseball provides to Hennepin County, the state of Minnesota, and its citizens highly valued intangible benefits that are virtually impossible to quantify and, therefore, not recoverable even if the government receives monetary damages in the event of a team's breach of contract. Minnesota courts are, therefore, charged with protecting those benefits through the use of specific performance and injunctive relief as provided herein and in the lease and use agreements.

Subd. 2. [LOCATION.] The ballpark must be located in the city of Minneapolis at a site within the development area.

Subd. 3. [DEFINITIONS.] As used in this act, the following terms have the meanings given in this subdivision:

(a) "Authority" means the Minnesota Ballpark Authority established under section 3.

(b) "Ballpark" means the stadium suitable for major league baseball to be constructed and financed under this act.

(c) "Ballpark costs" means, unless the context otherwise indicates, the cost of designing, constructing, and equipping a ballpark suitable for major league baseball. "Ballpark cost" excludes the cost of land acquisition, site improvements, utilities, site demolition, environmental remediation, railroad crash wall, site furnishings, landscaping, railroad right-of-way development, district energy, site graphics and artwork and other site improvements identified by the authority, public infrastructure, capital improvement reserves, bond reserves, capitalized interest, and financing costs.

(d) "County" means Hennepin County.

(e) "Development area" means the area in the city of Minneapolis bounded by marked Interstate Highway 394, vacated Holden Street, the Burlington Northern right-of-way, Seventh Street North, Sixth Avenue North, and Fifth Street North.

(f) "Public infrastructure" means all property, facilities, and improvements determined by the authority or the county to facilitate the development and use of the ballpark, whether or not located in the development area, including but not limited to property and improvements for drainage, environmental remediation, parking, roadways, walkways, skyways, pedestrian bridges, bicycle paths, and transit improvements to facilitate public access to the ballpark, lighting, landscaping, utilities, streets, and land acquired and prepared for private redevelopment in a manner related to the use of the ballpark.

(g) "Team" means the owner and operator of the baseball team currently known as the Minnesota Twins.

Sec. 3. [MINNESOTA BALLPARK AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] To achieve the purposes of this act, the Minnesota Ballpark Authority is established as a public body, corporate and politic, and political subdivision of the state. The authority is not a joint powers entity or an agency or instrumentality of the county. The authority may acquire title to all land, air rights, and other interests in real property needed for construction and operation of the ballpark and related facilities. The authority may enter into contracts for and take all actions necessary or desirable to design, construct, furnish, equip, and provide for the operation, maintenance, and improvement of the ballpark and related facilities, and has all powers necessary or incidental to those actions.

Subd. 2. [COMPOSITION.] (a) The Minnesota Ballpark Authority shall be governed by a commission consisting of:

(1) two members appointed by the governor;

(2) two members, including the chair, appointed by the county board; and

(3) one member appointed by the governing body of the city of Minneapolis.

(b) All members appointed under paragraph (a), clause (1), serve at the pleasure of the governor. All members appointed under paragraph (a), clause (2), serve at the pleasure of the county board. The member appointed under paragraph (a), clause (3), serves at the pleasure of the governing body of the city of Minneapolis.

Subd. 3. [CHAIR.] The chair shall preside at all meetings of the commission, if present, and shall perform all other assigned duties and functions. The commission may appoint from among its members a vice-chair to act for the chair during the temporary absence or disability of the chair.

Subd. 4. [BYLAWS.] The authority shall adopt bylaws to establish rules of procedure, the powers and duties of its officers, and other matters relating to the governance of the authority and the exercise of its powers.

Sec. 4. [POWERS OF AUTHORITY.]

Subdivision 1. [GENERAL.] The authority has all powers necessary or convenient to accomplish the purposes of this act, including, but not limited to, those specified in this section.

Subd. 2. [ACTIONS.] The authority may sue and be sued. The authority is a public body and the ballpark and public infrastructure are public improvements within the meaning of Minnesota Statutes, chapter 562. The authority is a municipality within the meaning of Minnesota Statutes, chapter 466.

Subd. 3. [ACQUISITION OF PROPERTY.] The authority may acquire from any public or private entity by lease, purchase, condemnation, gift, or devise all necessary right, title, and interest in and to real or personal property deemed necessary to the purposes contemplated by this act.

Subd. 4. [PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENTS.] Any real or personal property acquired, owned, leased, controlled, used, or occupied by the authority or county for any of the purposes of this act is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state; provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any of the properties in any manner different from their use under this act at the time may be considered in determining the special benefit received by the properties. Notwithstanding Minnesota Statutes,

section 272.01, subdivision 2, or section 273.19, real or personal property leased by the authority or county to another person for uses related to the purposes of this act, including the operation of the ballpark and related parking facilities, is exempt from taxation regardless of the length of the lease. This subdivision, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or other purposes different from those contemplated in this act.

Subd. 5. [DATA PRACTICES; OPEN MEETINGS.] Except as otherwise provided in this act, the authority is subject to Minnesota Statutes, chapters 13 and 13D.

Subd. 6. [FACILITY OPERATION.] The authority may equip, improve, operate, manage, maintain, and control the ballpark and related facilities constructed, remodeled, or acquired under this act, subject to the rights and obligations transferred to and assumed by the team or other user under the terms of a lease or use agreement.

Subd. 7. [DISPOSITION OF PROPERTY.] The authority may sell, lease, or otherwise dispose of any real or personal property acquired by it that is no longer required for accomplishment of its purposes. The property may be sold in accordance with the procedures provided by Minnesota Statutes, section 469.065, except subdivisions 6 and 7, to the extent the authority deems to be practical and consistent with this act. Title to the ballpark shall not otherwise be transferred or sold without approval by the legislature.

Subd. 8. [EMPLOYEES; CONTRACTS FOR SERVICES.] The authority may employ persons and contract for services necessary to carry out its functions, including the utilization of employees and consultants retained by other governmental entities. The authority may employ on the terms it deems advisable persons or firms to provide traffic officers to direct traffic on property under the control of the authority and on the city streets in the general area of the property controlled by the authority.

Subd. 9. [GIFTS AND GRANTS.] The authority may accept monetary contributions, property, services, and grants or loans of money or other property from the United States, the state, any subdivision of the state, any agency of those entities, or any person for any of its purposes, and may enter into any agreement required in connection with them. The authority shall hold, use, and dispose of the money, property, or services according to the terms of the monetary contributions, grant, loan, or agreement.

Subd. 10. [RESEARCH.] The authority may conduct research studies and programs; collect and analyze data; prepare reports, maps, charts, and tables; and conduct all necessary hearings and investigations in connection with its functions.

Subd. 11. [USE AGREEMENTS.] The authority may lease, license, or enter into use agreements and may fix, alter, charge, and collect rentals, fees, and charges for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control for purposes that will provide athletic, educational, cultural, commercial, or other entertainment, instruction, or activity for the citizens of Minnesota and visitors. Any such use agreement may provide that the other contracting party has exclusive use of the premises at the times agreed upon, as well as the right to retain all revenues from ticket sales, suite licenses, concessions, advertising, naming rights, and other revenues derived from the ballpark. The lease or use agreement with a team shall provide for the payment by the team of operating and maintenance costs and expenses and provide other terms the authority and team agree to.

Subd. 12. [INSURANCE.] The authority may require any employee to obtain and file with it an individual bond or fidelity insurance policy. It may procure insurance in the amounts it considers necessary against liability of the authority or its officers and employees for personal injury or death and property damage or destruction, consistent with Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property.

Subd. 13. [EXEMPTION FROM COUNCIL REVIEW; BUSINESS SUBSIDY ACT.] The acquisition and betterment of a ballpark by the authority must be conducted pursuant to this act and are not subject to Minnesota Statutes, sections 473.165 and 473.173. Minnesota Statutes, section 116J.994, does not apply to any transactions of the county, the authority, or other governmental entity related to the ballpark or public infrastructure, or to any tenant or other users of them.

Subd. 14. [ZONING AND PLANNING PREEMPTION.] The authority and the county are not required to obtain a site permit or other approval of any local government or special purpose government to construct the ballpark or public infrastructure or to use land within the development area for those purposes, except building permits. Approval by the authority of the ballpark facility and approval by the county of public infrastructure supersedes and preempts all zoning and land use rules, regulations, or ordinances promulgated by regional, local, and special purpose government. No local building permit shall be denied for failure to comply with any zoning or land use rule, regulation, or ordinance. Local governmental units shall take action promptly and within project design and construction timetables on applications for building permits and certificates of occupancy. The county shall be the responsible governmental unit for any environmental impact statement prepared under Minnesota Statutes, section 116D.04. Governmental units granted authority under this act may make decisions and take actions to acquire land, obtain financing, and impose the tax under section 6, prior to completion of environmental review.

Subd. 15. [CONTRACTS.] The authority may enter into a development agreement with the team, the county, or any other entity relating to the construction, financing, and use of the ballpark and related facilities and public infrastructure. The authority may contract for materials, supplies, and equipment in accordance with Minnesota Statutes, section 471.345, except that the authority, with the consent of the county, may employ or contract with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, or construction manager with respect to all or any part of the ballpark and public infrastructure. Alternatively, at the request of the team and with the consent of the county, the authority shall authorize the team to provide for the design and construction of the ballpark, subject to terms of this act. The construction manager may enter into contracts with contractors for labor, materials, supplies, and equipment for the construction of the ballpark through the process of public bidding, except that the construction manager may, with the consent of the authority or the team:

(1) narrow the listing of eligible bidders to those which the construction manager determines to possess sufficient expertise to perform the intended functions;

(2) award contracts to the contractors that the construction manager determines provide the best value, which are not required to be the lowest responsible bidder; and

(3) for work the construction manager determines to be critical to the completion schedule, award contracts on the basis of competitive proposals or perform work with its own forces without soliciting competitive bids if the construction manager provides evidence of competitive pricing.

The authority may require that the construction manager shall certify, before the contract is finally signed, a certified, fixed, and stipulated construction price and completion date to the authority and shall post a bond in an amount at least equal to 100 percent of the certified price, to cover any costs, which may be incurred in excess of the certified price, including but not limited to costs incurred by the authority or loss of revenues resulting from incomplete construction on the completion date. The authority may secure surety bonds as provided in Minnesota Statutes, section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in Minnesota Statutes, sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the authority under the provisions of Minnesota Statutes, sections 514.01 to 514.16. Contracts for construction and operation of the ballpark must include programs to provide for participation by small, local, women, and minority businesses, and the inclusion of women and people of color in the workforces of contractors and ballpark operators.

Sec. 5. [CRITERIA AND CONDITIONS.]

Subdivision 1. [BINDING AND ENFORCEABLE.] In developing the ballpark and entering into related contracts, the authority must follow and enforce the criteria and conditions in subdivisions 2 to 13, provided that a determination by the authority that those criteria or conditions have been met under any agreement or otherwise shall be conclusive.

Subd. 2. [TEAM CONTRIBUTIONS.] The team must agree to contribute \$125,000,000 toward ballpark costs, less a proportionate share of any amount by which actual ballpark costs may be less than a budgeted amount of \$360,000,000. The team contributions must be funded in cash during the construction period. In addition to any other team contribution, the team must agree to assume and pay when due all cost overruns for the ballpark costs that exceed the budget, excluding land, site improvements, and public infrastructure.

