

STATE OF MINNESOTA

Journal of the House

EIGHTY-SIXTH SESSION — 2009

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 22, 2009

The House of Representatives convened at 11:00 a.m. and was called to order by Tony Sertich, Speaker pro tempore.

Prayer was offered by the Very Reverend Joseph Johnson, Rector, Cathedral of St. Paul, St. Paul, Minnesota.

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

The Speaker assumed the chair.

The roll was called and the following members were present:

Abeler	Dettmer	Haws	Laine	Newton	Severson
Anderson, B.	Dill	Hayden	Lanning	Nornes	Shimanski
Anderson, P.	Dittrich	Hilstrom	Lenczewski	Norton	Simon
Anderson, S.	Doepke	Hilty	Lesch	Obermueller	Slawik
Anzelc	Doty	Holberg	Liebling	Olin	Slocum
Beard	Downey	Hoppe	Lillie	Otremba	Smith
Benson	Drazkowski	Hornstein	Loeffler	Paymar	Solberg
Bigham	Eastlund	Hortman	Loon	Pelowski	Sterner
Bly	Eken	Hosch	Mack	Peppin	Swails
Brod	Emmer	Howes	Magnus	Persell	Thao
Brown	Falk	Huntley	Mahoney	Peterson	Thissen
Brynaert	Faust	Jackson	Marquart	Poppe	Tillberry
Buesgens	Fritz	Johnson	Masin	Reinert	Torkelson
Bunn	Gardner	Juhnke	McFarlane	Rosenthal	Urdahl
Carlson	Garofalo	Kahn	McNamara	Rukavina	Wagenius
Champion	Gottwalt	Kalin	Morgan	Ruud	Ward
Clark	Greiling	Kath	Morrow	Sailer	Welti
Cornish	Gunther	Kelly	Mullery	Sanders	Westrom
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Zellers
Davnie	Hamilton	Knuth	Murphy, E.	Scott	Spk. Kelliher
Dean	Hansen	Koenen	Murphy, M.	Seifert	
Demmer	Hausman	Kohls	Nelson	Sertich	

A quorum was present.

Atkins was excused.

Lieder was excused until 11:30 a.m. Mariani was excused until 1:15 p.m. Winkler was excused until 7:30 p.m.

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

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REPORTS OF CHIEF CLERK

S. F. No. 802 and H. F. No. 1657, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Paymar moved that the rules be so far suspended that S. F. No. 802 be substituted for H. F. No. 1657 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2323, A bill for an act relating to taxation; income and corporate franchise; providing a federal update; amending Minnesota Statutes 2008, sections 289A.02, subdivision 7, as amended; 290.01, subdivisions 19, as amended, 19a, as amended, 19b, 19c, as amended, 19d, as amended, 31, as amended; 290.06, subdivision 2c; 290.067, subdivision 2a, as amended; 290.091, subdivision 2; 290.095, subdivision 11; 290.9727, by adding a subdivision; 290A.03, subdivisions 3, as amended, 15, as amended; 291.005, subdivision 1, as amended.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE AND GIFT TAXES

Section 1. Minnesota Statutes 2008, section 289A.02, subdivision 7, as amended by Laws 2009, chapter 12, article 1, section 1, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009.

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

Sec. 2. Minnesota Statutes 2008, section 289A.31, subdivision 5, is amended to read:

Subd. 5. **Withholding tax, withholding from payments to out-of-state contractors, and withholding by partnerships and small business corporations.** (a) Except as provided in paragraph (b), an employer or person withholding tax under section 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a sum or sums required by those sections to be deducted, withheld, and paid, is personally and individually liable to the state for the sum or sums, and added penalties and interest, and is not liable to another person for that payment or payments. The sum or sums deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must be held as a special fund in trust for the state of Minnesota.

(b) If the employer or person withholding tax under section 290.92 or 290.923, subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld will not be collected from the employer. This does not, however, relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold.

(c) Liability for payment of withholding taxes includes a responsible person or entity described in the personal liability provisions of section 270C.56.

(d) Liability for payment of withholding taxes includes a third party lender or surety described in section 270C.59.

(e) A partnership or S corporation required to withhold and remit tax under section 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due in connection with the tax is personally liable for the tax due.

(f) A payor of sums required to be withheld under section 290.9705, subdivision 1, is liable to the state for the amount required to be deducted, and is not liable to an out-of-state contractor for the amount of the payment.

(g) If an employer fails to withhold tax from the wages of an employee when required to do so under section 290.92, subdivision 2a, by reason of treating the employee as not being an employee, then the liability for tax is equal to three percent of the wages paid to the employee. The liability for tax of an employee is not affected by the assessment or collection of tax under this paragraph. The employer is not entitled to recover from the employee any tax determined under this paragraph.

EFFECTIVE DATE. This section is effective for taxes required to be withheld after June 30, 2009.

Sec. 3. Minnesota Statutes 2008, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States;

(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or~~

(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code;

(4) which is incorporated in a tax haven;

(5) which is engaged in activity in a tax haven sufficient for the tax haven to impose a net income tax under United States constitutional standards and section 290.015; or

(6) which has the average of its property, payroll, and sales factors, as defined under section 290.191, within the 50 states of the United States and the District of Columbia of 20 percent or more.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 4. Minnesota Statutes 2008, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. **Tax haven.** (a) "Tax haven" means a foreign jurisdiction designated under this subdivision.

(b) The commissioner may designate a foreign jurisdiction as a tax haven by administrative rule if the jurisdiction:

(1) has no or nominal effective tax on the relevant income; and

(2)(i) has laws or practices that prevent effective exchange of information for tax purposes with other governments on taxpayers benefiting from the tax regime;

(ii) has a tax regime that lacks transparency. A tax regime lacks transparency if the details of legislative, legal, or administrative provisions are not open and apparent or are not consistently applied among similarly situated taxpayers, or if the information needed by tax authorities to determine a taxpayer's correct tax liability, such as accounting records and underlying documentation, is not adequately available;

(iii) facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy;

(iv) explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime's benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic markets; or

(v) has created a tax regime that is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or other services sector relative to its overall economy.

(c) The following foreign jurisdictions are deemed to be tax havens, unless the commissioner, by revenue notice, revokes the listing of a jurisdiction:

(1) Anguilla;

(2) Antigua and Barbuda;

(3) Aruba;

(4) Bahamas;

(5) Barbados;

(6) Belize;

(7) Bermuda;

(8) British Virgin Islands;

(9) Cayman Islands;

(10) Cook Islands;

(11) Dominica;

(12) Gibraltar;

(13) Grenada;

(14) Guernsey-Sark-Alderney;

(15) Isle of Man;

(16) Jersey;

(17) Latvia;

(18) Liechtenstein;

(19) Luxembourg;

(20) Nauru;

(21) Netherlands Antilles;

(22) Panama;

(23) Samoa;

(24) St. Kitts and Nevis;

(25) St. Lucia;

(26) St. Vincent and Grenadines;

(27) Turks and Caicos; and

(28) Vanuatu.

(d) The commissioner shall revoke a foreign jurisdiction's listing under paragraph (b) or (c), as applicable, if the United States enters into a tax treaty or other agreement with the foreign jurisdiction that provides for prompt, obligatory, and automatic exchange of information with the United States government relevant to enforcing the provisions of federal tax laws and the treaty or other agreement was in effect for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 5. Minnesota Statutes 2008, section 290.01, subdivision 19, as amended by Laws 2009, chapter 12, article 1, section 2, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008. In enacting this section and other provisions of this article, the legislature intends net income to include and tax to apply to interest paid on any Build America Bond, as defined under section 54AA of the Internal Revenue Code of 1986, notwithstanding the provisions of section 1531 of Division B, Title I of the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

Sec. 6. Minnesota Statutes 2008, section 290.01, subdivision 19a, as amended by Laws 2009, chapter 12, article 1, section 3, 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, but excluding interest on qualified obligations; 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 only to the extent the interest is paid on qualified obligations; 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)(i) the amount of income ~~or~~ sales and use, motor vehicle sales, or excise 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, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada;

(ii) the amount of real and personal property taxes paid or accrued within the taxable year;

(iii) qualified residence interest, as defined in section 163(h) of the Internal Revenue Code, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code; and

(iv) charitable contributions, as defined in section 170(c) of the Internal Revenue Code, to the extent allowed as a deduction under section 170(a) of the Internal Revenue Code,

to the extent allowed as ~~a deduction~~ deductions under section 63(d) of the Internal Revenue Code, ~~but the addition;~~ but the sum of the additions made under items (i), (ii), (iii), and (iv) 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, disregarding the ~~amount~~ amounts allowed under ~~section~~ sections 63(c)(1)(C) and 63(c)(1)(E) 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~~, motor vehicle sales or excise tax, real and personal property taxes, qualified residence interest, and charitable contributions are the last itemized ~~deduction~~ deductions 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 before January 1, 2009, 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;

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

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income; ~~and~~

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code; ~~and~~

(15) the additional deduction for qualified motor vehicle sales tax allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008, except that clause (16) is effective for taxable years ending after December 31, 2008.

Sec. 7. Minnesota Statutes 2008, 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) (3) 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) (4) to the extent included in federal taxable income, 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 service performed in accordance with section 190.08, subdivision 3;~~

~~(12) (5) to the extent included in federal taxable income, 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 under United States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of the United Nations;~~

~~(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)~~ (6) 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)~~ (7) to the extent included in federal taxable income, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2); and

~~(16) international economic development zone income as provided under section 469.325; and~~

~~(17) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program.~~

(8) to the extent included in federal taxable income, discharge of indebtedness income from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (16).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008, except that clause (8) is effective for taxable years ending after December 31, 2008.

Sec. 8. Minnesota Statutes 2008, section 290.01, subdivision 19c, as amended by Laws 2009, chapter 12, article 1, section 4, 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) for taxable years beginning before January 1, 2009, the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

(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 Division C, title III, section ~~304(a)(1)~~ ~~(2)~~ 303(b) of Public Law 110-343;

(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 before January 1, 2009, 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;

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

(19) the amount of expenses disallowed under section 290.10, subdivision 2;

(20) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar expenses and costs.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(21) except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

(i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) income from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar income.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(22) the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation;

(23) the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States; ~~and~~

(24) the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; ~~and~~

(25) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008, except that clause (25) is effective for taxable years ending after December 31, 2008.

Sec. 9. Minnesota Statutes 2008, section 290.01, subdivision 19d, as amended by Laws 2009, chapter 12, article 1, section 5, 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 work opportunity 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 (9), 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, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;~~

~~(11) (10) 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 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) (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) 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;~~

~~(16) (15) 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;~~

~~(17) (16) 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 Division C, title III, section 304(a)(1) ~~(2)~~ 303(b) of Public Law 110-343;~~

~~(18)~~ (17) 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~~

~~(19)~~ (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 amount of the addition; and

(19) to the extent included in federal taxable income, discharge of indebtedness income from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (25).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008, except that clause (19) is effective for taxable years ending after December 31, 2008.

Sec. 10. Minnesota Statutes 2008, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

(1) for individuals, estates, and trusts, the same as taxable net income;

(2) for corporations, the taxable net income less

(i) the net operating loss deduction under section 290.095; and

(ii) the dividends received deduction under section 290.21, subdivision 4; plus

~~(iii) the exemption for operating in a job opportunity building zone under section 469.317; Minnesota development subsidies.~~

~~(iv) the exemption for operating in a biotechnology and health sciences industry zone under section 469.337; and~~

~~(v) the exemption for operating in an international economic development zone under section 469.326.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 11. Minnesota Statutes 2008, section 290.01, subdivision 31, as amended by Laws 2009, chapter 12, article 1, section 7, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective at the same time as the changes were effective for federal purposes.

