

## STATE OF MINNESOTA

## EIGHTY-FIFTH SESSION — 2007

## FOURTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, JANUARY 11, 2007

The House of Representatives convened at 10:00 a.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Jerry Storm, Director and Chaplain, Peace Community Counseling Center, Inver Grove Heights, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dettmer	Heidgerken	Lesch	Olson	Slawik
Anderson, B.	Dill	Hilstrom	Liebling	Otremba	Slocum
Anderson, S.	Dittrich	Hilty	Lieder	Ozment	Solberg
Anzelc	Dominguez	Holberg	Lillie	Paulsen	Sviggum
Atkins	Doty	Hoppe	Loeffler	Paymar	Swails
Beard	Eastlund	Hornstein	Madore	Pelowski	Thao
Benson	Eken	Hortman	Magnus	Peppin	Thissen
Berns	Emmer	Hosch	Mariani	Peterson, A.	Tillberry
Bigham	Erhardt	Howes	Marquart	Peterson, N.	Tingelstad
Bly	Erickson	Huntley	Masin	Peterson, S.	Tschumper
Brod	Faust	Jaros	McFarlane	Poppe	Urdahl
Brown	Fritz	Johnson	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Juhnke	Moe	Ruth	Walker
Buesgens	Garofalo	Kahn	Morgan	Ruud	Ward
Bunn	Gottwalt	Kalin	Morrow	Sailer	Wardlow
Carlson	Greiling	Knuth	Mullery	Scalze	Welti
Clark	Gunther	Koenen	Murphy, E.	Seifert	Westrom
Cornish	Hackbarth	Kohls	Murphy, M.	Sertich	Winkler
Davnie	Hamilton	Kranz	Nelson	Severson	Wollschlager
Dean	Hansen	Laine	Nornes	Shimanski	Zellers
DeLaForest	Hausman	Lanning	Norton	Simon	Spk. Kelliher
Demmer	Haws	Lenczewski	Olin	Simpson	

A quorum was present.

Finstad and Smith were excused.

Mahoney was excused until 10:20 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Loeffler 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 STANDING COMMITTEES

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 8, A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2006 to the federal teacher expense deduction, tuition subtraction, and other provisions of the Tax Relief and Health Care Act of 2006, the Heroes Earned Retirement Opportunity Act, and the Pension Protection Plan of 2006; amending Minnesota Statutes 2006, sections 290.01, subdivisions 19, 31; 290A.03, subdivision 15.

Reported the same back with the following amendments:

Page 2, line 12, delete "2007" and insert "2006"

Page 2, after line 18, insert:

"Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and under the provisions of Public Law 109-1;

(7) 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;

(8) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(9) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, 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 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(10) job opportunity building zone income as provided under section 469.316;

(11) the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes services performed exclusively for purposes of basic combat training, advanced individual training, annual training, and periodic inactive duty training; special training periodically made available to reserve members; and service performed in accordance with section 190.08, subdivision 3;

(12) the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota;

(13) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(15) to the extent included in federal taxable income, compensation paid to a nonresident who is a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public Law 108-189, section 101(2); and

(16) international economic development zone income as provided under section 469.325.

**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

With the recommendation that when so amended the bill pass.

The report was adopted.

#### DECLARATION OF URGENCY

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Sertich moved that the rule therein be suspended and an urgency be declared so that H. F. No. 8 be given its second and third readings and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Sertich motion and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Buesgens	Doty	Hackbarth	Howes	Lenczewski
Anderson, B.	Bunn	Eastlund	Hamilton	Huntley	Lesch
Anderson, S.	Carlson	Eken	Hansen	Jaros	Liebling
Anzelc	Clark	Emmer	Hausman	Johnson	Lieder
Atkins	Cornish	Erhardt	Haws	Juhnke	Lillie
Beard	Davnie	Erickson	Heidgerken	Kahn	Loeffler
Benson	Dean	Faust	Hilstrom	Kalin	Madore
Berns	DeLaForest	Fritz	Hilty	Knuth	Magnus
Bigham	Demmer	Gardner	Holberg	Koenen	Mariani
Bly	Dettmer	Garofalo	Hoppe	Kohls	Marquart
Brod	Dill	Gottwalt	Hornstein	Kranz	Masin
Brown	Dittrich	Greiling	Hortman	Laine	McFarlane
Brynaert	Dominguez	Gunther	Hosch	Lanning	McNamara

Moe	Olin	Peterson, N.	Sertich	Swails	Ward
Morgan	Olson	Peterson, S.	Severson	Thao	Wardlow
Morrow	Otremba	Poppe	Shimanski	Thissen	Walti
Mullery	Ozment	Rukavina	Simon	Tillberry	Westrom
Murphy, E.	Paulsen	Ruth	Simpson	Tingelstad	Winkler
Murphy, M.	Paymar	Ruud	Slawik	Tschumper	Wollschlager
Nelson	Pelowski	Sailer	Slocum	Urdahl	Zellers
Nornes	Peppin	Scalze	Solberg	Wagenius	Spk. Kelliher
Norton	Peterson, A.	Seifert	Sviggum	Walker	

The motion prevailed.