Subd. 3. [RESERVE FOR CAPITAL IMPROVEMENTS.] The authority shall require that a reserve fund for capital improvements to the stadium be established and funded with annual team payments of \$600,000 and annual payments from other sources of \$1,400,000, which annual payments shall increase according to an inflation index determined by the authority. The authority may accept contributions from the county or other source for the portion of the funding not required to be provided by the team.

Subd. 4. [LEASE OR USE AGREEMENTS.] The authority and team must agree to a long-term lease or use agreement with the team for its use of the ballpark. The team must agree to play all regularly scheduled and postseason home games at the ballpark. Preseason games may also be scheduled and played at the ballpark. The lease or use agreement must be for a term of at least 30 years from the date of ballpark completion. The lease or use agreement must include terms for default, termination, and breach of the agreement. Recognizing that the presence of major league baseball provides to Hennepin County, the state of Minnesota, and its citizens highly valued, intangible benefits that are virtually impossible to quantify and, therefore, not recoverable in the event of a team owner's breach of contract, the lease and use agreements must provide for specific performance and injunctive relief to enforce provisions relating to use of the ballpark for major league baseball and must not include escape clauses or buyout provisions.

Subd. 5. [NOTICE REQUIREMENT FOR CERTAIN EVENTS.] Until 30 years from the date of ballpark completion, the team must provide written notice to the authority not less than 90 days prior to any action, including any action imposed upon the team by Major League Baseball, which would result in a breach or default of provisions of the lease or use agreements required to be included under subdivision 4. If this notice provision is violated and the team has already breached or been in default under the required provisions, the authority, the county, or the state of Minnesota is authorized to specifically enforce the lease or use agreement, and Minnesota courts are authorized and directed to fashion equitable remedies so that the team may fulfill the conditions of the lease and use agreements, including, but not limited to, remedies against Major League Baseball.

Subd. 6. [ENFORCEABLE FINANCIAL COMMITMENTS.] The authority must determine before ballpark construction begins that all public and private funding sources for construction and operation of the ballpark are included in written agreements. The committed funds must be adequate to design, construct, furnish, and equip the ballpark.

Subd. 7. [ENVIRONMENTAL REQUIREMENTS.] The authority must ensure that environmental requirements imposed by regulatory agencies for the ballpark, site, and structure are complied with.

Subd. 8. [PUBLIC SHARE UPON SALE OF TEAM.] The lease or use agreement must provide that, if the team is sold after the effective date of this act, a portion of the sale price must be paid to the authority and deposited in a reserve fund for improvements to the ballpark or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 18 percent of the gross sale price, declining to zero ten years after

commencement of ballpark construction in increments of 1.8 percent each year. The agreement shall provide exceptions for sales to members of the owner's family and entities and trusts beneficially owned by family members, sales to employees of equity interests aggregating up to ten percent, and sales related to capital infusions not distributed to the owners.

Subd. 9. [ACCESS TO BOOKS AND RECORDS.] The authority must seek a provision in the lease or use agreement that provides the authority access to annual audited financial statements of the team and other financial books and records that the authority deems necessary to determine compliance by the team with this act and to enforce the terms of any lease or use agreements entered into under this act. Any financial information obtained by the authority under this subdivision is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9.

Subd. 10. [AFFORDABLE ACCESS.] To the extent determined by the authority or required by a grant agreement, any lease or use agreement must provide for affordable access to the professional sporting events held in the ballpark.

Subd. 11. [NO STRIKES; LOCKOUTS.] The authority must use its best efforts to negotiate a public sector project labor agreement or other agreement to prevent strikes and lockouts that would halt, delay, or impede construction of the ballpark and related facilities.

Subd. 12. [YOUTH AND AMATEUR SPORTS.] The lease or use agreement must require that the team provide or cause to be provided \$250,000 annually for the term of the agreement for youth activities and amateur sports without reducing the amounts otherwise normally provided for and on behalf of the team for those purposes. The amount shall increase according to an inflation factor not to exceed 2.5 percent annually and may be subject to a condition that the county fund grants for similar purposes as authorized by this act.

Subd. 13. [NAME RETENTION.] The lease or use agreement must provide that the team and league will transfer to the state of Minnesota the Minnesota Twins' heritage and records, including the name, logo, colors, history, playing records, trophies and memorabilia in the event of any dissolution or relocation of the Twins franchise.

Sec. 6. [COUNTY ACTIVITIES; BONDS; TAXES.]

Subdivision 1. [ACTIVITIES; CONTRACTS.] The county may authorize, by resolution, and make one or more grants to the authority for ballpark development and construction, public infrastructure, reserves for capital improvements, operating expenses, and other purposes related to the ballpark on the terms and conditions agreed to by the county and the authority.

The amount that the county may grant or expend for ballpark costs shall not exceed \$235,000,000. The amount of any grant for capital improvement reserves shall not exceed \$1,400,000 annually, subject to annual increases according to an inflation index acceptable to the county. This act does not limit the amount of grants or expenditures for land, site improvements, and public infrastructure. Such agreements are valid and enforceable notwithstanding that they involve payments in future years and they do not constitute a debt of the county within the meaning of any constitutional or statutory limitation or for which a referendum is required. The county may acquire land, air rights, and other property interests within the development area for the ballpark site and public infrastructure and convey it to the authority with or without consideration, prepare a site for development as a ballpark, and acquire and construct any related public infrastructure. The county may review and approve ballpark designs, plans, and specifications to the extent provided in a grant agreement and in order to ensure that the public purposes of the grant are carried out. Public infrastructure designs must optimize area transit and bicycle opportunities, including connections to existing trails. The county may enforce the provisions of any grant agreement by specific performance. Except to require compliance with the conditions of the grant, the county has no interest in or claim to any assets or revenues of the authority. The county may initiate an environmental impact

statement as the responsible governmental unit under Minnesota Statutes, section 116D.04, and conduct other studies and tests necessary to evaluate the suitability of the ballpark site. The county has all powers necessary or convenient for those purposes and may enter into any contract for those purposes. The county may reimburse a local governmental entity within its jurisdiction or make a grant to such a governmental unit for site acquisition, preparation of the site for ballpark development, and public infrastructure. Amounts expended by a local governmental unit with the proceeds of a grant or in expectation of reimbursement by the county shall not be deemed an expenditure or other use of local governmental resources by the governmental unit within the meaning of any law or charter limitation. Exercise by the county of its powers under this section shall not affect the amounts that the county is otherwise eligible to spend, tax, or receive under any law.

It is the intent of the legislature that, except as expressly limited herein, the county has the authority to acquire and develop a site for the ballpark, to enter into contracts with the authority and other governmental entities, to appropriate funds, and to make employees, consultants, and other revenues available for those purposes. The county may exercise for those purposes all the powers of a city, a housing and redevelopment authority, a port authority, a community development agency, and an economic development authority notwithstanding any limitations on the powers of those entities with respect to the development of sports facilities buildings designed or used primarily for professional sports.

Subd. 2. [COUNTY REVENUE BONDS.] The county may, by resolution, authorize, sell, and issue revenue bonds to provide funds to make a grant to the authority and to finance all or a portion of the costs of site acquisition, site improvements and other activities necessary to prepare a site for development of a stadium, and to acquire and construct any related parking facilities and other public infrastructure. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The bonds must be limited obligations, payable solely from or secured by taxes levied under subdivision 3, and any other revenues to become available under this act. The bonds may be issued in one or more series and sold without an election. The bonds shall be sold in the manner provided by Minnesota Statutes, section 475.60. The bonds shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority, be executed in the manner, be payable in the manner, mature, and be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the county may determine. The county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee within or without the state. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the county. Subject to this subdivision, the bonds must be issued and sold in the manner provided in Minnesota Statutes, chapter 475. The bonds shall recite that they are issued under this act and the recital shall be conclusive as to the validity of the bonds and the imposition and pledge of the taxes levied for their payment. In anticipation of the issuance of the bonds authorized under this subdivision and the collection of taxes levied under subdivision 3, the county may provide funds for the purposes authorized by this act through interfund loans from other available funds of the county.

Subd. 3. [SALES AND USE TAX.] (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, the governing body of the county may, by ordinance, impose an additional sales tax at a rate not to exceed 0.15 percent on sales taxable under Minnesota Statutes, chapter 297A, that occur within the county, and may also, by ordinance, impose a compensating use tax at a rate not to exceed 0.15 percent on uses of property within the county, the sale of which would be subject to the additional sales tax but for the fact that the property was sold outside the county. For purposes of this subdivision, sales that occur within the county do not include sales that would be exempt pursuant to Minnesota Statutes, section 297A.68, subdivision 11, 15, or 16, if the name of the county were substituted for the words "state," "the state," or "Minnesota."

(b) The tax authorized under this act is exempt from Minnesota Statutes, section 297A.99, subdivisions 2 and 3.

(c) The tax must be dedicated to the purposes described in this act and terminates upon payment or provision for payment of all bonds issued under subdivision 2 and the payment or provision for payment of all obligations of the county under any grant agreements or funding commitments entered into pursuant to this act.

(d) To the extent not inconsistent with this act, the provisions of Minnesota Statutes, sections 297A.95; 297A.96; 297A.98; and 297A.99, subdivisions 4, 5, 6, 7, 8, 9, 10, 11, and 12, apply to the tax.

(e) The tax shall not be included in determining the amount of sales tax that may be imposed on lodging in the city of Minneapolis for purposes of the limitation contained in Laws 1986, chapter 396, section 5, or in determining the amount of tax that may be imposed under any other limitation.

(f) In the event of any amendment to Minnesota Statutes, chapter 297A, enacted subsequent to the effective date of this act that exempts sales or uses that were taxable under Minnesota Statutes, chapter 297A, on the effective date of this act, the county may, by ordinance, extend the tax authorized hereby to any such sales or uses, provided that the governing body shall have determined that such extension is necessary to provide revenues for the uses to which taxes may be applied under this section and further provided that, in the estimation of the governing body, the aggregate annual collections following such extension will not exceed the aggregate annual collections that would have been generated if Minnesota Statutes, chapter 297A, as in effect on the effective date of this act, were then in effect. Any bonds issued in accordance with this act may, with the consent of the governing body, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due.

Subd. 4. [USES OF TAXES.] Revenues received from the tax imposed under subdivision 3 may be used:

(1) to pay costs of collection;

(2) to pay or secure the payment of any principal of, premium, or interest on bonds issued in accordance with this act;

(3) to pay costs and make grants described in subdivision 1, including financing costs related to them; and

(4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the county.

Sec. 7. [STATE RESPONSIBILITIES.]

Subdivision 1. [LAND AND AIR RIGHTS CONVEYANCE.] The state, including the commissioner of transportation, shall convey to the authority free of charge all real property owned by the state within the development area that the authority or county determines to be necessary for the ballpark and public infrastructure, except property required for current highway purposes. The state shall also convey air rights and other rights to enable the authority to construct a pedestrian bridge across marked Interstate Highway 394.

Subd. 2. [TAD RAMPS.] The commissioner of transportation shall enter into an agreement with the city of Minneapolis to establish within the parking garages known as the Third Avenue Distributor (TAD) ramps a system for at least 800 but not more than 1,000 event parking passes permitting evening and weekend entry to designated areas for baseball events that the city shall sell to the authority or team at rates comparable to other event parking rates to be made available for baseball patrons. This obligation of the commissioner of transportation and the city of Minneapolis and the operation of the system are subject to all regulations applicable to the garages. Participation in such agreements by the city shall not, and the receipt of funds pursuant to such an agreement shall not, be treated as city resources within the meaning of any charter limitation.