Sec. 12. Minnesota Statutes 2008, section 290.01, is amended by adding a subdivision to read:

Subd. 33. **Minnesota development subsidies.** (a) "Minnesota development subsidies" means the greater of the following amounts:

(1) one-half of the amount deducted by the taxpayer in computing federal taxable income for the taxable year, as property taxes, business expenses, or otherwise, that is attributable to property taxes paid by the taxpayer, either directly or indirectly through a lease or otherwise, on property located in a tax increment financing district, as defined in section 469.174, or that receives an abatement under sections 469.1813 to 469.1815, if the owner of the property or a related party has entered a development or similar agreement with respect to the increment district or derives a benefit from the abatement by its property having access to or use of public improvements financed with the abatement or otherwise; or

(2) the amount of payments received by the taxpayer under a development or similar agreement that provides for payments or reimbursements from the proceeds of increments from a tax increment financing district or from an abatement under sections 469.1813 to 469.1815, but excluding reimbursements under a development action response plan, as defined in section 469.174, subdivision 17, to pay for its costs incurred to fund removal or remedial actions.

(b) For purposes of this subdivision, "tax increment financing district" excludes:

(1) a housing district, as defined in section 469.174, subdivision 11;

(2) a soils condition district, as defined in section 469.174, subdivision 19; and

(3) a hazardous substance subdistrict, as defined in section 469.174, subdivision 23.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 13. Minnesota Statutes 2008, section 290.01, is amended by adding a subdivision to read:

Subd. 34. **Qualified obligations.** (a) "Qualified obligations" means:

(1) obligations of the state of Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of the state of Minnesota if the obligations were sold before July 1, 2009; or

(2) general obligations of the state of Minnesota sold after June 30, 2009, if the commissioner of finance certifies prior to offering and selling the obligations, based on an estimate prepared by the state economist, that (i) the present value of the reduction in state borrowing costs due to issuing the obligations exempt from taxation under sections 290.06 and 290.091 exceeds (ii) the present value of the revenues the state would collect if the obligations were issued subject to taxation under sections 290.06 and 290.091.

(b) If the commissioner of finance elects to issue qualified obligations under paragraph (a), clause (2), the commissioner must provide a written report to the chairs of the committees of the senate and the house of representatives with jurisdiction over taxes and capital investment on the decision to issue qualified obligations, including the estimate of the net savings in borrowing costs from the use of qualified obligations and a detailed description of how the estimate was prepared. This report must be provided within 15 days after the bonds are sold.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 14. Minnesota Statutes 2008, section 290.014, subdivision 2, is amended to read:

Subd. 2. **Nonresident individuals.** Except as provided in section 290.015, a nonresident individual is subject to the return filing requirements and to tax as provided in this chapter to the extent that the income of the nonresident individual is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the estate;

(3) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character that is taxable under this chapter) in the individual's capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the trust;

(4) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the partnership; ø

(5) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a shareholder of a corporation treated as an "S" corporation under section 290.9725, and income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the corporation; or

(6) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as the sole member of a limited liability company that is disregarded for federal income tax purposes, with income allocable to this state under section 290.17, 290.191, or 290.20, as though realized by the individual directly from the source from which it was realized by the limited liability company.

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

Sec. 15. Minnesota Statutes 2008, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) on the first ~~\$25,680~~ \$33,220, 5.35 percent;

(2) on all over ~~\$25,680~~ \$33,220, but not over ~~\$102,030~~ \$131,970, 7.05 percent;

(3) on all over ~~\$102,030~~ \$131,970, but not over \$300,000, 7.85 percent; and

(4) on all over \$300,000, nine percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) on the first ~~\$17,570~~ \$22,730, 5.35 percent;
- (2) on all over ~~\$17,570~~ \$22,730, but not over ~~\$57,710~~ \$74,650, 7.05 percent;
- (3) on all over ~~\$57,710~~ \$74,650, ~~but not over \$169,700~~, 7.85 percent; ~~and~~
- (4) on all over \$169,700, nine percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) on the first ~~\$21,630~~ \$27,980, 5.35 percent;
- (2) on all over ~~\$21,630~~ \$27,980, but not over ~~\$86,910~~ \$112,420, 7.05 percent;
- (3) on all over ~~\$86,910~~ \$112,420, ~~but not over \$255,560~~, 7.85 percent; ~~and~~
- (4) on all over \$255,560, nine percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), ~~and (13), (16), and (17)~~ and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(9), (10), (14), (15), and (16)~~ (3), (6), (7), and (8), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), ~~and (13), (16), and (17)~~ and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), ~~(9), (10), (14), (15), and (16)~~ (3), (6), (7), and (8).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 16. Minnesota Statutes 2008, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2000~~ 2009, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate

brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2008, and before January 1, ~~2001~~ 2010. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that:

(1) in section 1(f)(2)(A) the words "increasing or decreasing" shall be substituted for the word "increasing";

(2) in section 1(f)(3)(A) the words "differs from" shall be substituted for the word "exceeds"; and

(3) in section 1(f)(3)(B) the word "~~1999~~" "2008" shall be substituted for the word "1992." For ~~2001~~ 2010, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2008, to the 12 months ending on August 31, ~~2000~~ 2009, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 17. Minnesota Statutes 2008, section 290.06, is amended by adding a subdivision to read:

Subd. 36. **Mortgage interest credit.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to seven percent of the lesser of:

(1) \$6,000; or

(2) qualified residence interest deduction for which the individual is eligible under section 63(d) of the Internal Revenue Code, minus \$4,000.

(b) The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

(c) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 18. Minnesota Statutes 2008, section 290.06, is amended by adding a subdivision to read:

Subd. 37. **Charitable contributions credit.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to eight percent of the amount by which eligible charitable contributions exceed the greater of:

(1) two percent of the individual's adjusted gross income for the taxable year; or

(2) \$500.

(b) For purposes of this subdivision, "eligible charitable contributions" means charitable contributions allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, subject to the limitations of section 170(b) of the Internal Revenue Code, and determined without regard to whether or not the taxpayers itemize deductions.

(c) For purposes of this subdivision, "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.

(d) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 19. Minnesota Statutes 2008, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 1.9125 percent of the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 8.5 percent of the first \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income, whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ten percent of the first \$9,720 of earned income and 20 percent of earned income over \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, ~~including income excluded under section 290.01, subdivision 19b, clause (10) or (16),~~ the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(11) and (12)~~ (4) and (5), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2001, and before December 31, 2004, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$1,000 for married taxpayers filing joint returns.

(h) For tax years beginning after December 31, 2004, and before December 31, 2007, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$2,000 for married taxpayers filing joint returns.

(i) For tax years beginning after December 31, 2007, and before December 31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the \$3,000 is adjusted annually for inflation under subdivision 7.

(j) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

Sec. 20. Minnesota Statutes 2008, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** ~~A corporation, other than a corporation treated as an "S" corporation under section 290.9725, taxpayer~~ is allowed a credit against ~~the portion of the franchise tax computed under section 290.06, subdivision 1,~~ for the taxable year equal to:

~~(a) 5 (1)~~ (1) ten percent of the first \$2,000,000 of the excess (if any) of

~~(1)~~ (i) the qualified research expenses for the taxable year, over

~~(2)~~ (ii) the base amount; and

~~(b) (2)~~ (2) 2.5 percent on all of such excess expenses over \$2,000,000.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 21. Minnesota Statutes 2008, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under section 290.06, subdivision 1, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

~~(2) In the case of a corporation which is~~ For a partner in a partnership and for a shareholder in an S corporation, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the ~~corporation's taxpayer's~~ taxpayer's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the ~~corporation's taxpayer's~~ taxpayer's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 22. Minnesota Statutes 2008, section 290.068, subdivision 4, is amended to read:

Subd. 4. **Partnerships and S corporations.** In the case of partnerships and S corporations the credit shall be allocated in the same manner provided by ~~section~~ sections 41(f)(2) and 41(g) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 23. **[290.0682] MINNESOTA CHILD CREDIT.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.

(c) "Qualifying child" has the meaning given in section 24(c) of the Internal Revenue Code.

Subd. 2. Credit allowed. (a) An individual is allowed a credit against the tax imposed by this chapter equal to the lesser of:

(1) \$200 for each qualifying child; or

(2) ten percent of adjusted gross income in excess of \$14,000.

(b) The credit allowed in paragraph (a) is reduced by an amount equal to five percent of adjusted gross income in excess of \$28,000, but in no case is the credit less than zero.

(c) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 3. Credit refundable. If the amount of credit that an individual is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 4. Appropriation. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 5. Inflation adjustment. The adjusted gross income floor in subdivision 2, paragraph (a), clause (2), and the phaseout threshold in subdivision 2, paragraph (b), must be adjusted for inflation. For tax years beginning after December 31, 2009, the commissioner shall annually adjust the adjusted gross income floor and the phaseout threshold by the percentage determined pursuant to section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2010, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2009, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The adjusted gross income floor and the phaseout threshold as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 24. Minnesota Statutes 2008, section 290.091, subdivision 2, is amended to read:

Subd. 2. Definitions. For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

~~(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;~~

~~(ii) (i) the medical expense deduction;~~

~~(iii) (ii) the casualty, theft, and disaster loss deduction; and~~

~~(iv) (iii) the impairment-related work expenses of a disabled person;~~

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (12), ~~and (13), (16), and (17)~~;

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses ~~(6) and (9) to (16)~~ (3) to (8).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Net minimum tax" means the minimum tax imposed by this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 25. Minnesota Statutes 2008, section 290.0921, subdivision 3, is amended to read:

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

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

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

(2) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining alternative minimum taxable income.

(3) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause ~~(18)~~ (17), is allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

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

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

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

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

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

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

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

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

(13) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9), ~~or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (10).~~

~~(14) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.~~

~~(15) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.~~

~~(16) Alternative minimum taxable income excludes the income from operating in an international economic development zone as provided under section 469.326.~~

(14) Alternative minimum taxable income includes Minnesota development subsidies.

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009, except the changes to clauses (3) and (13) and the new clause (14) are effective for taxable years beginning after December 31, 2008.

Sec. 26. Minnesota Statutes 2008, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under section 290.9725 for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property payrolls, and sales or receipts is:	the tax equals:
less than \$500,000	\$0
\$500,000 to \$999,999	\$100
\$1,000,000 to \$4,999,999	\$300
\$5,000,000 to \$9,999,999	\$1,000
\$10,000,000 to \$19,999,999	\$2,000
\$20,000,000 or more	\$5,000

<u>less than \$830,000</u>	<u>\$0</u>
<u>\$830,000 to \$1,659,999</u>	<u>\$170</u>
<u>\$1,660,000 to \$8,319,999</u>	<u>\$500</u>
<u>\$8,320,000 to \$16,649,999</u>	<u>\$1,660</u>
<u>\$16,650,000 to \$33,299,999</u>	<u>\$3,330</u>
<u>\$33,300,000 or more</u>	<u>\$8,320</u>

(b) A tax is imposed for each taxable year on a corporation required to file a return under section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725 and on a partnership required to file a return under section 289A.12, subdivision 3, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return for the taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:	the tax equals:
<u>less than \$500,000</u>	<u>\$0</u>
<u>\$500,000 to \$999,999</u>	<u>\$100</u>
<u>\$1,000,000 to \$4,999,999</u>	<u>\$300</u>
<u>\$5,000,000 to \$9,999,999</u>	<u>\$1,000</u>
<u>\$10,000,000 to \$19,999,999</u>	<u>\$2,000</u>
<u>\$20,000,000 or more</u>	<u>\$5,000</u>
<u>less than \$830,000</u>	<u>\$0</u>
<u>\$830,000 to \$1,659,999</u>	<u>\$170</u>
<u>\$1,660,000 to \$8,319,999</u>	<u>\$500</u>
<u>\$8,320,000 to \$16,649,999</u>	<u>\$1,660</u>
<u>\$16,650,000 to \$33,299,999</u>	<u>\$3,330</u>
<u>\$33,300,000 or more</u>	<u>\$8,320</u>

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 27. Minnesota Statutes 2008, section 290.0922, subdivision 3, is amended to read:

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

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota, ~~but does not include: (1) property located in a job opportunity building zone designated under section 469.314, (2) property of a qualified business located in a biotechnology and health sciences industry zone designated under section 469.334, or (3) for taxable years beginning during the duration of the zone, property of a qualified business located in the international economic development zone designated under section 469.322.~~ Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, ~~but does not include: (1) job opportunity building zone payrolls under section 469.310, subdivision 8, (2) biotechnology and health sciences industry zone payrolls under section 469.330, subdivision 8, or (3) for taxable years beginning during the duration of the zone, international economic development zone payrolls under section 469.321, subdivision 9.~~ Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 28. Minnesota Statutes 2008, section 290.0922, is amended by adding a subdivision to read:

Subd. 5. Inflation adjustment. The commissioner shall adjust the dollar amounts of both the fee and the property, payrolls, and sales or receipts thresholds in subdivision 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2008" must be substituted for the word "1992." For 2010, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2009, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in chapter 14. The fee amounts as adjusted must be rounded to the nearest \$10 and the threshold amounts must be adjusted to the nearest \$10,000. For fee amounts that end in \$5, the amount is rounded up to the nearest \$10 and for threshold amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 29. Minnesota Statutes 2008, section 290.17, subdivision 2, is amended to read:

Subd. 2. Income not derived from conduct of a trade or business. The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

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

Sec. 30. Minnesota Statutes 2008, 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 66A.40.