#### SUSPENSION OF RULES

Sertich moved that the Rules of the House be so far suspended that H. F. No. 8 be given its second and third readings and be placed upon its final passage. The motion prevailed.

H. F. No. 8 was read for the second time.

Brod offered an amendment to H. F. No. 8, the first engrossment.

#### POINT OF ORDER

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

Brod appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 87 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anzelc	Dill	Haws	Kahn	Loeffler	Murphy, M.
Atkins	Dittrich	Hilstrom	Kalin	Madore	Nelson
Benson	Dominguez	Hilty	Knuth	Mahoney	Norton
Bigham	Doty	Hornstein	Koenen	Mariani	Olin
Bly	Eken	Hortman	Kranz	Marquart	Olson
Brown	Faust	Hosch	Laine	Masin	Otremba
Brynaert	Fritz	Howes	Lenczewski	Moe	Paymar
Bunn	Gardner	Huntley	Lesch	Morgan	Pelowski
Carlson	Greiling	Jaros	Liebling	Morrow	Peterson, A.
Clark	Hansen	Johnson	Lieder	Mullery	Peterson, S.
Davnie	Hausman	Juhnke	Lillie	Murphy, E.	Poppe

Rukavina	Sertich	Solberg	Tillberry	Ward	Spk. Kelliher
Ruud	Simon	Swails	Tschumper	Welti	
Sailer	Slawik	Thao	Wagenius	Winkler	
Scalze	Slocum	Thissen	Walker	Wollschlager	

Those who voted in the negative were:

Abeler	Dean	Garofalo	Kohls	Peppin	Tingelstad
Anderson, B.	DeLaForest	Gottwalt	Lanning	Peterson, N.	Urdahl
Anderson, S.	Demmer	Gunther	Magnus	Ruth	Wardlow
Beard	Dettmer	Hackbarth	McFarlane	Seifert	Westrom
Berns	Eastlund	Hamilton	McNamara	Severson	Zellers
Brod	Emmer	Heidgerken	Nornes	Shimanski	
Buesgens	Erhardt	Holberg	Ozment	Simpson	
Cornish	Erickson	Hoppe	Paulsen	Svigum	

So it was the judgment of the House that the decision of the Speaker should stand.

Zellers moved to amend H. F. No. 8, the first engrossment, as follows:

Page 2, line 10, strike "May 18, 2006" and insert "December 31, 2006"

Page 2, lines 11 to 14, delete the new language

Page 2, after line 18, insert:

"Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

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

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

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

(2) the amount of income or sales and use taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid or sales and use taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the

addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction disallowed;

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

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

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

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

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

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

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

~~(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment for taxable years beginning after December 31, 2005.

Page 4, line 33, strike everything after "(14)"

Page 4, strike lines 34 to 36

Page 5, strike lines 1 to 4

Page 5, line 5, strike "(15)"

Page 5, line 9, strike "(16)" and insert "(15)"

Page 5, after line 12 insert:

"Sec. 4. Minnesota Statutes 2006, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) 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, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);

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

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase 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 103 of Public Law 109-222; and

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

~~(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;~~

~~(17) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code; and~~

~~(18) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment for taxable years beginning after December 31, 2005.

Sec. 5. Minnesota Statutes 2006, 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;

(11) 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) the amount of disability 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) 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) 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) the amount of any refund of environmental taxes paid under section 59A of the Internal Revenue Code;

(16) 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;

(17) 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;

(18) 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

(19) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), 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 (15). The resulting delayed depreciation cannot be less than zero; ~~and~~

~~(20) 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 amount of the addition.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment for taxable years beginning after December 31, 2005.

Page 5, lines 14 to 15, delete the new language

Page 5, line 16, strike "May 18" and insert "December 31"

Page 5, lines 17 to 19, delete the new language

Page 5, lines 24 to 25, delete the new language

Page 5, line 26, delete the new language and strike "May 18, 2006" and insert "December 31, 2006"

Page 5, lines 27 to 28, 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 Zellers amendment and the roll was called. There were 47 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Howes	Ozment	Simpson
Anderson, B.	DeLaForest	Gottwalt	Kohls	Paulsen	Svigum
Anderson, S.	Demmer	Gunther	Lanning	Peppin	Tingelstad
Beard	Dettmer	Hackbarth	Magnus	Peterson, N.	Urdahl
Berns	Eastlund	Hamilton	McFarlane	Ruth	Wardlow
Brod	Emmer	Heidgerken	McNamara	Seifert	Westrom
Buesgens	Erhardt	Holberg	Nornes	Severson	Zellers
Cornish	Erickson	Hoppe	Olson	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Johnson	Mahoney	Pelowski	Thissen
Atkins	Faust	Juhnke	Mariani	Peterson, A.	Tillberry
Benson	Fritz	Kahn	Marquart	Peterson, S.	Tschumper
Bigham	Gardner	Kalin	Masin	Poppe	Wagenius
Bly	Greiling	Knuth	Moe	Rukavina	Walker
Brown	Hansen	Koenen	Morgan	Ruud	Ward
Brynaert	Hausman	Kranz	Morrow	Sailer	Welti
Bunn	Haws	Laine	Mullery	Scalze	Winkler
Carlson	Hilstrom	Lenczewski	Murphy, E.	Sertich	Wollschlager
Clark	Hilty	Lesch	Murphy, M.	Simon	Spk. Kelliher
Davnie	Hornstein	Liebling	Nelson	Slawik	
Dill	Hortman	Lieder	Norton	Slocum	
Dittrich	Hosch	Lillie	Olin	Solberg	
Dominguez	Huntley	Loeffler	Otremba	Swails	
Doty	Jaros	Madore	Paymar	Thao	