Sec. 8. [RAILROAD AUTHORITY CONVEYANCE.]

At the request of the authority, the Hennepin County Regional Railroad Authority shall convey land it owns within the development area that is not currently used for rail purposes to the authority without charge for use in connection with the ballpark and public infrastructure.

Sec. 9. [CITY REQUIREMENTS.]

Subdivision 1. [THIRD AVENUE.] At the request of the authority, the city of Minneapolis shall vacate the portion of Third Avenue North from Seventh Street North to the intersection of Third Avenue North and the on-ramp to marked Interstate Highway 394 without impeding on-ramp access.

Subd. 2. [LAND CONVEYANCE.] At the request of the authority, the city of Minneapolis shall convey to the authority without charge all real property it owns that is located in the development area and is not currently used for road, sidewalk, or utility purposes and that the authority determines to be necessary for ballpark or public infrastructure purposes.

Subd. 3. [LIQUOR LICENSES.] The city of Minneapolis shall issue intoxicating liquor licenses that are reasonably requested for the premises of the ballpark. These licenses are in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized under this subdivision.

Subd. 4. [CHARTER LIMITATIONS.] Actions taken by the city of Minneapolis under this section shall not be deemed to be an expenditure or other use of city resources within the meaning of any charter limitation.

Sec. 10. [LOCAL TAXES.]

Sales of admissions to baseball events at the ballpark are exempt from sales and use taxes imposed by local units of government, notwithstanding any law or ordinance. No local unit of government shall impose a new or additional tax on sales or uses of any item that is not in effect for the ballpark site on the date of enactment of this act, except taxes generally applicable throughout the jurisdiction.

Sec. 11. [REPEALER.]

Minnesota Statutes 2004, sections 473I.01; 473I.02; 473I.03; 473I.04; 473I.05; 473I.06; 473I.07; 473I.08; 473I.09; 473I.10; 473I.11; 473I.12; and 473I.13, are repealed.

Sec. 12. [EFFECTIVE DATES.]

Sections 1 to 5 and 7 to 11 are effective the day following final enactment. Section 6 is effective the day after the governing body of Hennepin County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Delete the title and insert:

"A bill for an act relating to a ballpark for major league baseball; providing for the financing, construction, operation, and maintenance of the ballpark and related facilities; establishing the Minnesota Ballpark Authority; authorizing Hennepin County to issue bonds and to contribute to ballpark costs and to engage in ballpark and related activities; authorizing local sales and use taxes and revenues; authorizing expenditures of tax revenues for youth activities and amateur sports and the extension of library hours; requiring actions by the state, the city of Minneapolis, and the Hennepin County Regional Railroad Authority; amending Minnesota Statutes 2004, section 297A.71, by adding a subdivision; repealing Minnesota Statutes 2004, sections 473I.01; 473I.02; 473I.03; 473I.04; 473I.05; 473I.06; 473I.07; 473I.08; 473I.09; 473I.10; 473I.11; 473I.12; 473I.13."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Local Government.

The report was adopted.

Pursuant to Joint Rule 2.03, H. F. No. 2480 was re-referred to the Committee on Rules and Legislative Administration.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 872, A bill for an act relating to education; providing for early childhood, adult, family, and kindergarten through grade 12 education including general education, excellence in education, special programs, facilities and technology, nutrition and accounting, libraries, early education, prevention, self-sufficiency and lifelong learning, state agencies, forecast deficiencies, and technical and conforming amendments; authorizing rulemaking; providing for reports; appropriating money; amending Minnesota Statutes 2004, sections 13.32, subdivisions 1, 8; 119A.46, subdivisions 1, 2, 3, 8; 120A.05, by adding a subdivision; 120A.22, subdivision 12; 120B.02; 120B.021, subdivision 1, by adding a subdivision; 120B.024; 120B.11, subdivisions 1, 2, 3, 4, 5, 8; 120B.13, subdivisions 1, 3, by adding a subdivision; 120B.23; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 4; 121A.03, subdivision 1; 121A.06, subdivisions 2, 3; 121A.17, subdivisions 1, 3, 5; 121A.19; 121A.41, subdivision 10; 121A.47, subdivision 14; 121A.53; 121A.55; 122A.06, subdivision 4; 122A.09, subdivisions 4, 10; 122A.12, subdivision 2; 122A.18, subdivision 2a; 122A.40, subdivision 5; 122A.41, subdivisions 2, 14; 122A.414; 122A.415, subdivisions 1, 3; 123A.05, subdivision 2; 123A.06, subdivision 1; 123A.24, subdivision 2; 123B.02, by adding a subdivision; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.42, subdivision 3; 123B.49, subdivision 4; 123B.53, subdivision 1; 123B.54; 123B.59, subdivisions 3, 3a; 123B.63, subdivision 2; 123B.71, subdivisions 8, 9, 12; 123B.749; 123B.75, subdivision 5, by adding a subdivision; 123B.76, subdivision 3; 123B.79, subdivision 6; 123B.81, subdivision 1; 123B.82; 123B.83, subdivision 2; 123B.92, subdivisions 1, 5, 9; 124D.095, subdivision 8; 124D.10, subdivisions 3, 4, 6, 8, 15, 23; 124D.11, subdivisions 1, 2, 5, 6; 124D.111, subdivisions 1, 2; 124D.118, subdivision 4; 124D.135, subdivisions 1, 5; 124D.15, subdivisions 1, 3, 5, 10, 12, by adding subdivisions; 124D.16, subdivisions 2, 3; 124D.20, subdivision 3; 124D.40; 124D.52, subdivision 3; 124D.531, subdivisions 1, 4; 124D.66, subdivision 3; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.74, subdivision 1; 124D.81, subdivision 1; 124D.84, subdivision 1; 125A.091, subdivision 5; 125A.11, subdivision 1; 125A.24; 125A.28; 125A.51; 125A.76, subdivisions 1, 4, by adding subdivisions; 125A.79, subdivisions 1, 5, 6, 7, by adding subdivisions; 126C.01, subdivision 11; 126C.05, by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 6, 7, 8, 13, 13a, 17, 18, 24, 31, by adding subdivisions; 126C.13, subdivision 4; 126C.15, subdivisions 1, 2, 3, by adding a subdivision; 126C.17, subdivisions 2, 5, 7, 9, 13; 126C.21, subdivision 4; 126C.40, subdivision 1; 126C.43, subdivisions 2, 3; 126C.44; 126C.457; 126C.48, subdivisions 2, 8, by adding a subdivision; 126C.63, subdivisions 5, 8; 127A.41, subdivision 8; 127A.42, subdivision 2; 127A.45, subdivisions 2, 10, 11, 12, 13, 14, 16; 127A.47, subdivisions 7, 8; 127A.49, subdivisions 2, 3; 127A.50, subdivision 5; 128C.12, subdivisions 1, 3; 134.31, by adding a subdivision; 171.04, subdivision 1; 171.05, subdivisions 2, 2b, 3; 179A.03, subdivision 14; 260C.007, subdivision 6, by adding a subdivision; 260C.201, subdivision 1; 275.14; 275.16; 469.177, subdivision 9; Laws 1996, chapter 412, article 5, section 24; Laws 2003, First Special Session chapter 9, article 1, sections 51; 53, subdivisions 2, as amended, 3, as amended, 11, as amended, 12, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivisions 2, as amended, 5, as amended, 9, as amended, 12, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivisions 2, 4, as amended, 5, as amended, 6, as amended, 8, as amended, 9, as amended; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivisions 2, as amended, 3, as amended, 4; Laws 2003, First Special Session chapter 9, article 5, section 35,

subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 6, section 4, as amended; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivisions 2, 4; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivisions 2, as amended, 3, 5, as amended; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120A; 120B; 121A; 122A; 123A; 123B; 124D; 125B; 129C; 171; repealing Minnesota Statutes 2004, sections 122A.24; 122A.415, subdivision 2; 123B.83, subdivision 1; 124D.095, subdivision 9; 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16, subdivisions 1, 4; 126C.12; 126C.42, subdivisions 1, 4; 128C.12, subdivision 4.

The Senate has appointed as such committee:

Senators Stumpf, Kelley, Sparks, Olson and Scheid.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

FISCAL CALENDAR

Pursuant to rule 1.22, Knoblach requested immediate consideration of H. F. No. 2461.

H. F. No. 2461 was reported to the House.

Holberg and Lieder moved to amend H. F. No. 2461, the fifth engrossment, as follows:

Page 142, after line 18, insert:

"Sec. 66. [219.1651] [GRADE CROSSING SAFETY ACCOUNT.]

A Minnesota grade crossing safety account is created in the special revenue fund, consisting of money credited to the account by law. Money in the account is appropriated to the commissioner of transportation for rail-highway grade crossing safety projects on public streets and highways, including engineering costs. Money in the fund at the end of each fiscal year cancels to the trunk highway fund.

Sec. 67. Minnesota Statutes 2004, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [TRAFFIC FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the State Patrol, shall be paid by the person or officer collecting the fines, forfeited bail money, or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), this three-eighths share must be transmitted to the commissioner of finance for deposit in the state treasury and credited to the general fund. The other five-eighths of these receipts shall be transmitted by that officer to the commissioner of finance and must be credited as follows: (1) the first \$600,000 in each fiscal year must be credited to the railroad highway safety account in the special revenue fund, and (2) remaining receipts must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of

the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the commissioner of finance as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the commissioner of finance and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), this three-eighths share must be transmitted to the commissioner of finance for deposit in the state treasury and credited to the general fund."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Juhnke, Holberg, Erhardt and Cox moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 109, after line 22, insert:

"Sec. 33. Minnesota Statutes 2004, section 169.448, is amended by adding a subdivision to read:

Subd. 4. [DAY ACTIVITY CENTER BUSES.] Notwithstanding subdivision 1, a vehicle used to transport adults to and from a day activity center may be equipped with prewarning flashing amber signals and a stop-signal arm, and the operator of the vehicle may activate this equipment, under the following circumstances:

- (1) the operator possesses a commercial driver's license with a school bus endorsement;
- (2) the vehicle is engaged in picking up or dropping off adults at locations predesignated by the day activity center that owns or leases the bus;
- (3) the vehicle is identified as a "day activity center bus" in letters at least eight inches high on the front and rear top of the bus; and
- (4) the name, address, and telephone number of the owner and operator of the bus is identified on each front door of the bus in letters not less than three inches high.

The provisions of section 169.444 relating to duties of care of a motorist to a school bus, and violations thereof, apply to a vehicle described in this section when the vehicle is operated in conformity with this subdivision. The provisions of section 169.443 relating to bus driver's duties apply to a vehicle described in this section except those that by their nature have no application.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hoppe moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 148, after line 34, insert:

"Sec. 82. [DEPUTY REGISTRAR AND DRIVER'S LICENSE AGENT APPOINTMENT.]