(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.~~

~~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)~~ (g) 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)~~ (h) 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)~~ (i) 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)~~ (g) 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)~~ (g) in the denominators of the apportionment formula.

~~(k)~~ (j) 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, 2008.

Sec. 31. Minnesota Statutes 2008, section 290.191, subdivision 2, is amended to read:

Subd. 2. **Apportionment formula of general application.** ~~(a)~~ Except for those trades or businesses required to use a different formula under subdivision 3 or section 290.36, and for those trades or businesses that receive permission to use some other method under section 290.20 or under subdivision 4, a trade or business required to apportion its net income must apportion its income to this state on the basis of the ~~percentage obtained by taking the sum of:~~

~~(1) the percent for the sales factor under paragraph (b) of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;~~

~~(2) the percent for the property factor under paragraph (b) of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and~~

~~(3) the percent for the payroll factor under paragraph (b) of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

(b) ~~For purposes of paragraph (a) and subdivision 3, the following percentages apply for the taxable years specified:~~

Taxable years beginning—during calendar year	Sales factor—percent	Property factor—percent	Payroll factor—percent
2007	78	11	11
2008	81	9.5	9.5
2009	84	8	8
2010	87	6.5	6.5
2011	90	5	5
2012	93	3.5	3.5
2013	96	2	2
2014 and later calendar years	100	0	0

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 32. Minnesota Statutes 2008, section 290.191, subdivision 3, is amended to read:

Subd. 3. **Apportionment formula for financial institutions.** Except for an investment company required to apportion its income under section 290.36, a financial institution that is required to apportion its net income must apportion its net income to this state on the basis of the percentage ~~obtained by taking the sum of:~~

~~(1) the percent for the sales factor under subdivision 2, paragraph (b), of the percentage which the receipts from within this state in connection with the trade or business during the tax period are of the total receipts in connection with the trade or business during the tax period, from wherever derived;~~

~~(2) the percent for the property factor under subdivision 2, paragraph (b), of the percentage which the sum of the total tangible property used by the taxpayer in this state and the intangible property owned by the taxpayer and attributed to this state in connection with the trade or business during the tax period is of the sum of the total tangible property, wherever located, used by the taxpayer and the intangible property owned by the taxpayer and attributed to all states in connection with the trade or business during the tax period; and~~

~~(3) the percent for the payroll factor under subdivision 2, paragraph (b), of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 33. Minnesota Statutes 2008, section 290A.03, subdivision 3, as amended by Laws 2009, chapter 12, article 1, section 9, is amended to read:

Subd. 3. **Income.** (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount of tuition expenses required to be added to income under section 290.01, subdivision 19a, clause (12); ~~and~~

(xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code; and

(xvii) unemployment compensation.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include:

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter;

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable after December 31, 2009, and rent paid after December 31, 2008, and thereafter.

Sec. 34. Minnesota Statutes 2008, section 290A.03, subdivision 15, as amended by Laws 2009, chapter 12, article 1, section 10, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable after December 31, 2009, and rent paid after December 31, 2008, and thereafter.

Sec. 35. Minnesota Statutes 2008, section 291.005, subdivision 1, as amended by Laws 2009, chapter 12, article 1, section 11, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota, and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death. For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009.

(9) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, increased by:

(i) the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code; and

(ii) the amount of taxable gifts as defined in section 292.16 and made by the decedent within three years of the decedent's date of death.

(10) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective at the same time as the changes were effective for federal purposes, and except that the changes to clauses (6) to (10) are effective for decedents dying after December 31, 2008.

Sec. 36. Minnesota Statutes 2008, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate. The tax is reduced by the gift tax paid by the decedent under section 292.17 on gifts included in the Minnesota adjusted gross estate.

(b) The tax determined under this subdivision must not be greater than the sum of the following amounts multiplied by a fraction, the numerator of which is the Minnesota gross estate and the denominator of which is the federal gross estate:

(1) the rates and brackets under section 2001(c) of the Internal Revenue Code multiplied by the sum of:

(i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus

(ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code; less

(2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue Code; and less

(3) the federal credit allowed under section 2010 of the Internal Revenue Code.

(c) For purposes of this subdivision, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2000.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2008.

Sec. 37. **[292.16] DEFINITIONS.**

(a) For purposes of this chapter, the following definitions apply.

(b) The definitions of terms defined in section 291.005 apply.

(c) "Taxable gifts" means:

(1) the transfers by gift which are included in taxable gifts for federal gift tax purposes under the following sections of the Internal Revenue Code:

(i) section 2503;

(ii) sections 2511 to 2514; and

(iii) sections 2516 to 2519; less

(2) the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 38. **[292.17] GIFT TAX.**

Subdivision 1. **Imposition.** (a) A tax is imposed on the transfer of property by gift by any individual resident or nonresident in an amount equal to ten percent of the amount of the taxable gift.

(b) The donor is liable for payment of the tax. If the gift tax is not paid when due, the recipient of any gift is personally liable for the tax to the extent of the value of the gift.

Subd. 2. **Lifetime credit.** A credit of \$100,000 is allowed against the tax imposed under this section. This credit applies to the cumulative amount of taxable gifts made by the donor during the donor's lifetime.

Subd. 3. **Out-of-state gifts.** Taxable gifts exclude the transfer of tangible personal property and real property having a situs outside this state.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 39. **[292.18] RETURNS.**

(a) Any individual who makes a taxable gift during the taxable year shall file a gift tax return in the form and manner prescribed by the commissioner.

(b) If the donor dies before filing the return, the executor of the donor's will or the administrator of the donor's estate shall file the return. If the donor becomes legally incompetent before filing the return, the guardian or conservator shall file the return.

(c) The return must include:

(1) each gift made during the calendar year which is to be included in computing the taxable gifts;

(2) the deductions claimed and allowable under section 292.16, paragraph (c), clause (2);

(3) a description of the gift, and the donee's name, address, and Social Security number;

(4) the fair market value of gifts not made in money; and

(5) any other information the commissioner requires to administer the gift tax.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 40. **[292.19] FILING REQUIREMENTS.**

Gift tax returns must be filed by the April 15 following the close of the calendar year, except if a gift is made during the calendar year in which the donor dies, the return for the donor must be filed by the last date, including extensions, for filing the gift tax return for federal gift tax purposes for the donor.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 41. **[292.20] APPRAISAL OF PROPERTY; DECLARATION BY DONOR.**

The commissioner may require the donor or the donee to show the property subject to the tax under section 292.17 to the commissioner upon demand and may employ a suitable person to appraise the property. The donor shall submit a declaration, in a form prescribed by the commissioner and including any certification required by the commissioner, that the property shown by the donor on the gift tax return includes all of the property transferred by gift for the calendar year and not excluded from taxable gifts under section 292.16, paragraph (c), clause (2).

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 42. **[292.21] ADMINISTRATIVE PROVISIONS.**

Subdivision 1. **Payment of tax; penalty for late payment.** The tax imposed under section 292.17 is due and payable to the commissioner by the April 15 following the close of the calendar year during which the gift was made. The return required under section 292.18 must be included with the payment. If a taxable gift is made during the calendar year in which the donor dies, the due date is the last date, including extensions, for filing the gift tax return for federal gift tax purposes for the donor. If any person fails to pay the tax due within the time specified under this section, a penalty applies equal to ten percent of the amount due and unpaid or \$100, whichever is greater. The unpaid tax and penalty bear interest at the rate under section 270C.40 from the due date of the return.

Subd. 2. **Extensions.** The commissioner may, for good cause, extend the time for filing a gift tax return, if a written request is filed with a tentative return accompanied by a payment of the tax, which is estimated in the tentative return, on or before the last day for filing the return. Any person to whom an extension is granted must pay, in addition to the tax, interest at the rate under section 270C.40 from the date on which the tax would have been due without the extension.

Subd. 3. **Changes in federal gift tax.** If the amount of a taxpayer's taxable gifts for federal gift tax purposes, as reported on the taxpayer's federal gift tax return for any calendar year, is changed or corrected by the Internal Revenue Service or other officer of the United States or other competent authority, the taxpayer shall report the change or correction in federal taxable gifts within 180 days after the final determination of the change or correction, and concede the accuracy of the determination or provide a letter detailing how the federal determination is incorrect or does not change the Minnesota gift tax. Any taxpayer filing an amended federal gift tax return shall also file within 180 days an amended return under this chapter and shall include any information the commissioner requires. The time for filing the report or amended return may be extended by the commissioner upon due cause shown. Notwithstanding any limitation of time in this chapter, if, upon examination, the commissioner finds that the taxpayer is liable for the payment of an additional tax, the commissioner shall, within a reasonable time from the receipt of the report or amended return, notify the taxpayer of the amount of additional tax, together with interest computed at the rate under section 270C.40 from the date when the original tax was due and payable. Within 30 days of the mailing of the notice, the taxpayer shall pay the commissioner the amount of the additional tax and interest. If, upon examination of the report or amended return and related information, the commissioner finds that the taxpayer has overpaid the tax due the state, the commissioner shall refund the overpayment to the taxpayer.

Subd. 4. **Application of federal rules.** In administering the tax under this chapter, the commissioner shall apply the provisions of sections 2701 to 2704 of the Internal Revenue Code. The words "secretary or his delegate," as used in those sections of the Internal Revenue Code, means the commissioner.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 43. **[292.22] CREDIT AGAINST ESTATE TAX.**

A credit is allowed against the estate tax imposed under chapter 291 in the amount of any tax imposed and paid under this chapter for a gift includable in the Minnesota adjusted taxable estate of the donor under section 291.005.

EFFECTIVE DATE. This section is effective for taxable gifts made after June 30, 2009.

Sec. 44. Minnesota Statutes 2008, section 469.315, is amended to read:

469.315 TAX INCENTIVES AVAILABLE IN ZONES.

Qualified businesses that operate in a job opportunity building zone, individuals who invest in a qualified business that operates in a job opportunity building zone, and property located in a job opportunity building zone qualify for:

~~(1) exemption from individual income taxes as provided under section 469.316;~~

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

~~(3)~~ (1) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 37;

~~(4)~~ (2) exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under section 297B.03;

~~(5)~~ (3) exemption from the property tax as provided in section 272.02, subdivision 64;

~~(6)~~ (4) exemption from the wind energy production tax under section 272.029, subdivision 7; and

~~(7)~~ (5) the jobs credit allowed under section 469.318.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 45. Minnesota Statutes 2008, section 469.3192, is amended to read:

469.3192 PROHIBITION AGAINST AMENDMENTS TO BUSINESS SUBSIDY AGREEMENT.

(a) Except as authorized under paragraphs (b) and (c) or section 469.3191, under no circumstance shall terms of any agreement required as a condition for eligibility for benefits listed under section 469.315 be amended to change job creation, job retention, or wage goals included in the agreement.