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

Kohls, Paulsen, Brod, Magnus and Hamilton moved to amend H. F. No. 8, the first engrossment, as follows:

Page 2, after line 18, insert:

"Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

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

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the

exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

(2) the amount of income or sales and use taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid or sales and use taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction disallowed;

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

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

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

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

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

(8) for taxable years beginning after December 31, 2006, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans.

**EFFECTIVE DATE.** This section is effective the day following final enactment for taxable years beginning after December 31, 2005."

Page 5, after line 12 insert:

"Sec. 4. Minnesota Statutes 2006, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) 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, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);

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

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase 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 103 of Public Law 109-222;

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) for taxable years beginning after December 31, 2006, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(17) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code; and

(18) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans.

**EFFECTIVE DATE.** This section is effective the day following final enactment 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 Kohls et al amendment and the roll was called. There were 47 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Howes	Ozment	Simpson
Anderson, B.	DeLaForest	Gottwalt	Kohls	Paulsen	Sviggum
Anderson, S.	Demmer	Gunther	Lanning	Peppin	Tingelstad
Beard	Dettmer	Hackbarth	Magnus	Peterson, N.	Urdahl
Berns	Eastlund	Hamilton	McFarlane	Ruth	Wardlow
Brod	Emmer	Heidgerken	McNamara	Seifert	Westrom
Buesgens	Erhardt	Holberg	Nornes	Severson	Zellers
Cornish	Erickson	Hoppe	Olson	Shimanski	

Those who voted in the negative were:

Anzelc	Bigham	Brynaert	Clark	Dittrich	Eken
Atkins	Bly	Bunn	Davnie	Dominguez	Faust
Benson	Brown	Carlson	Dill	Doty	Fritz

Gardner	Johnson	Lillie	Murphy, M.	Sailer	Wagenius
Greiling	Juhnke	Loeffler	Nelson	Scalze	Walker
Hansen	Kahn	Madore	Norton	Sertich	Ward
Hausman	Kalin	Mahoney	Olin	Simon	Welti
Haws	Knuth	Mariani	Otremba	Slawik	Winkler
Hilstrom	Koenen	Marquart	Paymar	Slocum	Wollschlager
Hilty	Kranz	Masin	Pelowski	Solberg	Spk. Kelliher
Hornstein	Laine	Moe	Peterson, A.	Swails	
Hortman	Lenczewski	Morgan	Peterson, S.	Thao	
Hosch	Lesch	Morrow	Poppe	Thissen	
Huntley	Liebling	Mullery	Rukavina	Tillberry	
Jaros	Lieder	Murphy, E.	Ruud	Tschumper	

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

Paulsen moved to amend H. F. No. 8, the first engrossment, as follows:

Page 2, line 12, delete "2006" and insert "2007"

Page 2, line 14, delete "2007" and insert "2008"

Page 5, line 15, delete the second "2006" and insert "2007"

Page 5, line 18, delete "2007" and insert "2008"

Page 5, line 25, delete the second "2006" and insert "2007"

Page 5, line 27, delete "2007" and insert "2008"

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 Paulsen amendment and the roll was called. There were 47 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Howes	Ozment	Simpson
Anderson, B.	DeLaForest	Gottwalt	Kohls	Paulsen	Sviggum
Anderson, S.	Demmer	Gunther	Lanning	Peppin	Tingelstad
Beard	Dettmer	Hackbarth	Magnus	Peterson, N.	Urdahl
Berns	Eastlund	Hamilton	McFarlane	Ruth	Wardlow
Brod	Emmer	Heidgerken	McNamara	Seifert	Westrom
Buesgens	Erhardt	Holberg	Nornes	Severson	Zellers
Cornish	Erickson	Hoppe	Olson	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Johnson	Mahoney	Pelowski	Thissen
Atkins	Faust	Juhnke	Mariani	Peterson, A.	Tillberry
Benson	Fritz	Kahn	Marquart	Peterson, S.	Tschumper
Bigham	Gardner	Kalin	Masin	Poppe	Wagenius
Bly	Greiling	Knuth	Moe	Rukavina	Walker
Brown	Hansen	Koenen	Morgan	Ruud	Ward
Brynaert	Hausman	Kranz	Morrow	Sailer	Welti
Bunn	Haws	Laine	Mullery	Scalze	Winkler
Carlson	Hilstrom	Lenczewski	Murphy, E.	Sertich	Wollschlager
Clark	Hilty	Lesch	Murphy, M.	Simon	Spk. Kelliher
Davnie	Hornstein	Liebling	Nelson	Slawik	
Dill	Hortman	Lieder	Norton	Slocum	
Dittrich	Hosch	Lillie	Olin	Solberg	
Dominguez	Huntley	Loeffler	Otremba	Swails	
Doty	Jaros	Madore	Paymar	Thao	

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

Buesgens offered an amendment to H. F. No. 8, the first engrossment.