Notwithstanding any restriction in law or rule concerning proximity of deputy motor vehicle registrar offices or predicted number of annual applications processed, the commissioner of public safety shall appoint the auditor of Carver County as a deputy motor vehicle registrar and driver's license agent in the city of Chanhassen. All provisions of Minnesota Statutes, sections 168.33 and 171.061, not inconsistent with this section, apply to the appointments under this section."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Vandever, Davnie, Hackbarth, Mariani, Thao, Westrom and Peterson, S., moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 86, after line 25, insert:

"Sec. 2. Minnesota Statutes 2004, section 160.87, is amended by adding a subdivision to read:

Subd. 4. [LIMITATION ON COLLECTION OF TOLLS.] Notwithstanding subdivisions 1 to 3, a toll facility operator or road authority may collect tolls on a toll facility only until all costs related to the construction of the facility, including right-of-way acquisition and payment of principal and interest on any debt incurred therefore, have been paid and, if the operator is a for-profit entity, the operator has realized a reasonable profit on the operator's investment in the facility."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Vandever et al amendment and the roll was called. There were 115 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hansen	Lesch	Penas	Soderstrom
Abrams	Dittrich	Hausman	Liebling	Peppin	Solberg
Anderson, B.	Dorman	Hilstrom	Lillie	Peterson, A.	Sykora
Atkins	Dorn	Hilty	Loeffler	Peterson, N.	Thao
Beard	Eastlund	Holberg	Magnus	Peterson, S.	Thissen
Blaine	Eken	Hoppe	Mahoney	Poppe	Urdahl
Bradley	Ellison	Hornstein	Mariani	Powell	Vandever
Brod	Emmer	Hortman	Marquart	Rukavina	Wagenius
Buesgens	Entenza	Howes	Meslow	Ruth	Walker
Carlson	Erhardt	Johnson, R.	Moe	Ruud	Wardlow
Charron	Erickson	Johnson, S.	Mullery	Sailer	Welti
Clark	Finstad	Kahn	Murphy	Scalze	Westrom
Cornish	Fritz	Kelliher	Nelson, M.	Seifert	Wilkin
Cox	Garofalo	Klinzing	Nelson, P.	Sertich	Zellers
Cybart	Gazelka	Knoblach	Nornes	Severson	Spk. Sviggum
Davids	Goodwin	Kohls	Olson	Sieben	
Davnie	Greiling	Krinkie	Opatz	Simon	
Dean	Gunther	Lanning	Paulsen	Simpson	
Demmer	Hackbarth	Larson	Paymar	Slawik	
Dempsey	Hamilton	Lenczewski	Pelowski	Smith	

Those who voted in the negative were:

Anderson, I.	Hosch	Juhnke	McNamara	Ozment	Westerberg
DeLaForest	Huntley	Koenen	Newman	Samuelson	
Heidgerken	Johnson, J.	Lieder	Otremba	Tingelstad	

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE LIFTED

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

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, Continued

H. F. No. 2461, the fifth engrossment, as amended, was again reported to the House.

Klinzing, Slawik, Dean, Lillie, Hornstein, Hausman, Charron, McNamara and Sieben moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 148, after line 34, insert:

"Sec. 82. [BUS RAPID TRANSIT STUDY.]

Subdivision 1. [STUDY REQUIRED.] The Department of Transportation and the Metropolitan Council shall jointly conduct a study on the feasibility of implementing a bus rapid transit (BRT) system in the transportation corridor between Stillwater and St. Paul through Woodbury. Bus rapid transit systems are those systems that provide for significantly faster operating bus speeds, integrated service, greater service reliability, and increased convenience through investments in bus infrastructure, equipment, technology, and operational improvements.

Subd. 2. [STUDY REQUIREMENTS.] The study must, at a minimum, include an analysis of the benefits and costs of implementing a bus rapid transit system that includes the following:

(1) frequent operation of buses on exclusive or near-exclusive right-of-way on marked Interstate Highway 94;

(2) changes in bus or platform design and fare collection that provide for faster and more convenient boarding;

(3) station locations that are adjacent to, or easily accessible from, the exclusive right-of-way;

(4) traffic management improvements and traffic signal preemption on local streets within the transportation corridor; and

(5) changes to existing transit services to provide for timely connections and transfers.

Subd. 3. [STUDY RECOMMENDATIONS.] The study must recommend:

(1) options for implementing bus rapid transit in the transportation corridor;

(2) the associated cost of each option; and

(3) the anticipated benefits in terms of reduced travel times, increased ridership, and impacts on congestion levels within the corridor.

The study must be submitted by January 15, 2007, to the house of representatives and senate committees with jurisdiction over transportation policy and finance.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

Olson moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 69, after line 29, insert:

"Sec. 35. Minnesota Statutes 2004, section 169.18, subdivision 11, as amended by 2005 H.F. No. 1164, section 2, if enacted, is amended to read:

Subd. 11. [PASSING PARKED EMERGENCY OR TOWING VEHICLE.] When approaching and before passing a stationary authorized emergency vehicle or tow truck or towing vehicle displaying emergency lighting, the driver of a vehicle, unless otherwise directed by a police officer, shall:

(1) slow to a minimum of ten miles per hour less than the posted speed limit; or

(2) when driving on a street or highway having two or more lanes in the same direction, safely move the vehicle to a lane away from the emergency vehicle or tow truck or towing vehicle so that, when possible, there is one full traffic lane of separation or buffer between the vehicle and the emergency vehicle or tow truck or towing vehicle."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Clark, Walker and Kelliher moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 148, before line 34, insert:

"Sec. 82. [ADDITIONAL DEPUTY REGISTRAR OF MOTOR VEHICLES FOR HENNEPIN COUNTY.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar based on either the distance to an existing deputy registrar office or the annual volume of transactions processed by any deputy registrar within Hennepin County before or after the proposed appointment, the commissioner of public safety shall appoint a new deputy registrar of motor vehicles for Hennepin County to operate a new full-service office of deputy registrar, with full authority to function as a registration and motor vehicle tax collection bureau, at the Midtown Exchange Building in the city of Minneapolis. All other provisions regarding the appointment and operation of a deputy registrar of motor vehicles under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, apply to the office.

[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

The motion prevailed and the amendment was adopted.

Vandever, Mariani, Hackbarth, Westrom and Thao moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 86, after line 25, insert:

"Sec. 2. [160.94] [TOLL FACILITIES PROHIBITED.]

Neither the commissioner nor a local road authority may impose or authorize the imposition of a toll for the use of a bridge or a highway or highway lane. This section does not apply to any toll that was being collected on January 1, 2006."

Page 149, after line 9, insert:

"(f) Minnesota Statutes 2002, sections 160.84; 160.85; 160.86; 160.87; 160.88; 160.89; 160.90; 160.91; and 160.92; and Minnesota Statutes 2003 Supplement, section 160.93; are repealed."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Vandevener et al amendment and the roll was called. There were 64 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Emmer	Hornstein	Lenczewski	Nelson, M.	Sieben
Atkins	Entenza	Hortman	Lesch	Opatz	Simon
Bernardy	Fritz	Hosch	Liebling	Otremba	Solberg
Carlson	Garofalo	Huntley	Lillie	Pelowski	Thao
Clark	Goodwin	Jaros	Loeffler	Peppin	Tingelstad
Davnie	Greiling	Johnson, R.	Mahoney	Peterson, A.	Vandevener
Dill	Hackbarth	Johnson, S.	Mariani	Peterson, S.	Wagenius
Dorman	Hansen	Kelliher	Marquart	Rukavina	Walker
Dorn	Hausman	Koenen	Moe	Ruud	Welti
Eken	Hilstrom	Larson	Mullery	Sailer	
Ellison	Hilty	Latz	Murphy	Sertich	

Those who voted in the negative were:

Abeler	Davids	Hamilton	Lieder	Peterson, N.	Sykora
Abrams	Dean	Heidgerken	Magnus	Poppe	Thissen
Anderson, B.	DeLaForest	Holberg	McNamara	Powell	Urdahl
Beard	Demmer	Hoppe	Meslow	Ruth	Wardlow
Blaine	Dempsey	Howes	Nelson, P.	Samuelson	Westerberg
Bradley	Dittrich	Johnson, J.	Newman	Scalze	Westrom
Brod	Eastlund	Kahn	Nornes	Seifert	Wilkin
Buesgens	Erhardt	Klinzing	Olson	Severson	Zellers
Charron	Erickson	Knoblach	Ozment	Simpson	Spk. Sviggum
Cornish	Finstad	Kohls	Paulsen	Slawik	
Cox	Gazelka	Krinkie	Paymar	Smith	
Cybart	Gunther	Lanning	Penas	Soderstrom	

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

Severson moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 101, line 32, delete "veterans" and insert "veteran"

Page 102, line 11, delete "SUPPORT OUR TROOPS" and insert "MINNESOTA MILITARY FAMILY SUPPORT ORGANIZATION"

Page 102, line 30, delete ""Support Our Troops"" and insert ""Minnesota Military Family Support Organization""

Page 103, lines 3 and 4, delete "Minnesota "Support Our Troops"" and insert ""Minnesota Military Family Support Organization""

Page 103, lines 26 and 27, delete "Minnesota "Support Our Troops"" and insert ""Minnesota Military Family Support Organization""

Page 141, line 2, delete ""SUPPORT OUR TROOPS"" and insert ""MILITARY FAMILY SUPPORT ORGANIZATION""

Page 141, lines 4, 5, and 9, delete ""Support Our Troops"" and insert ""Military Family Support Organization""

Page 142, lines 10, 11, and 18, delete ""Support Our Troops"" and insert ""Military Family Support Organization""

The motion prevailed and the amendment was adopted.

Fritz moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 92, after line 29, insert the following:

"Sec. 16. Minnesota Statutes 2004, section 168.031, is amended to read:

168.031 [REGISTRATION EXEMPTION; ACTIVE MILITARY ~~RELATED~~ SERVICE.]

(a) The motor vehicle of any person who engages in active military service ~~in time of war or other emergency declared by proper authority~~ in any branch or unit of the ~~military or naval forces of the~~ United States armed forces shall be exempt from the motor vehicle registration tax during the period of such active service and for ~~40~~ 90 days immediately thereafter if the owner ~~has filed, before, during or within 90 days after completion of that active service, files~~ with the registrar of motor vehicles a written application for exemption with such proof of military service as the registrar may have required and if the motor vehicle is not operated on a public highway within the state during the requested period of exemption, except by the owner while on furlough or leave of absence from the military.

(b) The motor vehicle of any disabled war veteran, which vehicle has been furnished free, in whole or in part, by the United States government to said disabled veteran, shall be exempt from the motor vehicle registration tax. The motor vehicle owned and registered by a former prisoner of war that bears the "EX-POW" plates is exempt from the motor vehicle registration tax.

(c) For purposes of this section, the term "active service" shall have the meaning given this term in section 190.05, subdivisions 5b and 5c, but excludes service performed exclusively for purposes of:

(1) annual training and other periodic inactive duty training for National Guard and other reserve members;

(2) special training periodically made available to National Guard and other reserve members;

(3) service performed in accordance with section 190.08, subdivision 3; and

(4) service performed as part of the active guard/reserve program pursuant to United States Code, title 32, section 502(f), or other applicable authority.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to persons serving in active military service on or after that date."

Page 142, after line 18, insert the following:

"Sec. 66. Minnesota Statutes 2004, section 192.502, subdivision 2, is amended to read:

Subd. 2. [~~RENEWAL OF PROFESSIONAL LICENSES OR CERTIFICATIONS LICENSE, DRIVER'S LICENSE AND MOTOR VEHICLE REGISTRATION.~~] The renewal of a license or certificate of registration for a ~~member of the Minnesota National Guard or other military reserves~~ person who has been ordered to active military service and who is required by law to be licensed or registered in order to carry on or practice a ~~health or other~~ trade, employment, occupation, or profession in the state is governed under sections 326.55 and 326.56.

(b) The renewal of a driver's license for a person who has been ordered to active military service is governed under section 171.27.