(b) A business may elect to void a business subsidy agreement permitting it to qualify for benefits listed under section 469.315 within 30 days after enactment of section 46, effective for obligations under the agreement that apply to periods after December 31, 2008. The authority to void an agreement expires 180 days after enactment of section 47.

(c) A business that does not elect to void an agreement under paragraph (b) may negotiate a modified or new business subsidy agreement to reflect the state's repeal of the benefits of the individual income and corporate franchise tax exemptions under sections 469.316 and 469.317.

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

Sec. 46. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall identify and correct internal cross-references to sections that are affected by section 47. The revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text to preserve its meaning.

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

Sec. 47. **REPEALER.**

(a) Minnesota Statutes 2008, sections 289A.50, subdivision 10; 290.01, subdivision 6b; 290.06, subdivisions 33 and 34; 290.067, subdivisions 1, 2, 2a, 2b, 3, and 4; 290.0672; 290.0674; 290.0679; 290.0802; 290.0921, subdivision 7; 290.191, subdivision 4; and 290.491, and Laws 2009, chapter 3, section 1; and Laws 2009, chapter 12, article 1, section 8, are repealed.

(b) Minnesota Statutes 2008, sections 272.02, subdivision 83; 290.06, subdivisions 24, 28, 30, 31, and 32; 297A.68, subdivisions 38 and 41; 469.316; 469.317; 469.321; 469.3215; 469.322; 469.323; 469.324; 469.325; 469.326; 469.327; 469.328; 469.329; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340; and 469.341, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2008. Paragraph (b) is effective for taxable years beginning after December 31, 2009.

ARTICLE 2

COUNTY REVENUE REFORM

Section 1. Minnesota Statutes 2008, section 275.70, subdivision 3, is amended to read:

Subd. 3. **Local governmental unit.** "Local governmental unit" means a county, ~~or a statutory or home rule charter city with a population greater than 2,500.~~

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2009, payable in 2010 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 275.71, subdivision 2, is amended to read:

Subd. 2. **Levy limit base.** ~~(a)~~ The levy limit base for a local governmental unit for taxes levied in 2008 is its levy aid base from the previous year, subject to any adjustments under section 275.72. For taxes levied in 2009 ~~and 2010~~, the levy limit base for a local governmental unit is its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2009, payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 ~~through 2010~~ and 2009, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2009, payable in 2010 and thereafter.

Sec. 4. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

Subd. 5. **Property tax levy limit.** For taxes levied in ~~2008 through 2010~~ 2009, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 4 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (ii) the amount of aid reduction under section 477A.0124, subdivision 6, paragraph (c), (iii) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, ~~(iii)~~ (iv) estimated payments to the local governmental unit under section 272.029, adjusted for any error in estimation in the preceding year, and ~~(iv)~~ (v) aids under section 477A.16.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2009, payable in 2010 and thereafter.

Sec. 5. Minnesota Statutes 2008, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) under section 297A.994, or (4) if permitted by special law enacted prior to May 20, 2008, or ~~(4)~~ (5) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

(d) Until after May 31, 2010, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to May 20, 2008.

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

Sec. 6. **[297A.994] COUNTY LOCAL OPTION SALES TAX.**

Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions 2, 3, and 5, or 477A.016, or any other law, a county board may, by resolution, impose a general sales tax of one-half of one percent on sales and uses taxable under this chapter. In addition, an excise tax of \$20 per motor vehicle is imposed on motor vehicles, purchased or acquired from any person engaged within the county in the business of selling motor vehicles at retail if a county imposes a local sales and use tax under this section.

Subd. 2. **Application of election requirement.** (a) Imposition of the tax under this section is not subject to the requirements of section 297A.99, subdivision 3.

(b) Before imposing the tax under this section, the county must publish a notice of its intention to impose the tax and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county, or in a newspaper of general circulation in the county. The notice must be published at least 14 days before the date of the hearing, but not more than 28 days. Following the public hearing the county board may determine to take no further action, or may adopt a resolution imposing the tax.

(c) A county may impose the tax only upon obtaining the approval of the majority of voters voting on the question of imposing the tax, if a petition requesting a vote on imposition of the tax is signed by voters equal to the greater of (1) 500, or (2) ten percent of the votes cast in the county at the last general election is filed with the county auditor within 30 days after the public hearing. The vote on the tax may be held at a general or special election. The commissioner of revenue shall prepare a suggested form of the question to be presented at the election.

Subd. 3. **Use of revenues.** Revenues from the tax imposed under this section must first be used to fund obligations under section 297A.9945. Remaining revenues are deposited in the county general fund.

Subd. 4. **Administration, collection, and enforcement.** The administration, collection, and enforcement of the provisions in section 297A.99, subdivisions 4, and 6 to 12, apply to a tax imposed under this section.

Subd. 5. **Termination.** A county may terminate a tax imposed under this section upon resolution of the county board and notification to the commissioner of revenue, if all obligations under section 297A.9945 have been paid.

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

Sec. 7. **[297A.9945] EFFECT ON EXISTING LOCAL SALES TAXES; SATISFACTION OF PREEXISTING OBLIGATIONS.**

Subdivision 1. **Preemption of preexisting local sales taxes.** (a) Notwithstanding section 297A.99 or any other law or local ordinance to the contrary, all general local sales and use taxes in a county or a part of a county is preempted on the day that a county local sales tax under section 297A.994 takes effect, except the following taxes are not preempted:

(1) a local tax imposed under section 297A.992 or 297A.993;

(2) a local sales tax authorized by special law in a city of the first class;

(3) a local sales tax authorized by a special law in a city with a population in 2007 of at least 100,000, provided that it complies with paragraph (c); and

(4) a local sales tax in a county as authorized under Laws 2008, chapter 366, article 7, section 18.

(b) A local sales tax that is imposed by a city located in two or more counties is preempted if one or more counties in which the city is located impose the county tax. A replacement tax must be imposed under subdivision 6 in any portion of the city located in a county that has not imposed the tax under section 297A.994.

(c) If a city with a population in 2007 of at least 100,000 would like to maintain an existing local sales tax, the city council must pass a resolution to that effect within two months of the enactment of this section. The city council must provide a copy of the resolution to the commissioner of revenue and to the county in which the city is located within five business days of the passage of the resolution.

Subd. 2. **County payment to cities; forgone sales tax revenue.** (a) If a local sales tax imposed in a city located partially or totally within a county is preempted under subdivision 1, the county shall pay a portion of its local sales tax revenues, as provided under subdivision 4 or 5, to the city to fund obligations allowed under the law authorizing the city tax. The county must make these payments to the city within five business days after it receives the revenues from the commissioner.

(b) If the local sales tax was imposed under a joint powers agreement in cities located in more than one county, the share of the obligation to be funded by the county must be determined under subdivision 5.

(c) The requirement to make these payments ceases on the earliest of the following:

(1) the date on which the city tax was required to expire under the special law authorizing it;

(2) when the city has received sufficient revenues from its tax and from payments under this section to pay in full or to defease debt obligations issued by the city under the law authorizing the city sales tax and to pay any additional spending obligations allowed under the special law and not funded by the issuance of debt obligations; or

(3) the city becomes a city of the first class and imposes a city sales tax.

Subd. 3. Dedication of tax to fund county projects. If a county imposed local sales tax is preempted under subdivision 1, the revenues from the tax imposed under section 297A.994 are pledged first to pay and secure the bond obligations secured by and to be paid with the revenues from the preempted county sales tax.

Subd. 4. Calculation of forgone revenue in cities located entirely within a county. For purposes of subdivision 2, the forgone revenue to be paid to the city located entirely in a county imposing a tax under section 297A.994 is calculated as follows:

(1) in the first 12 months after the tax is preempted, the county shall make quarterly payments to a city entirely located within the county equal to the amount that the city received from the commissioner of revenue from the preempted tax in the corresponding quarter in the previous year, multiplied by a percentage equal to the percentage change in total state sales tax revenue in the previous quarter compared to the total state sales tax revenue for the fifth preceding quarter; and

(2) in subsequent years, the county shall make quarterly payments to the city equal to the payment made in the corresponding quarter in the previous year, multiplied by the ratio of the total quarterly remittance to the county in the current year compared to the total quarterly remittance to the county in the previous year.

Subd. 5. Calculation of forgone revenue in cities located partially within a county. (a) For purposes of subdivision 2, the forgone revenue to be paid to the city located partially in a county imposing a tax under section 297A.994 is calculated as provided in this subdivision.

(b) The commissioner of revenue shall determine the percentage of the city's local sales tax revenue attributable to transactions located in the county. The commissioner may consult with the county and the city to determine a reasonable percentage, or the commissioner may set the percentage equal to the percentage of the city's market value for the most recently available assessment year of class 3 property, except utility real and personal property located in the county. The sum of the percentage of a city's local sales tax revenue attributable to each county in which the city is located must equal 100 percent. The determination of the commissioner is final.

(c) In the first 12 months after the tax is preempted, the county shall make quarterly payments to a city partially located within the county equal to the amount that the city received from the commissioner from the preempted tax in the corresponding quarter in the previous year, multiplied by (1) a percentage equal to one plus the percentage change in total state sales tax revenue in the previous quarter compared to the total state sales tax revenue for the fifth preceding quarter, and (2) one plus the percentage calculated in paragraph (b).

(d) In subsequent years, the county shall make quarterly payments to the city equal to the payment made in the corresponding quarter in the previous year multiplied by the ratio of the total quarterly remittance to the county in the current year compared to the total quarterly remittance to the county in the previous year.

(e) A county's share of a city's obligations from the special law authorizing the city's sales tax is equal to the total obligation under the special law multiplied by one plus the percentage determined under paragraph (b).

Subd. 6. **Establishment of special sales tax districts within certain cities.** (a) For any city located in two or more counties, if at least one county imposes a county sales tax under subdivision 1, and at least one county does not impose a county sales tax, a special sales tax district is established in the portion of the city that is not subject to a county sales tax.

(b) The governing body of the city is the governing body of the special taxing district and the special taxing district shall impose a replacement local sales tax by resolution to take effect upon the preemption of the city's sales tax under subdivision 1. The replacement tax must be imposed at the same rate as the city tax it replaces. Revenues from the replacement tax are pledged to and may only be used for the purposes permitted by law for the city sales tax, which it replaces. The authority to impose this tax expires upon the city's receipt of sufficient revenues to pay the obligations to which the city sales tax was pledged and other spending permitted by the law authorizing imposition of the city sales tax from the sum of the following:

(1) the city sales tax;

(2) county payments of forgone sales tax revenues under this section; and

(3) the special taxing district sales tax.

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

Sec. 8. Minnesota Statutes 2008, section 477A.0124, is amended by adding a subdivision to read:

Subd. 6. **County program aid.** (a) For calendar year 2010 and thereafter, a county's program aid under this section is equal to (1) its county program aid amount certified for aids payable in 2009 under this section, minus (2) an amount determined under paragraph (b) or (c). A county's program aid shall not be less than zero.

(b) For a county that does not impose a tax under section 297A.994, the amount subtracted under paragraph (a) is equal to 3.58 percent of the county's 2009 levy plus aid revenue base. The "2009 levy plus aid revenue base" for a county is equal to the sum of the county's certified property tax levy for taxes payable in 2009 plus the amount the county was certified to receive in county program aid in 2009 under this section and the amount the county was certified to receive in taconite aids in 2009 under sections 298.28 and 292.282, including any aid that was required to be placed in a special fund for expenditure in the next succeeding year.

(c) For a county that imposes a tax under section 297A.994, the amount subtracted under paragraph (a) is equal to (1) 50 percent of its net sales tax revenue for the preceding 12-month period in excess of the greater of (i) \$70,000, or (ii) \$7 per capita, plus (2) 25 percent of its net sales tax revenue for the preceding 12-month period in excess of the greater of (i) \$170,000, or (ii) \$17 per capita.

(d) For purposes of this subdivision, "net sales tax revenue for the preceding 12-month period" means the sales tax revenue for the county for the 12-month period ending July 1 of the year in which the aid under this section is certified minus its estimated existing obligations under section 297A.9945 for the year in which the aid is paid. For the first two years in which the aid is offset under this paragraph, the commissioner of revenue shall estimate the offset based on available data regarding sales tax collections in the county. Beginning with the third year in which the aid is offset under this paragraph, the offset will be based on actual sales tax collections in the county in the 12-month period ending July 1 of the year in which the aid is certified.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2010 and thereafter.