#### POINT OF ORDER

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

Buesgens appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 87 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Jaros	Madore	Otremba	Swails
Atkins	Faust	Johnson	Mahoney	Paymar	Thao
Benson	Fritz	Juhnke	Mariani	Pelowski	Thissen
Bigham	Gardner	Kahn	Marquart	Peterson, A.	Tillberry
Bly	Greiling	Kalin	Masin	Peterson, S.	Tschumper
Brown	Hansen	Knuth	Moe	Poppe	Wagenius
Brynaert	Hausman	Koenen	Morgan	Rukavina	Walker
Bunn	Haws	Kranz	Morrow	Ruud	Ward
Carlson	Hilstrom	Laine	Mullery	Sailer	Welti
Clark	Hilty	Lenczewski	Murphy, E.	Scalze	Winkler
Davnie	Hornstein	Lesch	Murphy, M.	Sertich	Wollschlager
Dill	Hortman	Liebling	Nelson	Simon	Spk. Kelliher
Dittrich	Hosch	Lieder	Norton	Slawik	
Dominguez	Howes	Lillie	Olin	Slocum	
Doty	Huntley	Loeffler	Olson	Solberg	

Those who voted in the negative were:

Abeler	Dean	Garofalo	Kohls	Peppin	Tingelstad
Anderson, B.	DeLaForest	Gottwalt	Lanning	Peterson, N.	Urdahl
Anderson, S.	Demmer	Gunther	Magnus	Ruth	Wardlow
Beard	Dettmer	Hackbarth	McFarlane	Seifert	Westrom
Berns	Eastlund	Hamilton	McNamara	Severson	Zellers
Brod	Emmer	Heidgerken	Nornes	Shimanski	
Buesgens	Erhardt	Holberg	Ozment	Simpson	
Cornish	Erickson	Hoppe	Paulsen	Sviggum	

So it was the judgment of the House that the decision of the Speaker should stand.

Magnus, Demmer, Nornes, Hamilton, Cornish, Gunther, Ruth, Brod, Hackbarth, Heidgerken, Ozment, Urdahl, Lanning, Simpson, Sviggum and Westrom offered an amendment to H. F. No. 8, the first engrossment.

#### POINT OF ORDER

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

H. F. No. 8, A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2006 to the federal teacher expense deduction, tuition subtraction, and other provisions of the Tax Relief and Health Care Act of 2006, the Heroes Earned Retirement Opportunity Act, and the Pension Protection Plan of 2006; amending Minnesota Statutes 2006, sections 290.01, subdivisions 19, 19b, 31; 290A.03, subdivision 15.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Clark	Faust	Hoppe	Lanning	Morgan
Anderson, B.	Cornish	Fritz	Hornstein	Lenczewski	Morrow
Anderson, S.	Davnie	Gardner	Hortman	Lesch	Mullery
Anzelc	Dean	Garofalo	Hosch	Liebling	Murphy, E.
Atkins	DeLaForest	Gottwalt	Howes	Lieder	Murphy, M.
Beard	Demmer	Greiling	Huntley	Lillie	Nelson
Benson	Dettmer	Gunther	Jaros	Loeffler	Nornes
Berns	Dill	Hackbarth	Johnson	Madore	Norton
Bigham	Dittrich	Hamilton	Juhnke	Magnus	Olin
Bly	Dominguez	Hansen	Kahn	Mahoney	Olson
Brod	Doty	Hausman	Kalin	Mariani	Otreмба
Brown	Eastlund	Haws	Knuth	Marquart	Ozment
Brynaert	Eken	Heidgerken	Koenen	Masin	Paulsen
Buesgens	Emmer	Hilstrom	Kohls	McFarlane	Paymar
Bunn	Erhardt	Hilty	Kranz	McNamara	Pelowski
Carlson	Erickson	Holberg	Laine	Moe	Peppin

Peterson, A.	Ruud	Shimanski	Sviggum	Tschumper	Welti
Peterson, N.	Sailer	Simon	Swails	Urdahl	Westrom
Peterson, S.	Scalze	Simpson	Thao	Wagenius	Winkler
Poppe	Seifert	Slawik	Thissen	Walker	Wollschlager
Rukavina	Sertich	Slocum	Tillberry	Ward	Zellers
Ruth	Severson	Solberg	Tingelstad	Wardlow	Spk. Kelliher