(c) The renewal and payment of the motor vehicle registration tax for a vehicle of a person who has been ordered to active military service is governed under section 168.031.

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

Sec. 67. Minnesota Statutes 2004, section 197.65, is amended to read:

197.65 [~~RENEWAL OF PROFESSIONAL LICENSES OR CERTIFICATIONS LICENSE, MOTOR VEHICLE REGISTRATION AND DRIVER'S LICENSE.~~]

(a) The renewal of a license or certificate of registration for a person who is serving in or has recently been separated or discharged from active military service and who is required by law to be licensed or registered in order to carry on or practice a ~~health or other~~ trade, employment, occupation, or profession in the state is governed under sections 326.55 and 326.56.

(b) The renewal of a driver's license for a person who is serving in or has recently been separated or discharged from active military service is governed under section 171.27.

(c) The renewal and payment of the motor vehicle registration tax for a vehicle of a person who is serving in or has recently been separated or discharged from active military service is governed under section 168.031.

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

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Brod, Hornstein and Lesch moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 86, after line 25, insert:

"Sec. 2. [160.94] [USE OF HIGHWAY LANES BY HYBRID VEHICLES.]

Subdivision 1. [HYBRID VEHICLE.] For the purposes of this section, "hybrid vehicle" means a motor vehicle that (1) has a hybrid propulsion system that operates both with an internal combustion engine and on electric propulsion, and (2) conforms to any requirements for such a vehicle in federal law or regulation.

Subd. 2. [USE OF HOV LANES BY HYBRID VEHICLES.] Unless otherwise prohibited by federal law or regulation, and with the approval of the Federal Highway Administration, the commissioner shall:

(1) allow an operator of a single-occupant, hybrid vehicle to use any high-occupancy vehicle lane on the trunk highway system, regardless of occupancy requirements established for other types of vehicles; and

(2) allow the operator of a hybrid vehicle to use a lane of a trunk highway, other than a toll bridge, on which a toll is imposed for certain vehicles, without payment of such a toll.

Subd. 3. [DECALS.] The commissioner shall issue to the owner of a hybrid vehicle upon request of the owner and upon payment of a fee of \$15, a distinctive decal or other identifier to be affixed to the vehicle, clearly identifying the vehicle as a hybrid vehicle. A person operating a vehicle lawfully displaying such a decal has the privileges granted by the commissioner under subdivision 2. The commissioner shall deposit receipts from the fee in a separate account in the trunk highway fund. Money in the account is appropriated to the commissioner for administration of the decal program.

Subd. 4. [VIOLATION.] A person may not operate a vehicle that displays a decal or other identifier issued under this section in a high-occupancy vehicle lane or toll lane if that decal or identifier was not issued for that vehicle. A violation of this subdivision is a misdemeanor.

Subd. 5. [EXPIRATION.] This section expires July 31, 2007."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Brod et al amendment and the roll was called. There were 66 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abeler	Ellison	Heidgerken	Kelliher	Mullery	Scalze
Atkins	Emmer	Hilstrom	Koenen	Nelson, M.	Sertich
Bernardy	Entenza	Hilty	Lanning	Newman	Sieben
Brod	Erhardt	Hornstein	Latz	Otremba	Simon
Clark	Finstad	Hortman	Lesch	Paulsen	Slawik
Cornish	Fritz	Hosch	Lillie	Paymar	Thissen
Cox	Garofalo	Huntley	Mariani	Peterson, A.	Tingelstad
Davnie	Greiling	Jaros	Marquart	Peterson, S.	Urdahl
Dill	Hamilton	Johnson, J.	McNamara	Rukavina	Wagenius
Dittrich	Hansen	Johnson, S.	Meslow	Ruud	Walker
Eken	Hausman	Juhnke	Moe	Sailer	Welti

Those who voted in the negative were:

Abrams	Dean	Hackbarth	Liebling	Pelowski	Smith
Anderson, B.	DeLaForest	Holberg	Lieder	Penas	Soderstrom
Anderson, I.	Demmer	Hoppe	Loeffler	Peppin	Solberg
Beard	Dempsey	Howes	Magnus	Peterson, N.	Sykora
Blaine	Dorman	Johnson, R.	Mahoney	Poppe	Thao
Bradley	Dorn	Klinzing	Murphy	Powell	Vandevveer
Buesgens	Eastlund	Knoblach	Nelson, P.	Ruth	Wardlow
Carlson	Erickson	Kohls	Nornes	Samuelson	Westerberg
Charron	Gazelka	Krinkie	Olson	Seifert	Westrom
Cybart	Goodwin	Larson	Opatz	Severson	Wilkin
Davids	Gunther	Lenczewski	Ozment	Simpson	Zellers

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

Davnie and Hansen moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 14, after line 49, insert:

"The commissioner shall contract with a private consultant to conduct an audit of the division's Web site that permits persons to register motor vehicles online. The audit must examine traffic on the Web site and identify any actual or potential breaches of the security of information entered by registration applicants. The commissioner must give notice to all persons who have entered such information if the audit or other information available to the commissioner determines that the security of their personal information has been breached. For purposes of this paragraph, "personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either the name or the data elements is not encrypted: (1) Social Security number; (2) driver's license number or Minnesota identification card number; or (3) account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account. "Personal information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records. For purposes of this paragraph, "breach of the security of the system" means unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of personal information maintained by the Division of Driver and Vehicle Services. Good faith acquisition of personal information by an employee or agent of the division for the purposes of the division is not a breach of the security system, provided that the personal information is not used or subject to further unauthorized disclosure. The notice required in this paragraph may be provided by one of the following methods: (1) written notice to the most recent available address the division has

in its records; or (2) electronic notice, if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001. If the division discovers circumstances requiring notification under this section of more than 1,000 persons at one time, the division shall also notify, without unreasonable delay, all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined by United States Code, title 15, section 1681a, of the timing, distribution, and content of the notices. The notice may be delayed if a law enforcement agency determines that the notification will impede a criminal investigation. The notice must be made after the law enforcement agency determines that it will not compromise the investigation. The commissioner shall report to the chairs of the legislative committees having jurisdiction over taxation and transportation policy and finance by September 15, 2006, of the results of the audit, and on other actions taken by the commissioner to improve the security of data entered online."

A roll call was requested and properly seconded.

The question was taken on the Davnie and Hansen amendment and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hilty	Lenczewski	Paulsen	Smith
Abrams	Dittrich	Holberg	Lesch	Paymar	Soderstrom
Anderson, B.	Dorman	Hoppe	Liebling	Pelowski	Solberg
Anderson, I.	Dorn	Hornstein	Lieder	Penas	Sykora
Atkins	Eastlund	Hortman	Lillie	Peppin	Thao
Beard	Eken	Hosch	Loeffler	Peterson, A.	Thissen
Bernardy	Ellison	Howes	Magnus	Peterson, N.	Tingelstad
Blaine	Emmer	Huntley	Mahoney	Peterson, S.	Urdahl
Bradley	Entenza	Jaros	Mariani	Poppe	Vandever
Brod	Erhardt	Johnson, J.	Marquart	Powell	Wagenius
Buesgens	Erickson	Johnson, R.	McNamara	Rukavina	Walker
Carlson	Finstad	Johnson, S.	Meslow	Ruth	Wardlow
Charron	Fritz	Juhnke	Moe	Ruud	Welti
Clark	Garofalo	Kahn	Mullery	Sailer	Westerberg
Cornish	Gazelka	Kelliher	Murphy	Samuelson	Westrom
Cox	Greiling	Klinzing	Nelson, M.	Scalze	Wilkin
Cybart	Gunther	Knoblach	Nelson, P.	Seifert	Zellers
Davids	Hackbarth	Koenen	Newman	Sertich	Spk. Sviggum
Davnies	Hamilton	Kohls	Nornes	Severson	
Dean	Hansen	Krinkie	Olson	Sieben	
DeLaForest	Hausman	Lanning	Opatz	Simon	
Demmer	Heidgerken	Larson	Otremba	Simpson	
Dempsey	Hilstrom	Latz	Ozment	Slawik	

The motion prevailed and the amendment was adopted.

Blaine and Gazelka moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 86, after line 25, insert:

"Sec. 2. Minnesota Statutes 2004, section 161.14, is amended by adding a subdivision to read:

Subd. 51. [PURPLE HEART MEMORIAL HIGHWAY.] (a) Except for that portion designated under subdivision 45, the route signed as Trunk Highway 371 on the effective date of this subdivision, from its intersection with U. S. Highway 10 near the city of Little Falls to its intersection with U. S. Highway 2 in the city of Cass Lake, is named and designated the "Purple Heart Memorial Highway."

(b) Subject to the provisions of section 161.139, the commissioner shall adopt a suitable marking design to mark the highway and shall erect the appropriate signs."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Nelson, M., moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 5, delete lines 2 to 26

A roll call was requested and properly seconded.

The question was taken on the Nelson, M., amendment and the roll was called. There were 67 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Fritz	Johnson, R.	Lillie	Pelowski	Solberg
Atkins	Goodwin	Johnson, S.	Loeffler	Peterson, A.	Thao
Bernardy	Greiling	Juhnke	Mahoney	Peterson, S.	Thissen
Carlson	Hansen	Kahn	Mariani	Poppe	Tingelstad
Clark	Hausman	Kelliher	Marquart	Rukavina	Wagenius
Davnie	Hilstrom	Koenen	Moe	Ruud	Walker
Dill	Hilty	Larson	Mullery	Sailer	Wolti
Dittrich	Hornstein	Latz	Murphy	Scalze	
Dorn	Hortman	Lenczewski	Nelson, M.	Sertich	
Eken	Hosch	Lesch	Opatz	Sieben	
Ellison	Huntley	Liebling	Otremba	Simon	
Entenza	Jaros	Lieder	Paymar	Slawik	

Those who voted in the negative were:

Abeler	Beard	Brod	Cornish	Davids	Demmer
Abrams	Blaine	Buesgens	Cox	Dean	Dempsey
Anderson, B.	Bradley	Charron	Cybart	DeLaForest	Dorman

Eastlund	Hamilton	Krinkie	Ozment	Severson	Westrom
Emmer	Heidgerken	Lanning	Paulsen	Simpson	Wilkin
Erhardt	Holberg	Magnus	Penas	Smith	Zellers
Erickson	Hoppe	McNamara	Peppin	Soderstrom	Spk. Sviggum
Finstad	Howes	Meslow	Peterson, N.	Sykora	
Garofalo	Johnson, J.	Nelson, P.	Powell	Urdahl	
Gazelka	Klinzing	Newman	Ruth	Vandever	
Gunther	Knoblach	Nornes	Samuelson	Wardlow	
Hackbarth	Kohls	Olson	Seifert	Westerberg	

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

Kahn moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 138, after line 22, insert:

"Sec. 63. Minnesota Statutes 2004, section 174.03, is amended by adding a subdivision to read:

Subd. 10. [PROMOTION OF BICYCLE COMMUTING.] To conserve energy, alleviate traffic congestion, improve employee health through increased physical activity, decrease demand for motor vehicle parking, and minimize the environmental impact of commuting by singly occupied motor vehicles, the commissioner of transportation must promote bicycle commuting. As part of promoting bicycle commuting, the commissioner must:

(1) consider the effect on bicycle commuting in the design of transportation facilities throughout the state;

(2) encourage employers who are making capital improvements to their facilities to incorporate design elements that will facilitate bicycle commuting, such as bike racks, indoor or outdoor sheltered bicycle parking, high-security bicycle parking, showers, and dressing areas for bikers; and

(3) encourage employers that provide parking or other subsidies for drivers to provide subsidies for bicycle commuters."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kahn moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 148, after line 34, insert:

"Sec. 82. [PROMOTION OF BICYCLING AND WALKING.]