Sec. 9. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** ~~(a) For aids payable in 2009_2010 and thereafter, in addition to the total aid payable under section 477A.0124, subdivision 3, is \$111,500,000 minus one half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5. Each calendar year, 477A.0124, \$500,000 shall be retained by is appropriated to the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27, \$357,000 is appropriated to the commissioner of revenue to make reimbursements to the commissioner of finance for the preparation of local impact notes under section 3.987, and \$7,000 is appropriated to the commissioner of revenue to reimburse the commissioner of education for the preparation of local impact notes for school districts under section 3.987. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court ordered counsel under section 611.27. The commissioner of finance shall annually use at least \$150,000 of the \$357,000 appropriation to contract with the representative associations for counties, cities, towns, and school districts to establish a local impact network of political subdivisions for preparing local impact notes that provide information to the legislature as provided in section 270C.991, subdivision 7. Any retained appropriated amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year. under this subdivision shall be returned to the general fund.~~

~~(b) For aids payable in 2009 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$116,132,923 minus one half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5. The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of finance and the commissioner of education for the preparation of local impact notes.~~

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2010 and thereafter.

Sec. 10. **REPEALER.**

Minnesota Statutes 2008, section 477A.0124, subdivisions 3, 4, and 5, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2010 and thereafter.

ARTICLE 3

PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE, AND EFFICIENCY PROVISIONS

Section 1. **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of 11 members, as follows:

(1) the state auditor;

(2) two persons who are not members of the legislature, appointed by the chair of the Property and Local Sales Tax Division of the house of representatives Taxes Committee;

(3) two persons who are not members of the legislature, appointed by the designated lead minority member of the Property and Local Sales Tax Division of the house of representatives Taxes Committee;

(4) two persons who are not members of the legislature, appointed by the chair of the Taxes Division on Property Taxes of the senate Taxes Committee;

(5) two persons who are not members of the legislature, appointed by the designated lead minority member of the Taxes Division on Property Taxes of the senate Taxes Committee;

(6) one person who is not a member of the legislature, appointed by the Association of Minnesota Counties; and

(7) one person who is not a member of the legislature, appointed by the League of Minnesota Cities.

Each appointment under clauses (2) to (5) must include one person with expertise or interest in county government and one person with expertise or interest in city government. The appointing authorities must use their best efforts to ensure that a majority of council members have experience with local performance measurement systems. The membership of the council must include geographically balanced representation as well as representation balanced between large and small jurisdictions. The appointments under clauses (2) to (7) must be made within two months of the date of enactment.

Appointees to the council under clauses (2) to (5) serve terms of four years, except that one of each of the initial appointments under clauses (2) to (5) shall serve a term of two years; each appointing agent must designate which appointee is serving the two-year term. Subsequent appointments for members appointed under clauses (2) to (5) must be made by the council, including appointments to replace any appointees who might resign from the council prior to completion of their term. Appointees under clauses (2) to (5) are not eligible to vote on appointing their successor, nor on the successors of other appointees whose terms are expiring contemporaneously. In making appointments, the council shall make all possible efforts to reflect the geographical distribution and meet the qualifications of appointees required of the initial appointees. Subsequent appointments for members appointed under clauses (6) and (7) must be made by the original appointing authority. Appointees to the council under clauses (2) to (7) may serve no more than two consecutive terms.

Subd. 2. **Duties.** (a) By February 15, 2010, the council shall develop a standard set of approximately ten performance measures for counties and ten performance measures for cities that will aid residents, taxpayers, and state and local elected officials in determining the efficacy of counties and cities in providing services, and measure residents' opinions of those services. In developing its measures, the council must solicit input from private citizens. Counties and cities that elect to participate in the standard measures system shall report their results to the state auditor under section 6.91, who shall compile the results and make them available to all interested parties by publishing them on the auditor's Web site and report them to the legislative tax committees. Each year after the initial designation of performance measures, the council shall evaluate the usefulness of the standard set of performance measures and may revise the set by adding or removing measures as it deems appropriate.

(b) By February 15, 2011, the council shall develop minimum standards for comprehensive performance measurement systems, which may vary by size and type of governing jurisdiction.

(c) In addition to its specific duties under paragraphs (a) and (b), the council shall generally promote the use of performance measurement for governmental entities across the state and shall serve as a resource for all governmental entities seeking to implement a system of local performance measurement. The council may highlight and promote systems that are innovative, or are ones that it deems to be best practices of local performance measurement systems across the state and nation. The council should give preference in its recommendations to systems that are results-oriented. The council may, with the cooperation of the state auditor, establish and foster a collaborative network of practitioners of local performance measurement systems. The council may support the Association of Minnesota Counties and the League of Minnesota Cities to seek and receive private funding to provide expert technical assistance to local governments for the purposes of replicating best practices.

Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance measures to the Property and Local Sales Tax Division of the house of representatives Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee by February 28, 2010.

(b) By February 1 of each subsequent year, the council shall report to the committees with jurisdiction over taxes in the house of representatives and the senate on participation in and results of the performance measurement system, along with any revisions in the standard set of performance measures for the upcoming year. These reports may be made by the state auditor in lieu of the council if agreed to by the auditor and the council.

Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial meeting of the council.

(b) The chair of the council shall be elected by the members. Once elected, a chair shall serve a term of two years.

(c) Members of the council serve without compensation.

(d) Council members shall share and rotate responsibilities for administrative support of the council.

(e) Chapter 13D does not apply to meetings of the council. Meetings of the council must be open to the public and the council must provide notice of a meeting on the state auditor's Web site at least seven days before the meeting. A meeting of the council occurs when a quorum is present.

(f) The council must meet at least two times prior to the initial release of the standard set of measurements. After the initial set has been developed, the council must meet a minimum of once per year.

Subd. 5. **Termination.** The council expires on January 1, 2019.

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

Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

Subdivision 1. **Reports of local performance measures.** (a) A county or city that elects to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, posting on the jurisdiction's Web site, or through a presentation at the jurisdiction's truth-in-taxation hearing under section 275.065.

(b) Each year, jurisdictions participating in the local performance measurement and improvement program must file a report with the state auditor by July 1, in a form prescribed by the auditor. All reports must include a declaration that the jurisdiction has complied with, or will have complied with by the end of the year, the requirement in paragraph (a). For jurisdictions participating in the standard measures program, the report shall consist of the jurisdiction's results for the standard set of performance measures under section 6.90, subdivision 2, paragraph (a). In 2011, jurisdictions participating in the comprehensive performance measurement program must submit a resolution approved by its local governing body indicating that it either has implemented or is in the process of implementing a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b). In 2012 and thereafter, jurisdictions participating in the comprehensive performance measurement program must submit a statement approved by its local governing body affirming that it has implemented a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b).

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2010 is: (1) eligible for per capita reimbursement of \$0.25 per capita in 2011, but not to exceed \$25,000 for any government entity; (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2011, if levy limits are in effect; and (3) exempt from the truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for taxes payable in 2011, if the hearing requirement is in effect.

(b) Any county or city that elects to participate in the standard measures program for 2011 is eligible for per capita reimbursement of \$0.25 per capita in 2012, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012 if levy limits are in effect, and is exempt from the truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for taxes payable in 2012, if the hearing requirement is in effect.

(c) Any county or city that elects to participate in the standard measures program for 2012 or any year thereafter is eligible for per capita reimbursement of \$0.25 per capita in the following year, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2012 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect, and is exempt from the truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for taxes payable in the following year, if the hearing requirement is in effect.

Subd. 3. **Certification of participation.** (a) The state auditor shall certify to the commissioner of revenue by August 1 of each year the counties and cities that are participating in the standard measures program and the comprehensive performance measurement program.

(b) The commissioner of revenue shall make per capita aid payments under this section on the second payment date specified in section 477A.015, in the same year that the measurements were reported.

(c) The commissioner of revenue shall notify each county and city that is entitled to exemption from levy limits by August 10 of each levy year.

Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations to counties under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

(b) The amount necessary to fund obligations to cities under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

(c) The sum of \$6,000 in fiscal year 2010 and \$2,000 in each fiscal year thereafter is annually appropriated from the general fund to the state auditor to carry out the auditor's responsibilities under sections 6.90 to 6.91.

EFFECTIVE DATE. This section is effective December 31, 2009.

Sec. 3. Minnesota Statutes 2008, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **Local support levels.** (a) A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of ~~(a)~~ (1) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year ~~in 1991 and later years~~ or ~~(b)~~ (2) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

EFFECTIVE DATE. This section is effective for calendar years 2009 and thereafter, except that the change in paragraph (a) is effective for calendar years 2011 and thereafter.

Sec. 4. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** (a) A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) In addition, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014, or credits under section 273.1384 are reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of (1) ten percent, or (2) a percent equal to the percent the aid or credit reduction is of the city or county's revenue base as defined in paragraph (e), based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reductions under the December 2008 unallotment, as well as any aid and credit reductions in calendar year 2009. For calendar year 2009 only, the commissioner of revenue shall calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of this provision becoming law.

(c) In addition, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of (1) ten percent, or (2) a percentage equal to the ratio of (i) the difference between the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credit reimbursements it received under section 273.1384 in the previous calendar year and the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credits estimated to be paid under section 273.1384, to (ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credits are to be paid. The percentage of reduction related to reductions to credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1. No county may make a reduction under paragraph (b) or (c) in a year in which it is receiving local sales tax revenue under section 297A.994.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

(f) The sum of \$21,000 in fiscal year 2010 and each fiscal year thereafter is appropriated from the general fund to the commissioner of education to carry out the additional responsibilities under this section.

EFFECTIVE DATE. This section is effective for support in calendar year 2009 and thereafter for library grants paid in fiscal year 2010 and thereafter, except that the changes in paragraph (a) are effective for support in calendar year 2010 and thereafter.

Sec. 5. **[256E.40] EQUITABLE FUNDING HEALTH AND HUMAN SERVICES REFORM.**

Subdivision 1. **Reform.** The goals in reforming local funding of the health and human services delivery system is to:

(1) sustain the funding of county provided services;

(2) maintain Minnesota's ability to obtain federal funds to provide these services;

(3) equalize and make transparent the demands that providing these services makes on the property tax system; and

(4) encouraging local innovation and pilot programs using local revenues without the risk of long-term obligations.

Subd. 2. **Consolidated program funding.** (a) Each county is required to dedicate a portion of local property tax, determined under this section, to fund the local share of all health and human services programs and services required by state law. The commissioner of revenue shall provide estimates to the commissioner of human services of the expected revenue from this dedication in each county. The commissioner of human services shall devise a mechanism for collecting or allocating the sum of these dedications between programs as necessary to meet federal match requirements. Any contribution in excess of the amount needed to meet federal match requirements shall be spent on the various programs at the discretion of the county.

(b) In 2012, the required dedication of a county's portion of its local property tax is equal to a uniform percentage of its adjusted net tax capacity for the most recently available year, limited as provided in paragraph (d). The commissioner of revenue shall determine the percentage so that the total amount dedicated in all counties in 2012, after the limits in paragraph (d), is equal to the total estimated amount of local source revenues that all counties were required to pay for these programs and services in calendar year 2011. The commissioner of human services shall provide the commissioner of revenue with the information necessary to make this calculation by July 30, 2011.

(c) In 2013 and future years, the required dedication of a county's portion of its local property tax is equal to a percentage of its adjusted net tax capacity adjusted as required in paragraph (d). The percentage is the same as the percentage used in the previous year.

(d) In calendar year 2012, a county's revenue dedication under paragraph (b) cannot be greater than the sum of (1) its estimated amount of required local source revenues for these programs and services in calendar year 2011, plus (2) one percent of its calendar year 2011 property tax levy. In calendar year 2013 and future years, a county's revenue dedication under paragraph (c) cannot be greater than the sum of (1) its revenue dedicated under this subdivision in the previous year, multiplied by one plus its percentage increase in its adjusted net tax capacity for the most recently available year, plus (2) one percent of its property tax levy from the previous year.