The bill was passed and its title agreed to.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Solberg and Lenczewski introduced:

H. F. No. 68, A bill for an act relating to state government finance; providing an appropriation for emergencies; requiring reports and recommendations to bring the state budget into compliance with generally accepted governmental accounting principles; requiring disclosure of the impact of inflation on state expenditures; requiring consultation on expenditure data; requiring a report of cash flow for the general fund; providing continuing appropriations for the operation of state government under certain conditions; appropriating money; amending Minnesota Statutes 2006, sections 9.061, subdivision 5; 16A.055, subdivision 1; 16A.103, subdivisions 1a, 1b, 1c, 1e; 16A.11, subdivision 2, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16A.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Mullery introduced:

H. F. No. 69, A bill for an act relating to taxation; individual income; allowing a subtraction for health insurance premiums; amending Minnesota Statutes 2006, sections 290.01, subdivision 19b; 290.091, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Hosch, Urdahl, Heidgerken and Juhnke introduced:

H. F. No. 70, A bill for an act relating to education finance; appropriating money to Eden Valley-Watkins school district to recover the cost of remediating an environmental hazard.

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

Hosch introduced:

H. F. No. 71, A bill for an act relating to agriculture; modifying the definition of farming for the purposes of the Minnesota Agricultural Development Act; amending Minnesota Statutes 2006, section 41C.02, subdivision 10.

The bill was read for the first time and referred to the Committee on Agriculture, Rural Economies and Veterans Affairs.

Hosch, Welti, Dill, Hackbarth, Eken and Juhnke introduced:

H. F. No. 72, A bill for an act relating to game and fish; modifying bear baiting restrictions; amending Minnesota Statutes 2006, section 97B.425.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Paulsen, Kohls, Buesgens, Zellers, Brod, Heidgerken, DeLaForest, Dean, Hoppe, Simpson and Eastlund introduced:

H. F. No. 73, A bill for an act relating to the legislature; confining regular legislative sessions to odd-numbered years; amending Minnesota Statutes 2006, section 3.011.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Hansen, Huntley, Jaros, Hornstein, Tingelstad, Wagenius and Bigham introduced:

H. F. No. 74, A resolution memorializing the President and Congress and others to protect the Great Lakes from aquatic invasive species.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Pelowski introduced:

H. F. No. 75, A bill for an act relating to elections; changing a prohibition on certain expenditures; amending Minnesota Statutes 2006, section 211B.12.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Shimanski and Urdahl introduced:

H. F. No. 76, A bill for an act relating to natural resources; requiring designation of a canoe route.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Mullery introduced:

H. F. No. 77, A bill for an act relating to state government; establishing best value as the criteria for construction contracts; amending Minnesota Statutes 2006, sections 16C.03, subdivision 3; 16C.06, subdivisions 2, 7; 16C.10, subdivisions 1, 6; 16C.26; 16C.28, subdivision 3; 16C.32, subdivision 2; 16C.33, subdivisions 5, 7; 161.32, subdivision 1b; 471.345, by adding a subdivision; repealing Minnesota Statutes 2006, sections 16C.27; 16C.28, subdivisions 1, 2, 4, 5.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

Morrow, Brynaert, Kranz and Murphy, E., introduced:

H. F. No. 78, A bill for an act relating to education finance; authorizing funding for voluntary, full-day kindergarten; amending Minnesota Statutes 2006, sections 123B.41, subdivision 7; 126C.05, subdivisions 1, 15; 126C.12, subdivision 5; 126C.126; repealing Minnesota Statutes 2006, section 124D.081.

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

Thissen introduced:

H. F. No. 79, A bill for an act relating to retirement; Teachers Retirement Association; containing provisions of an administrative nature; amending Minnesota Statutes 2006, sections 354.094, subdivision 1; 354.35; 354.45, subdivision 1a; 354.48, subdivision 3; 356.46, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 354; repealing Minnesota Statutes 2006, section 354.49, subdivision 5.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Atkins introduced:

H. F. No. 80, A bill for an act relating to occupations; modifying regulation of barbers and barbering schools; amending Minnesota Statutes 2006, sections 154.065, subdivision 2; 154.07, by adding a subdivision; repealing Minnesota Statutes 2006, section 154.07, subdivision 5.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

Paulsen, Brod, Kohls, Simpson, DeLaForest and Zellers introduced:

H. F. No. 81, A bill for an act relating to income taxation; providing an exclusion for long-term capital gains; amending Minnesota Statutes 2006, sections 290.01, subdivision 19b; 290.091, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Erickson and Lanning introduced:

H. F. No. 82, A bill for an act relating to taxation; individual income; allowing a subtraction for certain military pension income; amending Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b.

The bill was read for the first time and referred to the Committee on Taxes.

Hansen, Kahn, Wagenius, Masin, Wardlow, Davnie, Morgan, Loeffler, Thissen, Lillie, Atkins, Johnson, Hornstein, Lenczewski and Beard introduced:

H. F. No. 83, A bill for an act relating to state government; authorizing the legislative auditor to retain certain audit fees; amending Minnesota Statutes 2006, sections 3.9741, subdivision 1; 37.06.