(a) The Department of Transportation should adopt a policy to fully integrate the needs and safety of all road uses into the designed operation of streets and highways to:

(1) promote policies to increase bicycle and walking; and

(2) reduce motor vehicle crashes involving bicyclists and pedestrians.

(b) All local planning agencies should integrate bicycling and walking into their planning and programming activities."

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 Kahn amendment and the roll was called. There were 76 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Hornstein	Latz	Nelson, M.	Seifert
Abrams	Eken	Hortman	Lenczewski	Opatz	Sertich
Anderson, I.	Ellison	Hosch	Lesch	Otremba	Sieben
Atkins	Entenza	Huntley	Liebling	Paymar	Simon
Bernardy	Erhardt	Jaros	Lieder	Pelowski	Slawik
Carlson	Fritz	Johnson, R.	Lillie	Peterson, A.	Solberg
Charron	Goodwin	Johnson, S.	Loeffler	Peterson, S.	Thao
Clark	Greiling	Juhnke	Mahoney	Poppe	Thissen
Cox	Hansen	Kahn	Mariani	Rukavina	Wagenius
Davnie	Hausman	Kelliher	Marquart	Ruud	Walker
Dill	Heidgerken	Koenen	Moe	Sailer	Welti
Dittrich	Hilstrom	Lanning	Mullery	Samuelson	
Dorman	Hilty	Larson	Murphy	Scalze	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Hackbarth	Magnus	Peppin	Urdahl
Beard	Demmer	Hamilton	McNamara	Peterson, N.	Vandever
Blaine	Dempsey	Holberg	Meslow	Powell	Wardlow
Bradley	Eastlund	Hoppe	Nelson, P.	Ruth	Westerberg
Brod	Emmer	Howes	Newman	Severson	Westrom
Buesgens	Erickson	Johnson, J.	Nornes	Simpson	Wilkin
Cornish	Finstad	Klinzing	Olson	Smith	Zellers
Cybart	Garofalo	Knoblach	Ozment	Soderstrom	Spk. Sviggum
Davids	Gazelka	Kohls	Paulsen	Sykora	
Dean	Gunther	Krinkie	Penas	Tingelstad	

The motion prevailed and the amendment was adopted.

Holberg offered an amendment to H. F. No. 2461, the fifth engrossment, as amended.

DeLaForest requested a division of the Holberg amendment to H. F. No. 2461, the fifth engrossment, as amended.

The first portion of the Holberg amendment to H. F. No. 2461, the fifth engrossment, as amended, reads as follows:

Page 7, line 35, delete "40,112,000" and insert "67,689,000" and delete "46,017,000" and insert "89,688,000"

Page 7, line 36, delete "\$40,426,000" and insert "\$51,758,000"

Page 7, line 37, delete "\$48,587,000" and insert "\$83,828,000"

Page 81, after line 36, insert:

"Section 1. Minnesota Statutes 2004, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILE; HEARSE.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax computed upon the base value as provided herein, during the first ~~and second years~~ year of vehicle life shall be computed upon 100 percent of the base value; ~~for the second year, 80 percent of such value;~~ for the third ~~and fourth years~~ year, ~~90~~ 70 percent of such value; ~~for the fourth year, 60 percent of such value;~~ for the fifth ~~and sixth years~~ year, ~~75~~ 50 percent of such value; ~~for the sixth year, 40 percent of such value;~~ for the seventh year, ~~60~~ 35 percent of such value; for the eighth year, ~~40~~ 30 percent of such value; for the ninth year, ~~30~~ 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of ~~\$25~~ \$39.

In no event shall the annual additional tax be less than ~~\$25~~ \$39. ~~In the third and subsequent years of vehicle life the total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year~~ third and subsequent years of vehicle life shall not exceed \$189 ~~and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any subsequent renewal period.~~

(i) As used in this subdivision and section 168.017, the following terms have the meanings given: "initial registration" means the 12 consecutive months calendar period from the day of first registration of a vehicle in Minnesota; and "renewal periods" means the 12 consecutive calendar months periods following the initial registration period.

(j) The annual additional tax under paragraph (h) in any registration year on a passenger automobile on which the first annual tax was paid before November 15, 2005, must not exceed the tax that was paid on that vehicle in the previous registration year.

[EFFECTIVE DATE.] This section is effective November 15, 2005, for registration year 2006 and subsequent years."

Page 82, line 13, strike "30" and insert "28.63"

Page 82, line 15, strike "21.5" and insert "22.8"

Page 82, line 16, strike "1.43" and insert "1.5"

Page 84, after line 13, insert:

"Sec. 4. [APPROPRIATION; TRUNK HIGHWAY FUND.]

\$100,000,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation in each of fiscal years 2006 through 2015 for improvements to the state trunk highway system. Of this appropriation:

(1) 47.5 percent must be spent for improvements to the interregional corridor system as identified by the commissioner where the improvements are physically located entirely or primarily outside the seven-county metropolitan area;

(2) 47.5 percent must be spent for the elimination of traffic bottlenecks on arterial highways located entirely within the seven-county metropolitan area;

(3) five percent must be spent for trunk highway improvements that primarily provide advantages to transit.

Sec. 5. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in section 1 from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$1,000,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to the bond proceeds account in the trunk highway fund."

Renumber sections and articles in sequence

Correct internal references

Adjust fund totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the first portion of the Holberg amendment and the roll was called. There were 96 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Lesch	Opatz	Severson
Abrams	Dorn	Holberg	Liebling	Ozment	Sieben
Anderson, B.	Eken	Hornstein	Lieder	Paymar	Simon
Anderson, I.	Ellison	Hortman	Lillie	Pelowski	Slawik
Beard	Entenza	Hosch	Loeffler	Penas	Solberg
Bernardy	Erhardt	Howes	Mahoney	Peterson, A.	Sykora
Bradley	Finstad	Huntley	Mariani	Peterson, N.	Thao
Carlson	Fritz	Jaros	McNamara	Peterson, S.	Thissen
Clark	Garofalo	Johnson, R.	Meslow	Poppe	Tingelstad
Cornish	Goodwin	Johnson, S.	Moe	Rukavina	Urdahl
Cox	Greiling	Kahn	Mullery	Ruth	Wagenius
Davnie	Gunther	Kelliher	Murphy	Ruud	Walker
Demmer	Hackbarth	Lanning	Nelson, M.	Sailer	Wardlow
Dempsey	Hansen	Larson	Nelson, P.	Samuelson	Walti
Dill	Hausman	Latz	Newman	Scalze	Westrom
Dittrich	Hilstrom	Lenczewski	Nornes	Sertich	Spk. Sviggum

Those who voted in the negative were:

Atkins	Dean	Heidgerken	Kohls	Peppin	Westerberg
Blaine	DeLaForest	Hoppe	Krinkie	Powell	Wilkin
Brod	Eastlund	Johnson, J.	Magnus	Seifert	Zellers
Buesgens	Emmer	Juhnke	Marquart	Simpson	
Charron	Erickson	Klinzing	Olson	Smith	
Cybart	Gazelka	Knoblach	Otremba	Soderstrom	
Davids	Hamilton	Koenen	Paulsen	Vandever	

The motion prevailed and the first portion of the Holberg amendment was adopted.

Holberg moved that the second portion of the Holberg amendment to H. F. No. 2461, the fifth engrossment, as amended, be temporarily laid over. The motion prevailed.

Lanning moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 86, after line 25, insert:

"Sec. 2. Minnesota Statutes 2004, section 161.14, is amended by adding a subdivision to read:

Subd. 52. [VETERANS MEMORIAL BRIDGE.] The interstate bridge on marked Trunk Highway 10 connecting the city of Moorhead with the city of Fargo, North Dakota, is named and designated as the Veterans Memorial Bridge. The commissioner of transportation shall adopt a suitable marking design to mark this bridge and erect appropriate signs, subject to section 161.139."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Ruth, Holberg, Lieder, Hausman and Abrams moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 108, after line 17, insert:

"Sec. 32. Minnesota Statutes 2004, section 169.18, subdivision 4, is amended to read:

Subd. 4. [PASSING ON THE RIGHT.] The driver of a vehicle may overtake and pass upon the right of another vehicle only upon the following conditions:

- (1) when the vehicle overtaken is making or about to make a left turn;
- (2) upon a street or highway with unobstructed pavement not occupied by parked vehicles of sufficient width for two or more lines of moving vehicles in each direction;
- (3) upon a one-way street, or upon any roadway on which traffic is restricted to one direction of movement, where the roadway is free from obstructions and of sufficient width for two or more lines of moving vehicles;
- (4) when the driver of a vehicle may overtake and pass another vehicle upon the right only under conditions permitting such movement in safety. In no event shall such movement be made by driving onto the shoulder, whether paved or unpaved, or off the pavement or main-traveled portion of the roadway."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hornstein; Wilkin; Thissen; Peterson, N.; Wardlow; Samuelson; Larson and Lenczewski moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 145, after line 21, insert:

"Sec. 69. Minnesota Statutes 2004, section 473.604, subdivision 5, is amended to read:

Subd. 5. [MEETINGS.] The commission shall meet regularly at least once each month, at such time and place as the commission shall by resolution designate. The commission must hold at least one meeting per year at a place outside the boundaries of the Minneapolis-St. Paul International Airport and within the 60Ldn contour, at which time the commission must report on its noise mitigation efforts. Special meetings may be held at any time upon the call of the chair or any two other members, upon written notice sent by certified mail to each member at least three days prior to the meeting, or upon such other notice as the commission may by resolution provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Unless otherwise provided, any action within the authority of the commission may be taken by the affirmative vote of a majority of all the members. A majority of all of the members of the commission shall constitute a quorum, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Erhardt moved to amend H. F. No. 2461, the fifth engrossment, as amended, as follows:

Delete page 1, lines 3 to 8 of the second Holberg amendment

Pages 81 to 84, delete article 3 and insert:

"ARTICLE 3

TRANSPORTATION FUNDING

Section 1. Minnesota Statutes 2004, section 163.051, is amended to read:

163.051 ~~METROPOLITAN~~ COUNTY WHEELAGE TAX.]

Subdivision 1. [TAX AUTHORIZED.] The board of commissioners of each ~~metropolitan~~ county is authorized to levy by resolution a wheelage tax of ~~\$5 for the year 1972 and each subsequent year thereafter by resolution up to~~ \$20 on each motor vehicle, except motorcycles as defined in section 169.01, ~~subdivision 4, which is kept in such county when not in operation and which is subject to annual registration and taxation under chapter 168.~~ Applicability of the wheelage tax to any motor vehicle shall be based on the residence address of the registered owner or, if the registered owner is not a natural person, on the street address of the registered owner. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles, and the state registrar of motor vehicles shall collect ~~such~~ the tax on behalf of the county if requested, as provided in subdivision 2.