Subd. 3. **County discretionary spending.** Nothing in this section shall be construed as prohibiting counties from spending local source revenues on health and human services in excess of the amount calculated under subdivision 2 but a county may not be required to continue spending local source revenue at a higher level than the amount determined in subdivision 2.

EFFECTIVE DATE. This section is effective for property tax levies payable in 2012 and thereafter and program spending beginning January 1, 2012.

Sec. 6. **[270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.**

Subdivision 1. **Purpose.** State policy makers should be provided with the tools to create a more accountable and efficient property tax system. This section provides the principles and available tools necessary to work toward achieving that goal.

Subd. 2. **Property tax principles.** To better evaluate the various property tax proposals that come before the legislature, the following basic property tax principles should be taken into consideration. The property taxes proposed should be:

- (1) transparent and understandable;
- (2) simple and efficient;
- (3) equitable;
- (4) stable and predictable;
- (5) compliance and accountability;
- (6) competitive, both nationally and globally; and
- (7) responsive to economic conditions.

Subd. 3. **Major indicators.** There are many different types of indicators available to legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks when legislators are contemplating changes. Each tool has its own limitation, and no one tool is perfect or should be used independently. Some of the tools measure the global characteristics of the entire tax system, while others are only a measure of the property tax impacts and its administration. The following is a list of the available major indicators:

(1) property tax principles scale, the components of which are listed in subdivision 2, as they relate to the various features of the property tax system;

- (2) price of government report, as required under section 16A.102;
- (3) tax incidence report, as required under section 270C.13;
- (4) tax expenditure budget and report, as required under section 270C.11;
- (5) state tax rankings;

(6) property tax levy plus aid data, and market value and net tax capacity data, by taxing district for current and past years;

(7) effective tax rate (tax as a percent of market value) and the equalized effective tax rate (effective tax rate adjusted for assessment differences);

(8) assessment sales ratio study, as required under section 127A.48;

(9) "Voss" database, which matches homeowner property taxes and household income;

(10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes under section 477A.03, subdivision 2b; and

(11) local impact notes, with improved local analysis as described in subdivision 7.

Subd. 4. **Property tax working group.** (a) A property tax working group is established as provided in this subdivision. The goals of the working group are:

(1) to investigate ways to simplify the property tax system and make advisory recommendations on ways to make the system more understandable;

(2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and

(3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

(b) The 12-member working group shall consist of the following members:

(1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the minority party;

(2) two senators, both appointed by the chair of the senate Taxes Committee, one from the majority party and one from the minority party;

(3) the commissioner of revenue, or designee;

(4) one person, appointed by the Association of Minnesota Counties;

(5) one person, appointed by the League of Minnesota Cities;

(6) one person, appointed by the Minnesota Association of Townships;

(7) one person, appointed by the Minnesota Chamber of Commerce;

(8) one person, appointed by the Minnesota Association of Assessing Officers; and

(9) two homeowners, one who is under 65 years of age, and one who is 65 years of age or older, both appointed by the commissioner of revenue.

The commissioner of revenue shall chair the initial meeting, and the working group shall elect a chair at that initial meeting. The working group will meet at the call of the chair. Members of the working group shall serve without compensation. The commissioner of revenue must provide administrative support to the working group.

Chapter 13D does not apply to meetings of the working group. Meetings of the working group must be open to the public and the working group must provide notice of a meeting to potentially interested persons at least seven days before the meeting. A meeting of the council occurs when a quorum is present.

(c) The working group shall make its advisory recommendations to the chairs of the house of representatives and senate Taxes Committees on or before February 1, 2011, at which time the working group shall be finished and this subdivision expires. The advisory recommendations should be reviewed by the Taxes Committee under subdivision 5.

Subd. 5. **Taxes Committee review and resolution.** On or before March 1, 2011, and every two years thereafter, the house of representatives and senate Taxes Committees must review the major indicators as contained in subdivision 3, and ascertain the accountability and efficiency of the property tax system. The house of representatives and senate Taxes Committees shall prepare a resolution on targets and benchmarks for use during the current biennium.

Subd. 6. **Department of Revenue; revenue estimates.** As provided under section 270C.11, subdivision 5, the Department of Revenue is required to prepare an estimate of the effect on the state's tax revenues which result from the passage of a legislative bill establishing, extending, or restricting a tax expenditure. Beginning with the 2010 legislative session, those revenue estimates must also identify how the property tax principles contained in subdivision 2 apply to the proposed tax changes. The commissioner of revenue shall develop a scale for measuring the appropriate principles for each proposed change. The department shall quantify the effects, if possible, or at a minimum, shall identify the relevant factors so that legislators are aware of possible outcomes, including administrative difficulties and cost. The interaction of property tax shifting should be identified and quantified to the degree possible.

Subd. 7. **Local impact notes.** Local impact notes are statements that provide information about changes in local government responsibility, administration, and cost due to changes in state law. The local impact note process seeks the participation of political subdivisions to gather information as needed by the legislature. The local impact network of political subdivisions shall consist of representation from associations from Minnesota counties, cities, towns, and school districts, and other members as needed. They shall, among other things, work with the legislature and the commissioner of finance to analyze:

(1) changes in tax revenues for local governments;

(2) changes in expenditures for local governments, including program and administration costs; and

(3) incidences of tax shifting, including identifying the target audience (taxpayers who will benefit from the tax shift) and the impact audience (taxpayers who will bear the burden of the tax shift).

For tax bills the local impact network of political subdivisions shall rate the impact on Minnesota's tax system using the tax principles contained in subdivision 2.

Some of the cost for preparing this information shall be distributed to the local impact network as provided under section 477A.03, subdivision 2b, paragraph (b).

Subd. 8. **Appropriation.** The sum of \$30,000 in fiscal year 2010 and \$25,000 in each fiscal year thereafter is appropriated from the general fund to the commissioner of revenue to carry out the commissioner's added responsibilities under subdivision 6.

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

Sec. 7. Minnesota Statutes 2008, section 273.1384, is amended by adding a subdivision to read:

Subd. 3a. **Reimbursement reductions.** (a) Each year, each county's reimbursement under this section shall be reduced by a uniform percentage so that the total reduction in reimbursements equals the sum of: (i) the amount appropriated under section 6.91, subdivision 4, paragraph (a); (ii) one-half of the total amount appropriated under section 6.91, subdivision 4, paragraph (c); and (iii) one-half of the total amount appropriated under section 270C.991, subdivision 8.

(b) Each year, each city's reimbursement under this section shall be reduced by a uniform percentage so that the total reduction in reimbursements equals the sum of: (i) the amount appropriated under section 6.91, subdivision 4, paragraph (b); (ii) one-half of the total amount appropriated under section 6.91, subdivision 4, paragraph (c); and (iii) one-half of the total amount appropriated under section 270C.991, subdivision 8.

(c) Each year, each school district's reimbursement under this section shall be reduced by a uniform percentage so that the total reduction in reimbursements equals the amount appropriated under section 134.34, subdivision 4.

EFFECTIVE DATE. This section is effective for aids payable in 2009 and thereafter.

Sec. 8. **[275.77] TEMPORARY SUSPENSION OF NEW OR INCREASED MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "maintenance of effort" means a requirement imposed on a political subdivision by state law to continue providing funding of a service or program at a given or increasing level based on its funding of the service and program in prior years;

(2) "matching fund requirement" means a requirement imposed on a political subdivision by state law to fund a portion of a program or service but does not mean required nonstate contributions to state capital funded projects or other nonstate contributions required in order to receive a grant or loan the political subdivision has requested or applied for; and

(3) "political subdivision" means a county, town, or statutory or home rule charter city.

Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law to the contrary, any new maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require spending by a political subdivision shall not be effective until January 1, 2012.

(b) Notwithstanding any other provision of law to the contrary, any changes to existing maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require new spending by a political subdivision shall not be effective until January 1, 2012.

(c) The suspension of changes to existing maintenance of effort and matching fund requirements under paragraph (b) does not apply if the spending is required by federal law and there would be a cost to the state budget without the change.

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

Sec. 9. **REPEALER.**

Minnesota Statutes 2008, sections 245.4835; 245.4932, subdivision 1; 246.54, subdivisions 1 and 2; 252.275, subdivision 3; 253B.045, subdivision 2; 254B.04, subdivision 1; 256.82, subdivision 2; 256.976; 256B.05, subdivision 1; 256B.0625, subdivisions 20 and 20a; 256B.0945, subdivisions 1, 2, 3, and 4; 256B.19, subdivision 1; 256D.03; 256D.053, subdivision 3; 256E.12, subdivision 3; 256F.10, subdivision 7; 256F.13, subdivision 1; 256I.04; 256I.08; 256J.09, subdivisions 1, 2, and 3; and 256L.15, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2012.

ARTICLE 4

LOCAL GOVERNMENT FLEXIBILITY AND MANDATE REDUCTION PROVISIONS

Section 1. Minnesota Statutes 2008, section 3.842, subdivision 4a, is amended to read:

Subd. 4a. **Objections to rules.** (a) For purposes of this subdivision, "committee" means the house of representatives policy committee or senate policy committee with primary jurisdiction over state governmental operations. The commission, the Legislative Commission on Mandate Reform, or a committee may object to a rule as provided in this subdivision. If the commission, the Legislative Commission on Mandate Reform, or a committee objects to all or some portion of a rule because the commission, the Legislative Commission on Mandate Reform, or a committee considers it to be beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the commission, the Legislative Commission on Mandate Reform, or a committee may file that objection in the Office of the Secretary of State. The filed objection must contain a concise statement of the commission's, the Legislative Commission on Mandate Reform, or a committee's reasons for its action. An objection to a proposed rule submitted by the commission, the Legislative Commission on Mandate Reform, or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall transmit a certified copy of it to the agency issuing the rule in question and to the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission, the Legislative Commission on Mandate Reform, or a committee.

(c) The commission, the Legislative Commission on Mandate Reform, or a committee shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate the existence of the objection adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission, the Legislative Commission on Mandate Reform, or a committee to a rule, the issuing agency shall respond in writing to the objecting entity. After receipt of the response, the commission, the Legislative Commission on Mandate Reform, or a committee may withdraw or modify its objection.

(e) After the filing of an objection by the commission, the Legislative Commission on Mandate Reform, or a committee that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid.

(f) The failure of the commission, the Legislative Commission on Mandate Reform, or a committee to object to a rule is not an implied legislative authorization of its validity.

(g) In accordance with sections 14.44 and 14.45, the commission, the Legislative Commission on Mandate Reform, or a committee may petition for a declaratory judgment to determine the validity of a rule objected to by the commission, the Legislative Commission on Mandate Reform, or a committee. The action must be started within two years after an objection is filed in the Office of the Secretary of State.

(h) The commission, the Legislative Commission on Mandate Reform, or a committee may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 2. Minnesota Statutes 2008, section 3.843, is amended to read:

3.843 PUBLIC HEARINGS BY STATE AGENCIES.

By a vote of a majority of its members, the commission or the Legislative Commission on Mandate Reform may request any agency issuing rules to hold a public hearing in respect to recommendations made under section 3.842, including recommendations made by the commission or the Legislative Commission on Mandate Reform to promote adequate and proper rules by that agency and recommendations contained in the commission's biennial report. The agency shall give notice as provided in section 14.14, subdivision 1, of a hearing under this section, to be conducted in accordance with sections 14.05 to 14.28. The hearing must be held not more than 60 days after receipt of the request or within any other longer time period specified by the commission or the Legislative Commission on Mandate Reform in the request.

Sec. 3. **[3.99] LEGISLATIVE COMMISSION ON MANDATE REFORM; ESTABLISHED.**

Subdivision 1. **Established.** The Legislative Commission on Mandate Reform is established as provided in this section, with the powers and duties given it in sections 3.842, subdivision 4a; 3.843; and 3.99 to 3.992.