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

Erickson and Olson introduced:

H. F. No. 84, A bill for an act relating to the ombudsman for mental health; imposing a term limit in office; amending Minnesota Statutes 2006, section 245.92.

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

Bunn, Madore, Sailer, Kalin, Welti, Clark, Haws, Wagenius, Tschumper, Brown, Kranz, Fritz, Moe, Bigham, Greiling, Koenen, Swails, Winkler and Scalze introduced:

H. F. No. 85, A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2006 to the federal teacher expense deduction, tuition subtraction, and other provisions of the Tax Relief and Health Care Act of 2006, the Heroes Earned Retirement Opportunity Act, and the Pension Protection Plan of 2006; amending Minnesota Statutes 2006, sections 290.01, subdivisions 19, 31; 290A.03, subdivision 15.

The bill was read for the first time and referred to the Committee on Taxes.

Hackbarth and Abeler introduced:

H. F. No. 86, A bill for an act relating to energy; designating Elk River as Minnesota's energy city; proposing coding for new law in Minnesota Statutes, chapter 1.

The bill was read for the first time and referred to the Energy Finance and Policy Division.

Thao, Johnson, Lillie, Lesch and Hausman introduced:

H. F. No. 87, A bill for an act relating to capital improvements; authorizing expenditures to predesign an Asian Pacific Cultural Center in St. Paul; amending Laws 2006, chapter 258, section 21, subdivision 21.

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

Thissen, Huntley, Clark, Abeler and Walker introduced:

H. F. No. 88, A bill for an act relating to human services; repealing the MFIP subsidized housing penalty; repealing Minnesota Statutes 2006, section 256J.37, subdivision 3a.

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

Greiling; Heidgerken; Morrow; Murphy, M.; Hilstrom; Morgan; McFarlane; Swails; Davnie; Dominguez; Faust and Dittrich introduced:

H. F. No. 89, A resolution memorializing the President and Congress to carry through on their pledge to fund 40 percent of special education costs.

The bill was read for the first time and referred to the Committee on E-12 Education.

Greiling, Mariani and Heidgerken introduced:

H. F. No. 90, A resolution memorializing the Congress of the United States not to reauthorize the No Child Left Behind Act in its current form.

The bill was read for the first time and referred to the Committee on E-12 Education.

Mullery introduced:

H. F. No. 91, A bill for an act relating to employment; increasing the minimum wage; providing a mechanism for adjusting the minimum wage annually to account for inflation; amending Minnesota Statutes 2006, section 177.24, subdivision 1.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

Mullery introduced:

H. F. No. 92, A bill for an act relating to public safety; requiring the commissioner of public safety to determine whether hunting licensees are ineligible to possess a firearm and, if so, to notify specified governmental officials; proposing coding for new law in Minnesota Statutes, chapter 299A.

The bill was read for the first time and referred to the Committee on Public Safety and Civil Justice.

Mullery introduced:

H. F. No. 93, A bill for an act relating to government data practices; providing for parole and probation authorities to have access to certain records; amending Minnesota Statutes 2006, section 624.714, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Public Safety and Civil Justice.

Bigham, Dominguez and Madore introduced:

H. F. No. 94, A bill for an act relating to state government; providing that certain appropriations continue in effect until eliminated or modified; proposing coding for new law in Minnesota Statutes, chapter 16A.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Bigham, Kalin and Madore introduced:

H. F. No. 95, A bill for an act relating to the legislature; prohibiting per diem payments to members during certain special sessions; amending Minnesota Statutes 2006, section 3.099, subdivision 1.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Mullery introduced:

H. F. No. 96, A bill for an act relating to property tax refunds; providing for payment of refunds to estates in certain circumstances; amending Minnesota Statutes 2006, section 290A.18, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Mullery introduced:

H. F. No. 97, A bill for an act relating to taxation; extending the research credit to the individual income tax; making a portion of the credit refundable; appropriating money; amending Minnesota Statutes 2006, section 290.068, subdivisions 1, 3, 4, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Anderson, S.; Greiling; Smith; Marquart and Nornes introduced:

H. F. No. 98, A bill for an act relating to education finance; increasing equity revenue for districts above the 95th percentile; amending Minnesota Statutes 2006, section 126C.10, subdivision 24.

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

Erickson, Shimanski, Ruth, Howes, Abeler, Gottwalt, Ward, Nornes, Westrom and Gunther introduced:

H. F. No. 99, A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2006 to the federal teacher expense deduction, tuition subtraction, and other provisions of the Tax Relief and Health Care Act of 2006, the Heroes Earned Retirement Opportunity Act, and the Pension Protection Plan of 2006; amending Minnesota Statutes 2006, sections 290.01, subdivisions 19, 19b, 31; 290A.03, subdivision 15.

The bill was read for the first time and referred to the Committee on Taxes.