Subd. 2. [COLLECTION BY REGISTRAR OF MOTOR VEHICLES.] The wheelage tax levied by ~~any metropolitan~~ a county, if made collectible by the state registrar of motor vehicles, ~~shall~~ must be certified by the county auditor to the registrar not later than August 1 in the year before the calendar year or years for which the tax is levied, and the registrar shall collect ~~such~~ the tax with the motor vehicle taxes on the affected vehicles for such year or years. Every owner and every operator of ~~such~~ a motor vehicle subject to the wheelage tax shall furnish to the registrar all information requested by the registrar. ~~No~~ A state motor vehicle tax on any such motor vehicle for any such year ~~shall~~ may not be received or deemed paid unless the applicable wheelage tax is paid therewith. ~~The proceeds of the wheelage tax levied by any metropolitan county, less any amount retained by the registrar to pay costs of collection of the wheelage tax, shall be paid to the commissioner of finance and deposited in the state treasury to the credit of the county wheelage tax fund of each metropolitan county. Wheelage taxes collected by the registrar may not be refunded.~~

Subd. 2a. [TAX PROCEEDS DEPOSITED; COSTS OF COLLECTION; APPROPRIATION.] Notwithstanding ~~the provisions of any other law,~~ the state registrar of motor vehicles shall deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of the ~~county wheelage tax road and bridge~~ fund of each ~~metropolitan~~ county levying the tax. The amount necessary to pay the costs of ~~collection of said~~ collecting the tax is appropriated to the state registrar of motor vehicles from the ~~county wheelage tax road and bridge~~ fund of each ~~metropolitan~~ county to the state registrar of motor vehicles levying the tax.

~~Subd. 3. [DISTRIBUTION TO METROPOLITAN COUNTY; APPROPRIATION.] On or before April 1 in 1972 and each subsequent year, the commissioner of finance shall issue a warrant in favor of the treasurer of each metropolitan county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax fund. There is hereby appropriated from the county wheelage tax fund each year, to each metropolitan county entitled to payments authorized by this section, sufficient moneys to make such payments.~~

Subd. 4. [USE OF TAX.] The treasurer of each metropolitan county receiving moneys under subdivision 3 shall deposit such moneys in the county road and bridge fund. The moneys shall be used for purposes authorized by law ~~which are highway purposes within the meaning of the Minnesota Constitution, article 14. A county levying a wheelage tax under this section may use the proceeds only for highway purposes.~~

~~Subd. 5. [EFFECT ON ROAD AND BRIDGE LEVY.] The county auditor of each metropolitan county shall reduce the amount of the property taxes levied pursuant to law in 1973 for collection in 1974, by the board of commissioners of such county for the county road and bridge fund, by the following amount: Anoka County, \$341,750; Carver County, \$86,725; Dakota County, \$386,165; Hennepin County, \$2,728,425; Ramsey County, \$1,276,815; Scott County, \$104,805; Washington County, \$227,220, and shall spread only the balance thereof on the tax rolls for collection in 1972. The county auditor shall also reduce the amount of such taxes levied pursuant to law in 1972 and any subsequent year, for collection in the respective ensuing years, by the amount of wheelage taxes received by the county in the 12 months immediately preceding such levy.~~

~~Subd. 6. [METROPOLITAN COUNTY DEFINED.] "Metropolitan county" means any of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.~~

Subd. 7. [OFFENSES; PENALTIES; APPLICATION OF OTHER LAWS.] Any owner or operator of a motor vehicle who ~~shall~~ willfully ~~give~~ gives any false information relative to the tax ~~herein~~ authorized under this section to the registrar of motor vehicles or any ~~metropolitan~~ county, or who ~~shall~~ willfully ~~fail or refuse~~ fails or refuses to furnish any such information, ~~shall be~~ is guilty of a misdemeanor. Except as otherwise herein provided, the collection and payment of a wheelage tax and all matters relating thereto ~~shall be~~ is subject to all provisions of law relating to collection and payment of motor vehicle taxes so far as applicable.

Sec. 2. Minnesota Statutes 2004, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILE; HEARSE.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax computed upon the base value as provided herein, during the first ~~and second years~~ year of vehicle life shall be computed upon 100 percent of the base value; ~~for the second year, 80 percent of such value;~~ for the second year, 80 percent of such value; ~~for the third and fourth years, 90 year, 70 percent of such value;~~ for the third year, 80 percent of such value; ~~for the fourth year, 60 percent of such value;~~ for the fourth year, 70 percent of such value; ~~for the fifth and sixth years, 75 year, 50 percent of such value;~~ for the fifth year, 60 percent of such value; ~~for the sixth year, 40 percent of such value;~~ for the sixth year, 50 percent of such value; ~~for the seventh year, 60 35 percent of such value;~~ for the seventh year, 40 percent of such value; ~~for the eighth year, 40 30 percent of such value;~~ for the eighth year, 30 percent of such value; ~~for the ninth year, 30 20 percent of such value;~~ for the ninth year, 20 percent of such value; ~~for the tenth year, ten percent of such value;~~ for the tenth year, 10 percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25. ~~The total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year of vehicle life shall not~~

~~exceed \$189 and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any subsequent renewal period.~~

~~(i) As used in this subdivision and section 168.017, the following terms have the meanings given: "initial registration" means the 12 consecutive months calendar period from the day of first registration of a vehicle in Minnesota; and "renewal periods" means the 12 consecutive calendar months periods following the initial registration period. The annual additional tax under paragraph (h) must not exceed the annual additional tax that was previously paid or due on that vehicle.~~

Sec. 3. Minnesota Statutes 2004, section 296A.07, subdivision 3, is amended to read:

Subd. 3. [RATE OF TAX.] The gasoline excise tax is imposed at the following rates:

(1) E85 is taxed at the rate of ~~44.2~~ 17.75 cents per gallon until May 31, 2006, and 21.3 cents per gallon thereafter;

(2) M85 is taxed at the rate of ~~44.4~~ 14.25 cents per gallon until May 31, 2006, and 17.1 cents per gallon thereafter; and

(3) all other gasoline is taxed at the rate of ~~20~~ 25 cents per gallon until May 31, 2006, and 30 cents per gallon thereafter.

[EFFECTIVE DATE.] This section is effective June 1, 2005.

Sec. 4. Minnesota Statutes 2004, section 296A.08, subdivision 2, is amended to read:

Subd. 2. [RATE OF TAX.] The special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of ~~45~~ 18.75 cents per gallon until May 31, 2006, and 22.5 cents per gallon thereafter.

(b) Liquefied natural gas is taxed at the rate of ~~42~~ 15 cents per gallon until May 31, 2006, and 18 cents per gallon thereafter.

(c) Compressed natural gas is taxed at the ~~rate of \$1.739 per thousand cubic feet; or 20 cents per gasoline equivalent, as defined by the National Conference on Weights and Measures, which is 5.66 pounds of natural gas~~ following rates: \$2.174 per thousand cubic feet, or 25 cents per gasoline equivalent, until May 31, 2006, and \$2.609 per thousand cubic feet, or 30 cents per gasoline equivalent thereafter. For purposes of this paragraph "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas.

(d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed by the commissioner.

[EFFECTIVE DATE.] This section is effective June 1, 2005.

Sec. 5. Minnesota Statutes 2004, section 297A.94, is amended to read:

297A.94 [DEPOSIT OF REVENUES.]

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, ~~72.43~~ 87.1 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) Of the revenues that the commissioner determines are derived from sales and use in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, and Washington, the commissioner shall deposit 3.08 percent into the metropolitan area transit fund created in section 16A.88, subdivision 2, and .77 percent into the greater Minnesota transit fund created under section 16A.88, subdivision 1.

Sec. 6. Minnesota Statutes 2004, 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, 2002, to June 30, 2003, 32 percent of the money collected and received must be deposited in the highway user tax distribution fund, 20.5 percent must be deposited in the metropolitan area transit fund under section 16A.88, and 1.25 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(c) From July 1, 2003, to June 30, ~~2007~~ 2005, 30 percent ~~of the money collected and received~~ must be deposited in the highway user tax distribution fund, 21.5 percent must be deposited in the metropolitan area transit fund under section 16A.88, 1.43 percent must be deposited in the greater Minnesota transit fund under section 16A.88, 0.65 percent must be deposited in the county state-aid highway fund, and 0.17 percent must be deposited in the municipal state-aid street fund. The remaining money must be deposited in the general fund.

(d) ~~On and after~~ From July 1, 2007, to June 30, 2008, 38.25 percent ~~of the money collected and received~~ must be deposited in the highway user tax distribution fund, ~~20.5~~ 24.225 percent must be deposited in the metropolitan area transit fund under section 16A.88, and ~~1.25~~ 1.275 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(e) From July 1, 2008, to June 30, 2009, 44.25 percent must be deposited in the highway user tax distribution fund, 28.025 percent must be deposited in the metropolitan area transit fund under section 16A.88, and 1.475 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(f) From July 1, 2009, to June 30, 2010, 50.25 percent must be deposited in the highway user tax distribution fund, 31.825 percent must be deposited in the metropolitan area transit fund under section 16A.88, and 1.675 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(g) From July 1, 2010, to June 30, 2011, 56.25 percent must be deposited in the highway user tax distribution fund, 35.625 percent must be deposited in the metropolitan area transit fund under section 16A.88, and 1.875 percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(h) On and after July 1, 2011, 60 percent must be deposited in the highway user tax distribution fund, 38 percent must be deposited in the metropolitan area transit fund under section 16A.88, and two percent must be deposited in the greater Minnesota transit fund under section 16A.88. The remaining money must be deposited in the general fund.

(i) Notwithstanding any other law, the commissioner shall in fiscal years 2006 through 2009 reduce the amount that would otherwise be distributed to the trunk highway fund from the amount deposited in the highway user tax distribution fund under this section by the following amounts, and shall transfer the amount so reduced to the general fund:

(1) in fiscal year 2006, \$100,200,000;

(2) in fiscal year 2007, \$103,600,000;

(3) in fiscal year 2008, \$106,000,000; and

(4) in fiscal year 2009, \$109,700,000.

Sec. 7. [APPROPRIATIONS; TRUNK HIGHWAY FUND.]

(a) \$100,000,000 is appropriated on the first day of fiscal years 2006 to 2015 from the bond proceeds account in the trunk highway fund to the commissioner of transportation for trunk highway improvements.

(b) \$11,343,000 in fiscal year 2006 and \$25,302,000 in fiscal year 2007 are appropriated from the trunk highway fund to the commissioner of transportation for highway debt service. These appropriations are in addition to any other appropriations for this purpose.

Sec. 8. [BOND SALE AUTHORIZATIONS.]

To provide the money appropriated in section 7 from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$1,000,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to the bond proceeds account in the trunk highway fund.

Sec. 9. [CONSTITUTIONAL AMENDMENT PROPOSED.]

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, two sections will be added to article XIV to read:

Sec. 12. Beginning with the fiscal year starting July 1, 2007, 63.75 percent of the revenue from a tax imposed by the state on the sale of a new or used motor vehicle must be apportioned for the transportation purposes described in section 13, then the revenue apportioned for transportation purposes must be increased by ten percent for each subsequent fiscal year through June 30, 2011, and then the revenue must be apportioned 100 percent for transportation purposes after June 30, 2011.

Sec. 13. The revenue apportioned in section 12 must be allocated for the following transportation purposes: not more than 60 percent must be deposited in the highway user tax distribution fund, and not less than 40 percent must be deposited in a fund dedicated solely to public transit assistance as defined by law.

Sec. 10. [SUBMISSION TO VOTERS.]