Subd. 2. **Membership.** The commission consists of four senators appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, three senators appointed by the senate minority leader, four state representatives appointed by the speaker of the house, and three state representatives appointed by the house of representatives minority leader. The appointing authorities must ensure balanced geographic representation. Each appointing authority must make appointments as soon as possible.

Subd. 3. **Terms; vacancies.** Members of the commission serve for a two-year term beginning upon appointment and expiring upon appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 4. **Chair.** The commission must meet as soon as practicable after members are appointed in each odd-numbered year to elect its chair and other officers as it may determine necessary. A chair serves a two-year term, expiring in the odd-numbered year after a successor is elected. The chair must alternate biennially between the senate and the house of representatives.

Subd. 5. **Compensation.** Members may be reimbursed for their reasonable expenses as members of the legislature.

Subd. 6. **Staff.** The Legislative Coordinating Commission must provide administrative support to the commission, including secretarial services, record keeping, and grants administration.

Subd. 7. **Meetings; procedures; tie votes.** The first meeting of the biennium must be convened by the member designated by the senate majority leader if a senator is to chair the commission for the biennium, or by the speaker of the house if a state representative is to chair the commission for the biennium. The commission meets at the call of the chair. Commission action requires a positive vote of at least four house of representatives members and at least four senate members.

Subd. 8. **Funding.** The Legislative Coordinating Commission shall annually bill the commissioner of revenue for costs incurred by the Legislative Coordinating Commission in providing administrative support and to make the grants authorized by the Legislative Commission on Mandate Reform, in an amount not to exceed \$100,000 per year. The commissioner of revenue shall deduct one-half of the certified costs from payments to counties under section 477A.03, subdivision 2b, and one-half of the certified costs from payments to cities under section 477A.03, subdivision 2a.

Sec. 4. [3.991] LEGISLATIVE COMMISSION ON MANDATE REFORM; REVIEW AND RECOMMENDATIONS TO LEGISLATURE.

The Legislative Commission on Mandate Reform must solicit from local governments information on state laws and rules that local governments consider to be problematic mandates. The commission must review the mandates identified and consider why each mandate was enacted or adopted, whether the reason for it still exists, the costs to local governments to comply with the mandate, and whether repeal or modification of the mandate is appropriate. Before the beginning of each legislative session, the commission must prepare for introduction a bill to repeal or modify those laws or rules the commission determines are unnecessary.

Sec. 5. [3.992] LEGISLATIVE COMMISSION ON MANDATE REFORM; GRANTS.

Upon recommendation of the Legislative Commission on Mandate Reform, the commissioner of revenue may make grants to the League of Minnesota Cities, the Association of Minnesota Counties, Minnesota Association of Townships, other organizations representing local governments, the Board of Regents of the University of Minnesota, the Board of Trustees of Minnesota State Colleges and Universities, or other accredited postsecondary institutions to research and make recommendations on mandate reform. The commissioner must specify the work to be done, the completion date, and the maximum grant amount, and may specify any other conditions the commissioner deems necessary or useful.

Sec. 6. [3.993] EXPIRATION.

Sections 3.99 to 3.992 expire June 30, 2013.

Sec. 7. [14.128] EFFECTIVE DATE FOR RULES REQUIRING LOCAL IMPLEMENTATION.

Subdivision 1. **Determination.** An agency must determine if a local government will be required to adopt or amend an ordinance or other regulation to comply with a proposed agency rule. An agency must make this determination before the close of the hearing record or before the agency submits the record to the administrative law judge if there is no hearing. The administrative law judge must review and approve or disapprove the agency's determination. "Local government" means a town, county, or home rule charter or statutory city.

Subd. 2. **Effective dates.** If the agency determines that the proposed rule requires adoption or amendment of an ordinance or other regulation, or if the administrative law judge disapproves the agency's determination that the rule does not have this effect, the rule may not become effective until:

- (1) the next July 1 or January 1 after notice of final adoption is published in the State Register; or
- (2) a later date provided by law or specified in the proposed rule.

Subd. 3. **Exceptions.** Subdivision 2 does not apply:

(1) to a rule adopted under section 14.388, 14.389, or 14.3895, or under another law specifying that the rulemaking procedures of this chapter do not apply;

(2) if the administrative law judge approves an agency's determination that the rule has been proposed pursuant to a specific federal statutory or regulatory mandate that requires the rule to take effect before the date specified in subdivision 2; or

(3) if the governor waives application of subdivision 2.

Sec. 8. Minnesota Statutes 2008, section 16C.28, subdivision 1a, is amended to read:

Subd. 1a. **Establishment and purpose.** (a) The state recognizes the importance of the inclusion of a best value contracting system for construction as an alternative to the current low-bid system of procurement. In order to accomplish that goal, state and local governmental entities shall be able to choose the best value system in different phases.

(b) "Best value" means the procurement method defined in section 16C.02, subdivision 4a.

(c) The following entities are eligible to participate in phase I:

(1) state agencies;

(2) counties;

(3) cities; and

(4) school districts with the highest 25 percent enrollment of students in the state.

Phase I begins on July 1, 2007.

(d) The following entities are eligible to participate in phase II:

(1) those entities included in phase I; and

(2) school districts with the highest 50 percent enrollment of students in the state.

Phase II begins two years from July 1, 2007.

(e) The following entities are eligible to participate in phase III:

(1) all entities included in phases I and II; and

(2) all other townships, school districts, and political subdivisions in the state.

Phase III begins three years from July 1, 2007.

~~(f) The commissioner or any agency for which competitive bids or proposals are required may not use best value contracting as defined in section 16C.02, subdivision 4a, for more than one project annually, or 20 percent of its projects, whichever is greater, in each of the first three fiscal years in which best value construction contracting is used.~~

Sec. 9. Minnesota Statutes 2008, section 306.243, is amended by adding a subdivision to read:

Subd. 6. **Abandonment; end of operation as cemetery.** A county that has accepted responsibility for an abandoned cemetery may prohibit further burials in the abandoned cemetery, and may cease all acceptance of responsibility for new burials.

Sec. 10. Minnesota Statutes 2008, section 344.18, is amended to read:

344.18 COMPENSATION OF VIEWERS.

Fence viewers must be paid for their services by the person employing them at the rate of \$15 each for each day's employment. ~~\$60 must be deposited with the town or city treasurer before the service is performed. Upon completion of the service, any of the \$60 not spent to compensate the fence viewers must be returned to the depositor. The town board may by resolution require the person employing the fence viewers to post a bond or other security acceptable to the board for the total estimated costs before the viewing takes place. The total estimated costs may include the cost of professional and other services, hearing costs, administrative costs, recording costs, and other costs and expenses which the town may incur in connection with the viewing.~~

Sec. 11. Minnesota Statutes 2008, section 365.28, is amended to read:

365.28 PUBLIC BURIAL GROUND IS TOWN'S AFTER TEN YEARS.

A tract of land in a town becomes town property after it has been used as a public burial ground for ten years if the tract is not owned by a cemetery association. The town board shall control the burial ground as it controls other town cemeteries. A town that has assumed ownership of a cemetery may prohibit further burials in it.

Sec. 12. Minnesota Statutes 2008, section 429.041, subdivision 1, is amended to read:

Subdivision 1. **Plans and specifications, advertisement for bids.** When the council determines to make any improvement, it shall let the contract for all or part of the work, or order all or part of the work done by day labor or otherwise as authorized by subdivision 2, no later than one year after the adoption of the resolution ordering such improvement, unless a different time limit is specifically stated in the resolution ordering the improvement. The council shall cause plans and specifications of the improvement to be made, or if previously made, to be modified, if necessary, and to be approved and filed with the clerk, and if the estimated cost exceeds ~~\$50,000~~ the amount in section 471.345, subdivision 3, shall advertise for bids for the improvement in the newspaper and such other papers and for such length of time as it may deem advisable. If the estimated cost exceeds ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, publication shall be made no less than three weeks before the last day for submission of bids once in the newspaper and at least once in either a newspaper published in a city of the first class or a trade paper. To be eligible as such a trade paper, a publication shall have all the qualifications of a legal newspaper except that instead of the requirement that it shall contain general and local news, such trade paper shall contain building and construction news of interest to contractors in this state, among whom it shall have a general circulation. The advertisement shall specify the work to be done, shall state the time when the bids will be publicly opened for consideration by the council, which shall be not less than ten days after the first publication of the advertisement when the estimated cost is less than ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, and not less than three weeks after such publication in other cases, and shall state that no bids will be considered unless sealed and filed with the clerk and accompanied by a cash deposit, cashier's check, bid bond, or certified check payable to the clerk, for such percentage of the amount of the bid as the council may specify. In providing for the advertisement for bids the council may direct that the bids shall be opened publicly by two or more designated officers or agents of the municipality and tabulated in advance of the meeting at which they are to be considered by the council. Nothing herein shall prevent the council from advertising separately for various portions of the work involved in an improvement, or from itself, supplying by such means as may be otherwise authorized by law, all or any part of the materials, supplies, or equipment to be used in the improvement or from combining two or more improvements in a single set of plans and specifications or a single contract.

Sec. 13. Minnesota Statutes 2008, section 429.041, subdivision 2, is amended to read:

Subd. 2. **Contracts; day labor.** In contracting for an improvement, the council shall require the execution of one or more written contracts and bonds, conditioned as required by law. The council shall award the contract to the lowest responsible bidder or it may reject all bids. If any bidder to whom a contract is awarded fails to enter promptly into a written contract and to furnish the required bond, the defaulting bidder shall forfeit to the

municipality the amount of the defaulter's cash deposit, cashier's check, bid bond, or certified check, and the council may thereupon award the contract to the next lowest responsible bidder. When it appears to the council that the cost of the entire work projected will be less than ~~\$50,000~~ the amount in section 471.345, subdivision 3, or whenever no bid is submitted after proper advertisement or the only bids submitted are higher than the engineer's estimate, the council may advertise for new bids or, without advertising for bids, directly purchase the materials for the work and do it by the employment of day labor or in any other manner the council considers proper. The council may have the work supervised by the city engineer or other qualified person but shall have the work supervised by a registered engineer if done by day labor and it appears to the council that the entire cost of all work and materials for the improvement will be more than ~~\$25,000~~ the lowest amount in section 471.345, subdivision 4. In case of improper construction or unreasonable delay in the prosecution of the work by the contractor, the council may order and cause the suspension of the work at any time and relet the contract, or order a reconstruction of any portion of the work improperly done, and where the cost of completion or reconstruction necessary will be less than ~~\$50,000~~ the amount in section 471.345, subdivision 3, the council may do it by the employment of day labor.

Sec. 14. Minnesota Statutes 2008, section 469.015, is amended to read:

469.015 LETTING OF CONTRACTS; PERFORMANCE BONDS.

Subdivision 1. **Bids; notice.** All construction work, and work of demolition or clearing, and every purchase of equipment, supplies, or materials, necessary in carrying out the purposes of sections 469.001 to 469.047, that involve expenditure of ~~\$50,000~~ the amount in section 471.345, subdivision 3, or more shall be awarded by contract. Before receiving bids the authority shall publish, once a week for two consecutive weeks in an official newspaper of general circulation in the community a notice that bids will be received for that construction work, or that purchase of equipment, supplies, or materials. The notice shall state the nature of the work and the terms and conditions upon which the contract is to be let, naming a time and place where bids will be received, opened and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened and read publicly and recorded, the authority shall award the contract to the lowest responsible bidder, provided that the authority reserves the right to reject any or all bids. Each contract shall be executed in writing, and the person to whom the contract is awarded shall give sufficient bond to the authority for its faithful performance. If no satisfactory bid is received, the authority may readvertise. The authority may establish reasonable qualifications to determine the fitness and responsibility of bidders and to require bidders to meet the qualifications before bids are accepted.

Subd. 1a. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, the authority may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Subd. 2. **Exception; emergency.** If the authority by a vote of four-fifths of its members shall declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of ~~\$50,000~~ the amount in section 471.345, subdivision 3, but not exceeding ~~\$75,000~~ half again as much as the amount in section 471.345, subdivision 3, or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this subdivision, shall be understood to be unforeseen circumstances or conditions which result in the placing in jeopardy of human life or property.