Demmer, Hamilton, Marquart, Magnus, Juhnke, Simpson, Severson, Koenen, Otremba, Ruth, Nornes, Shimanski, Dettmer and Welti introduced:

H. F. No. 100, A bill for an act relating to agriculture; creating a farm enhancement loan program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 41B.

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

Demmer, Juhnke, Simpson, Brod, Koenen, Magnus, Hamilton, Severson, Lieder, Otremba, Ruth, Seifert, Nornes, Dettmer, Shimanski and Welti introduced:

H. F. No. 101, A bill for an act relating to education finance; excluding the value of agricultural land from the tax base for school bonded debt levies; amending Minnesota Statutes 2006, sections 123B.53, subdivision 5; 126C.01, by adding subdivisions; 273.13, subdivision 23.

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

Shimanski introduced:

H. F. No. 102, A bill for an act relating to bonds; authorizing the city of Winsted to issue bonds under Minnesota Statutes, chapter 475, to finance the acquisition and betterment of a facility consisting of a city hall, community center, and police station.

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

Berns; Paulsen; Zellers; Kohls; Brod; Dettmer; Lanning; Seifert; Peterson, N.; Hamilton; Hackbarth; McFarlane; Demmer; Cornish; Heidgerken; Eastlund; Sviggum; Smith; Dean; Anderson, S., and DeLaForest introduced:

H. F. No. 103, A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2006 to the federal teacher expense deduction, tuition subtraction, and other provisions of the Tax Relief and Health Care Act of 2006, the Heroes Earned Retirement Opportunity Act, and the Pension Protection Plan of 2006; amending Minnesota Statutes 2006, sections 290.01, subdivisions 19, 19b, 31; 290A.03, subdivision 15.

The bill was read for the first time and referred to the Committee on Taxes.

Sailer and Eken introduced:

H. F. No. 104, A bill for an act relating to animal health; removing limits on reimbursement for certain animals killed by order of the Board of Animal Health; amending Minnesota Statutes 2006, section 35.09, subdivisions 1, 2a.

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

Hortman; Erhardt; Madore; Lillie; Peterson, N.; Ruth; Tingelstad; Fritz; Slocum; Bigham; Thissen; Loeffler; Paymar; Hornstein; Swails and Ruud introduced:

H. F. No. 105, A bill for an act relating to traffic regulations; requiring passenger restraint for children under the age of eight in motor vehicles; amending Minnesota Statutes 2006, section 169.685, subdivision 5.

The bill was read for the first time and referred to the Transportation Finance Division.

Thissen, Erhardt, Cornish, Hornstein and Lieder introduced:

H. F. No. 106, A bill for an act relating to traffic regulations; making seat belt violation a primary offense in all seating positions regardless of age; increasing the fine for seat belt violations; making technical changes; amending Minnesota Statutes 2006, sections 169.686, subdivision 1; 171.05, subdivision 2b; 171.055, subdivision 2.

The bill was read for the first time and referred to the Transportation Finance Division.

Erhardt introduced:

H. F. No. 107, A bill for an act relating to taxation; modifying the treatment of wagering losses under the alternative minimum tax; amending Minnesota Statutes 2006, section 290.091, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Morrow and Brynaert introduced:

H. F. No. 108, A bill for an act relating to the city of North Mankato; allowing the city to impose a local sales and use tax.

The bill was read for the first time and referred to the Committee on Taxes.

Fritz and Poppe introduced:

H. F. No. 109, A bill for an act relating to capital improvements; authorizing the sale and issuance of state bonds; appropriating money for street and sewer improvements in Blooming Prairie.

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

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I have the honor to inform the House of Representatives that the Senate is ready to meet with the House in Joint Convention at 11:45 a.m., Wednesday, January 17, 2007, to receive the message of the Honorable Tim Pawlenty, Governor of the State of Minnesota, which will be delivered at 12:00 noon.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I have the honor to announce that the Senate has appointed a committee of five members of the Senate to act with a like committee on the part of the House of Representatives to escort the Honorable Tim Pawlenty, Governor of the State of Minnesota, to the House Chamber on the occasion of the Joint Convention on Wednesday, January 17, 2007, at 12:00 noon.

Senators Bonoff, Koering, Larson, Saltzman and Sieben have been appointed as members of such committee on the part of the Senate.

PATRICK E. FLAHAVEN, Secretary of the Senate

### MOTIONS AND RESOLUTIONS

Thissen moved that the name of Benson be added as an author on H. F. No. 1. The motion prevailed.

Peterson, A., moved that the names of Hansen; Peterson, S.; Mariani; Bly; Wollschlager; Benson; Scalze and Greiling be added as authors on H. F. No. 4. The motion prevailed.

Bly moved that the names of Madore; Laine; Peterson, S., and Dominguez be added as authors on H. F. No. 5. The motion prevailed.

Greiling moved that the names of Laine; Peterson, S.; Kranz; Dittrich; Dominguez; Scalze; Brown and Anzelc be added as authors on H. F. No. 6. The motion prevailed.