The constitutional amendment proposed in section 12 must be presented to the people at the 2006 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to dedicate revenue from a tax on the sale of new and used motor vehicles over a five-year period, so that after June 30, 2011, all of the revenue is dedicated at least 40 percent for public transit assistance and not more than 60 percent for highway purposes?"

Yes
No"

Pages 84 to 86, delete article 4 and insert:

"ARTICLE 4

COUNTY STATE-AID FUND DISTRIBUTION FORMULA

Section 1. Minnesota Statutes 2004, section 162.07, subdivision 1, is amended to read:

Subdivision 1. [FORMULA.] After deducting for administrative costs and for the disaster account and research account and state park roads as heretofore provided in section 162.06, subdivisions 2 to 5, the remainder of the total sum provided for in section 162.06, subdivision 1, ~~shall be~~ is identified as the apportionment sum and ~~shall be apportioned by the commissioner to the several counties on the basis of the needs of the counties as determined in accordance with the following formula:~~

~~(a) An amount equal to ten percent of the apportionment sum shall be apportioned equally among the 87 counties.~~

~~(b) An amount equal to ten percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.~~

~~(c) An amount equal to 30 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its total lane miles of approved county state aid highways bears to the total lane miles of approved statewide county state aid highways. In 1997 and subsequent years no county may receive, as a result of an apportionment under this clause based on lane miles rather than miles of approved county state aid highways, an apportionment that is less than its apportionment in 1996.~~

~~(d) An amount equal to 50 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties; provided, that the percentage of such amount that each county is to receive shall be adjusted so that each county shall receive in 1958 a total apportionment at least ten percent greater than its total 1956 apportionments from the state road and bridge fund; and provided further that those counties whose money needs are thus adjusted shall never receive a percentage of the apportionment sum less than the percentage that such county received in 1958 the excess sum.~~

(a) The excess sum is calculated as the sum of the amounts described in clauses (1) and (2), reduced by a proportionate share of the deductions for administrative costs and for the disaster account and research account, as follows:

(1) on or after July 1, 2005, the amount due to an increase imposed in the gasoline excise tax rate above a rate of 20 cents per gallon; or in the excise tax rate for E85, M85, and special fuels above the energy equivalent of a gasoline tax rate of 20 cents per gallon; and

(2) the amount due to a change in the passenger vehicle registration tax under section 168.013, imposed on or after July 1, 2005, that exceeds the amount collected in fiscal year 2005 multiplied by the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous year, divided by that annual average for calendar year 2004.

(b) The apportionment sum is calculated by subtracting the excess sum from the remainder of the total sum.

Sec. 2. Minnesota Statutes 2004, section 162.07, is amended by adding a subdivision to read:

Subd. 1a. [APPORTIONMENT SUM.] The commissioner shall apportion the apportionment sum among the several counties on the basis of the needs of the counties as determined in accordance with the following formula:

(a) An amount equal to ten percent of the apportionment sum must be apportioned equally among the 87 counties.

(b) An amount equal to ten percent of the apportionment sum must be apportioned among the several counties so that each county receives of that amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

(c) An amount equal to 30 percent of the apportionment sum must be apportioned among the several counties so that each county receives of that amount the percentage that its total lane-miles of approved county state-aid highways bears to the total lane-miles of approved statewide county state-aid highways. In 1997 and subsequent years, no county may receive, as a result of an apportionment under this paragraph based on lane-miles rather than miles of approved county state-aid highways, an apportionment that is less than its apportionment in 1996.

(d) An amount equal to 50 percent of the apportionment sum must be apportioned among the several counties so that each county receives of that amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties.

Sec. 3. Minnesota Statutes 2004, section 162.07, is amended by adding a subdivision to read:

Subd. 1b. [EXCESS SUM.] The commissioner shall apportion the excess sum to the several counties on the basis of the needs of the counties as determined in accordance with the following formula:

(a) An amount equal to 40 percent of the excess sum must be apportioned among the several counties so that each county receives of that amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

(b) An amount equal to 60 percent of the excess sum must be apportioned among the several counties so that each county receives of that amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties.

Sec. 4. Minnesota Statutes 2004, section 162.07, is amended by adding a subdivision to read:

Subd. 7. [CONSTRUCTION APPORTIONMENT.] (a) For purposes of this paragraph:

(1) "construction apportionment" means money allocated to counties under this section and not set aside for maintenance under section 162.08, subdivision 9; and

(2) "money needs percentage" means the construction apportionment of a county divided by the approved money needs of that county.

(b) No county may receive a construction apportionment in any year that is less than that county's average annual construction apportionment over calendar years 2001 through 2005.

(c) After calculating the apportionment for each county each year under this section, but before distribution of money to counties, the commissioner shall:

(1) determine the statewide average money needs percentage for all counties;

(2) rank all counties according to the extent to which each county is above or below the statewide average money needs percentage;

(3) identify those counties that are more than ten percent below the statewide average money needs percentage; and

(4) to the extent permitted by compliance with paragraph (b), allot to each county identified under clause (3) an amount that, if added to the county's construction allocation, would be sufficient to bring that county up to at least 90 percent of the statewide average money needs percentage."

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

Nelson, P., moved to amend the Erhardt amendment to H. F. No. 2461, the fifth engrossment, as amended, as follows:

Page 1, line 14, after "motorcycles" insert "and motor vehicles with a registered gross vehicle weight of 26,001 pounds or greater"

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

Dorman moved to amend the Erhardt amendment, as amended, to H. F. No. 2461, the fifth engrossment, as amended, as follows:

Pages 7 to 9, delete section 5 and insert:

"Sec. 5. Minnesota Statutes 2004, section 297A.62, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as otherwise provided in ~~subdivision~~ subdivisions 2 or 3, or 4, or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

Sec. 6. Minnesota Statutes 2004, section 297A.62, is amended by adding a subdivision to read:

Subd. 4. [METROPOLITAN AREA SALES TAX RATE.] Notwithstanding subdivision 1, the sales tax rate on gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, and Washington or to a destination in those counties by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1, is 6.75 percent.

Sec. 7. Minnesota Statutes 2004, section 297A.94, is amended to read:

297A.94 [DEPOSIT OF REVENUES.]

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The revenue attributable to one-fourth of one percent of the sales tax collected under section 297A.62, subdivision 4, must be deposited 80 percent into the metropolitan area transit fund and 20 percent into the Greater Minnesota transit fund."

Page 11, delete lines 2 to 11

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 amendment to the amendment, as amended, and the roll was called. There were 10 yeas and 124 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorman	Heidgerken	Koenen	Murphy
Davids	Eken	Howes	Moe	Rukavina

Those who voted in the negative were:

Abeler	DeLaForest	Gunther	Kahn	Marquart	Peterson, N.
Abrams	Demmer	Hackbarth	Kelliher	McNamara	Peterson, S.
Anderson, B.	Dempsey	Hamilton	Klinzing	Meslow	Poppe
Atkins	Dill	Hansen	Knoblach	Mullery	Powell
Beard	Dittrich	Hausman	Kohls	Nelson, M.	Ruth
Bernardy	Dorn	Hilstrom	Krinkie	Nelson, P.	Ruud
Blaine	Eastlund	Hilty	Lanning	Newman	Sailer
Bradley	Ellison	Holberg	Larson	Nornes	Samuelson
Brod	Emmer	Hoppe	Latz	Olson	Scalze
Buesgens	Entenza	Hornstein	Lenczewski	Opatz	Seifert
Carlson	Erhardt	Hortman	Lesch	Otremba	Sertich
Charron	Erickson	Hosch	Liebling	Ozment	Severson
Clark	Finstad	Huntley	Lieder	Paulsen	Sieben
Cornish	Fritz	Jaros	Lillie	Paymar	Simon
Cox	Garofalo	Johnson, J.	Loeffler	Pelowski	Simpson
Cybart	Gazelka	Johnson, R.	Magnus	Penas	Slawik
Davnie	Goodwin	Johnson, S.	Mahoney	Peppin	Smith
Dean	Greiling	Juhnke	Mariani	Peterson, A.	Soderstrom

Solberg	Thissen	Vandev eer	Wardlow	Westrom	Spk. Sviggum
Sykora	Tingelstad	Wagenius	Werti	Wilkin	
Thao	Urdahl	Walker	Westerberg	Zellers	

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

Pursuant to rule 1.50, Paulsen moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

The question recurred on the Erhardt amendment, as amended, and the roll was called. There were 68 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Hosch	Liebling	Peterson, A.	Slawik
Anderson, I.	Erhardt	Huntley	Lieder	Peterson, N.	Solberg
Atkins	Fritz	Jaros	Lillie	Peterson, S.	Thao
Bernardy	Garofalo	Johnson, R.	Loeffler	Poppe	Thissen
Carlson	Goodwin	Johnson, S.	Mahoney	Rukavina	Tingelstad
Clark	Greiling	Juhnke	Mariani	Ruud	Wagenius
Cox	Hansen	Kahn	Mullery	Sailer	Walker
Davnie	Hausman	Kelliher	Murphy	Samuelson	Werti
Dill	Hilstrom	Larson	Nelson, M.	Scalze	
Dittrich	Hilty	Latz	Opatz	Sertich	
Dorn	Hornstein	Lenczewski	Paymar	Sieben	
Ellison	Hortman	Lesch	Pelowski	Simon	

Those who voted in the negative were:

Abrams	Dean	Gunther	Kohls	Olson	Smith
Anderson, B.	DeLaForest	Hackbarth	Krinkie	Otremba	Soderstrom
Beard	Demmer	Hamilton	Lanning	Ozment	Sykora
Blaine	Dempsey	Heidgerken	Magnus	Paulsen	Urdahl
Bradley	Dorman	Holberg	Marquart	Penas	Vandev eer
Brod	Eastlund	Hoppe	McNamara	Peppin	Wardlow
Buesgens	Eken	Howes	Meslow	Powell	Westerberg
Charron	Emmer	Johnson, J.	Moe	Ruth	Westrom
Cornish	Erickson	Klinzing	Nelson, P.	Seifert	Wilkin
Cybart	Finstad	Knoblach	Newman	Severson	Zellers
Davids	Gazelka	Koenen	Nornes	Simpson	Spk. Sviggum

The motion prevailed and the amendment, as amended, was adopted.

Pursuant to rule 1.22, Knoblach withdrew his request for immediate consideration of H. F. No. 2461, the fifth engrossment, as amended.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Knoblach announced his intention to place H. F. No. 2461, the fifth engrossment, as amended, on the Fiscal Calendar for Thursday, May 12, 2005.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 42, A bill for an act relating to firearms; authorizing the use of silencers to muffle discharges of firearms for natural resource wildlife control; amending Minnesota Statutes 2004, section 609.66, subdivisions 1h, 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Howes moved that the House refuse to concur in the Senate amendments to H. F. No. 42, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1485.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1485, A bill for an act relating to labor; requiring the certification and regulation of crane operators; authorizing civil penalties; amending Minnesota Statutes 2004, section 182.659, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 182.

The bill was read for the first time.

Mahoney moved that S. F. No. 1485 and H. F. No. 759, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 42:

Howes, Hoppe and Moe.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 902:

Ozment, Dill, Gunther, Hackbarth and Penas.

CALENDAR FOR THE DAY

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

MOTIONS AND RESOLUTIONS

Urdahl, Thao and Wardlow introduced:

House Resolution No. 17, A House resolution recognizing the flag of the Republic of Vietnam as the official symbol of the Vietnamese American Community of Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 9:30 a.m., Thursday, May 12, 2005. 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 12, 2005.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