Loeffler moved that the names of Hansen, Tingelstad, Clark, Hosch, Scalze, Dittrich and Masin be added as authors on H. F. No. 7. The motion prevailed.

Juhnke moved that the names of Morrow, Doty and Wollschlager be added as authors on H. F. No. 9. The motion prevailed.

Thissen moved that the name of Hortman be added as an author on H. F. No. 10. The motion prevailed.

Rukavina moved that the names of Pelowski; Hortman; Loeffler; Peterson, S.; Scalze and Lesch be added as authors on H. F. No. 11. The motion prevailed.

Heidgerken moved that the names of Wardlow, Lillie, Olson and Lesch be added as authors on H. F. No. 14. The motion prevailed.

Hilstrom moved that the names of Dominguez and Bigham be added as authors on H. F. No. 15. The motion prevailed.

Mullery moved that the name of Anzelc be added as an author on H. F. No. 16. The motion prevailed.

Lieder moved that the name of Scalze be added as an author on H. F. No. 18. The motion prevailed.

Erhardt moved that the name of Abeler be added as an author on H. F. No. 23. The motion prevailed.

Anzelc moved that the names of Solberg, Dill and Rukavina be added as authors on H. F. No. 25. The motion prevailed.

Hackbarth moved that the name of Erickson be added as an author on H. F. No. 27. The motion prevailed.

Severson moved that the names of Wardlow, Gottwalt and Lanning be added as authors on H. F. No. 29. The motion prevailed.

Mullery moved that the names of Greiling, Hilstrom, Nelson and Peterson, S., be added as authors on H. F. No. 31. The motion prevailed.

Buesgens moved that the name of Nornes be added as an author on H. F. No. 33. The motion prevailed.

Kahn moved that the names of Paymar and Clark be added as authors on H. F. No. 34. The motion prevailed.

Brod moved that the names of Wardlow; Anderson, S.; Nornes and Lanning be added as authors on H. F. No. 37. The motion prevailed.

Jaros moved that the names of Greiling and Kahn be added as authors on H. F. No. 41. The motion prevailed.

Buesgens moved that the names of Anderson, S., and Nornes be added as authors on H. F. No. 43. The motion prevailed.

Mullery moved that the name of Clark be added as an author on H. F. No. 47. The motion prevailed.

Mullery moved that the names of Clark and Lesch be added as authors on H. F. No. 48. The motion prevailed.

Lesch moved that the names of Clark and Loeffler be added as authors on H. F. No. 53. The motion prevailed.

Sviggum moved that the names of Nornes, Erickson, Simpson and Wollschlager be added as authors on H. F. No. 55. The motion prevailed.

Mullery moved that the name of Clark be added as an author on H. F. No. 58. The motion prevailed.

Brod moved that the names of Hamilton and Kohls be added as authors on H. F. No. 60. The motion prevailed.

Sviggum moved that the names of Anderson, S.; Nornes and Erickson be added as authors on H. F. No. 61. The motion prevailed.

Brod moved that the names of Kohls and Hamilton be added as authors on H. F. No. 62. The motion prevailed.

Thissen moved that H. F. No. 65 be recalled from the Committee on Finance and be re-referred to the Committee on Governmental Operations, Reform, Technology and Elections. The motion prevailed.

Dominguez, Walker, Bigham, Ward and Hoppe introduced:

House Resolution No. 1, A House resolution commemorating the life and work of Dr. Martin Luther King, Jr.

#### SUSPENSION OF RULES

Dominguez moved that the rules be so far suspended that House Resolution No. 1 be now considered and be placed upon its adoption. The motion prevailed.

#### HOUSE RESOLUTION NO. 1

A House resolution commemorating the life and work of Dr. Martin Luther King, Jr.

*Whereas*, the birthday of Dr. Martin Luther King, Jr. is January 15, 1929; and

*Whereas*, Dr. King accepted the mantle of leadership of the Montgomery bus boycott of 1955 to desegregate public transportation by leading a boycott which lasted over 381 days; and

*Whereas*, the Montgomery bus boycott inspired civil rights activity all over the United States, including the state of Minnesota, and this movement for civil and human rights has made our society freer, more democratic, and more inclusive; and

*Whereas*, Dr. King's life was devoted to the elimination of segregation and prejudice against all people; and

*Whereas*, achievements in human and civil rights were accomplished through his personal efforts and his example to others; and

*Whereas*, he sought to fulfill his goals exclusively by nonviolent means; and

*Whereas*, Dr. King's life was ended by assassination on April 4, 1968, in Memphis, Tennessee, where he was leading an effort for more just treatment of sanitation workers; and

*Whereas*, the actions and efforts of Dr. Martin Luther King, Jr. have served as an inspiration to many; *Now, Therefore,*

*Be It Resolved* by the House of Representatives of the State of Minnesota that it honors the life and work of Dr. Martin Luther King, Jr. and the Civil Rights movement.

Dominguez moved that House Resolution No. 1 be now adopted. The motion prevailed and House Resolution No. 1 was adopted.

#### ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, January 16, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, January 16, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