Subd. 3. **Performance and payment bonds.** Performance and payment bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections 574.26 to 574.31 except for contracts entered into by an authority for an expenditure of less than ~~\$50,000~~ the minimum threshold amount in section 471.345, subdivision 3.

Subd. 4. **Exceptions.** (a) An authority need not require competitive bidding in the following circumstances:

(1) in the case of a contract for the acquisition of a low-rent housing project:

(i) for which financial assistance is provided by the federal government;

(ii) which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance; and

(iii) for which the contract provides for the construction of the project upon land that is either owned by the authority for redevelopment purposes or not owned by the authority at the time of the contract but the contract provides for the conveyance or lease to the authority of the project or improvements upon completion of construction;

(2) with respect to a structured parking facility:

(i) constructed in conjunction with, and directly above or below, a development; and

(ii) financed with the proceeds of tax increment or parking ramp general obligation or revenue bonds;

(3) until August 1, 2009, with respect to a facility built for the purpose of facilitating the operation of public transit or encouraging its use:

(i) constructed in conjunction with, and directly above or below, a development; and

(ii) financed with the proceeds of parking ramp general obligation or revenue bonds or with at least 60 percent of the construction cost being financed with funding provided by the federal government; and

(4) in the case of any building in which at least 75 percent of the usable square footage constitutes a housing development project if:

(i) the project is financed with the proceeds of bonds issued under section 469.034 or from nongovernmental sources;

(ii) the project is either located on land that is owned or is being acquired by the authority only for development purposes, or is not owned by the authority at the time the contract is entered into but the contract provides for conveyance or lease to the authority of the project or improvements upon completion of construction; and

(iii) the authority finds and determines that elimination of the public bidding requirements is necessary in order for the housing development project to be economical and feasible.

(b) An authority need not require a performance bond for the following projects:

(1) a contract described in paragraph (a), clause (1);

(2) a construction change order for a housing project in which 30 percent of the construction has been completed;

(3) a construction contract for a single-family housing project in which the authority acts as the general construction contractor; or

(4) a services or materials contract for a housing project.

For purposes of this paragraph, "services or materials contract" does not include construction contracts.

Subd. 5. **Security in lieu of bond.** The authority may accept a certified check or cashier's check in the same amount as required for a bond in lieu of a performance bond for contracts entered into by an authority for an expenditure of less than ~~\$50,000~~ the minimum threshold amount in section 471.345, subdivision 3. The check must be held by the authority for 90 days after the contract has been completed. If no suit is brought within the 90 days, the authority must return the amount of the check to the person making it. If a suit is brought within the 90-day period, the authority must disburse the amount of the check pursuant to the order of the court.

Sec. 15. Minnesota Statutes 2008, section 641.12, subdivision 1, is amended to read:

Subdivision 1. **Fee.** A county board may require that each person who is booked for confinement at a county or regional jail, and not released upon completion of the booking process, pay a fee ~~of up to \$10~~ to the sheriff's department of the county in which the jail is located to cover costs incurred by the county in the booking of that person. The fee is payable immediately from any money then possessed by the person being booked, or any money deposited with the sheriff's department on the person's behalf. If the person has no funds at the time of booking or during the period of any incarceration, the sheriff shall notify the district court in the county where the charges related to the booking are pending, and shall request the assessment of the fee. Notwithstanding section 609.10 or 609.125, upon notification from the sheriff, the district court must order the fee paid to the sheriff's department as part of any sentence or disposition imposed. If the person is not charged, is acquitted, or if the charges are dismissed, the sheriff shall return the fee to the person at the last known address listed in the booking records.

Sec. 16. **LEGISLATIVE COMMISSION ON MANDATE REFORM; FIRST MEETING.**

The first meeting of the Legislative Commission on Mandate Reform must be held as soon as practicable after all appointments are made. The speaker of the house must designate a commission member to convene the first meeting. The first commission serves until a new commission is appointed at the beginning of the next biennium.

ARTICLE 5

TRUTH IN TAXATION

Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made.

(b) A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must ~~include the budget information required by this section in the materials provided as a part of its truth in taxation hearing~~, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish the information in a qualified newspaper of general circulation in the district.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September ~~15~~5, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September ~~30~~20, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than ~~October 7~~September 28. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September ~~15~~1, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(e) At the meeting where a taxing authority, other than a town, adopts its proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of the proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective for proposed notices prepared in 2010 and thereafter, for property taxes payable in 2011 and thereafter, except that paragraph (e) is effective for taxes payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by ~~October 5~~September 25, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by ~~October 10~~September 30. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

EFFECTIVE DATE. This section is effective for proposed notices prepared in 2010 and thereafter, for property taxes payable in 2011 and thereafter.

Sec. 4. Minnesota Statutes 2008, section 275.065, subdivision 1c, is amended to read:

Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing authorities are in the process of negotiating an agreement for sharing, merging, or consolidating services between those taxing authorities at the time the proposed levy is to be certified under subdivision 1, each taxing authority involved in the negotiation shall certify its total proposed levy as provided in that subdivision, including a notification to the county auditor of the specific service involved in the agreement which is not yet finalized. The affected taxing authorities may amend their proposed levies under subdivision 1 until ~~October 10~~ September 25 for levy amounts relating only to the specific service involved.

EFFECTIVE DATE. This section is effective for proposed notices prepared in 2010 and thereafter, for property taxes payable in 2011 and thereafter.

Sec. 5. Minnesota Statutes 2008, 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~~ October 15 and on or before ~~November~~ October 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. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(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. The notice must clearly state for each city, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of the taxing authorities' regularly scheduled meetings occurring after October 24, at which the budget and levy will be discussed. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public shall be allowed to speak at that meeting. It must clearly state the time and place of each taxing authority's meeting, provide 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~~ September 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 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 Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county'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~~ October 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 and subdivision 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 consent of the county board, 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.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, except that the changes advancing the dates for preparing and mailing the notices are effective for proposed notices in 2010, for taxes payable in 2011 and thereafter.

Sec. 6. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

Subd. 6. **Public hearing; Adoption of budget and levy.** ~~(a) For purposes of this section, the following terms shall have the meanings given:~~

~~(1) "Initial hearing" means the first and primary hearing held to discuss the taxing authority's proposed budget and proposed property tax levy for taxes payable in the following year, or, for school districts, the current budget and the proposed property tax levy for taxes payable in the following year.~~

~~(2) "Continuation hearing" means a hearing held to complete the initial hearing, if the initial hearing is not completed on its scheduled date.~~

~~(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final property tax levy, and, in the case of taxing authorities other than school districts, the final budget, for taxes payable in the following year.~~

~~(b) Between November 29 and December 20, the governing bodies of a city that has a population over 500, county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold an initial public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold an initial public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint initial public hearing, the location of which will be determined by the affected metropolitan agencies. A city, county, metropolitan special taxing district as defined in subdivision 3, paragraph (i), regional library district established under section 134.201, or school district is not required to hold a public hearing under this subdivision unless its proposed property tax levy for taxes payable in the following year, as certified under subdivision 1, has increased over its final property tax levy for taxes payable in the current year by a percentage that is greater than the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12 month period ending March 31 of the current year.~~

~~(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No initial hearing may be held on a Sunday.~~

~~(d) At the initial hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions. At the public hearing, the school district must also provide and discuss information on the distribution of its revenues by revenue source, and the distribution of its spending by program area.~~

~~(e) If the initial hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continuation hearing must be held at least five business days but no more than 14 business days after the initial hearing. A continuation hearing may not be held later than December 20 except as provided in paragraphs (f) and (g). A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No continuation hearing may be held on a Sunday.~~

~~(f) The governing body of a county shall hold its initial hearing on the first Thursday in December each year, and may hold additional initial hearings on other dates before December 20 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continuation hearing shall be held on the third Tuesday in December. If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20.~~

~~(g) The metropolitan special taxing districts shall hold a joint initial public hearing on the first Wednesday of December. A continuation hearing, if necessary, shall be held on the second Wednesday of December even if that second Wednesday is after December 10.~~

~~(h) The county auditor shall provide for the coordination of initial and continuation hearing dates for all school districts and cities within the county to prevent conflicts under clauses (i) and (j).~~

~~(i) By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its initial hearing and any continuation hearing. If a school board or regional library district does not certify these dates by August 10, the auditor will assign the initial and continuation hearing dates. The dates elected or assigned must not conflict with the initial and continuation hearing dates of the county or the metropolitan special taxing districts.~~

~~(j) By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts and regional library districts have elected to hold their initial and continuation hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and any continuation hearing. Until September 15, the first and second Mondays of December are reserved for the use of the cities. If a city does not certify its hearing dates by September 15, the auditor shall assign the initial and continuation hearing dates. The dates elected or assigned for the initial hearing must not conflict with the initial hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. To the extent possible, the dates of the city's continuation hearing should not conflict with the continuation hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. This paragraph does not apply to cities of 500 population or less.~~

~~(k) The county initial hearing date and the city, metropolitan special taxing district, regional library district, and school district initial hearing dates must be designated on the notices required under subdivision 3. The continuation hearing dates need not be stated on the notices.~~

~~(l) At a subsequent hearing, each county, school district, city over 500 population, and metropolitan special taxing district may amend its proposed property tax levy and must adopt a final property tax levy. Each county, city over 500 population, and metropolitan special taxing district may also amend its proposed budget and must adopt a final budget at the subsequent hearing. The final property tax levy must be adopted prior to adopting the final budget. A school district is not required to adopt its final budget at the subsequent hearing. The subsequent hearing of a taxing authority must be held on a date subsequent to the date of the taxing authority's initial public hearing. If a continuation hearing is held, the subsequent hearing must be held either immediately following the continuation hearing or on a date subsequent to the continuation hearing. The subsequent hearing may be held at a regularly scheduled board or council meeting or at a special meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing of a taxing authority does not have to be coordinated by the county auditor to prevent a conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any other taxing authority. All subsequent hearings must be held prior to five working days after December 20 of the levy year. The date, time, and place of the subsequent hearing must be announced at the initial public hearing or at the continuation hearing.~~

~~(m)~~ (a) The property tax levy certified under section 275.07 by a city of any population, county, metropolitan special taxing district, regional library district, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education or the commissioner of revenue after the proposed levy was certified; ~~and~~

(7) the amount required under section 126C.55; and

(8) the amount of unallotment under section 16A.152 that was recertified under section 275.07, subdivision 6.

~~(b)~~ (b) This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

~~(c)~~ (c) Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 7. Minnesota Statutes 2008, section 275.07, subdivision 1, is amended to read:

Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December ~~20~~ 10 in each year. A town must certify the levy adopted by the town board to the county auditor by September ~~15~~ 5 each year. If the town board modifies the levy at a special town meeting after September ~~15~~ 5, the town board must recertify its levy to the county auditor on or before five working days after December ~~20~~ 10. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and 103B.251 shall be separately certified by the county to the county auditor on or before five working days after December ~~20~~ 10 in each year. The taxes certified shall not be reduced by the county auditor by the aid received under section 273.1398, subdivision 3. If a county fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(ii) For purposes of the proposed property tax notice under section 275.065 and the property tax statement under section 276.04, for the first year in which the county implements the provisions of this paragraph, the county auditor shall reduce the county's levy for the preceding year to reflect any amount levied for water management purposes under clause (i) included in the county's levy.

EFFECTIVE DATE. This section is effective for property taxes payable in 2011 and thereafter.

Sec. 8. Minnesota Statutes 2008, section 275.07, subdivision 4, is amended to read:

Subd. 4. **Report to commissioner.** (a) On or before ~~October 8~~ September 20 of each year, the county auditor shall report to the commissioner of revenue the proposed levy certified by local units of government under section 275.065, subdivision 1. If any taxing authorities have notified the county auditor that they are in the process of negotiating an agreement for sharing, merging, or consolidating services but that when the proposed levy was

certified under section 275.065, subdivision 1c, the agreement was not yet finalized, the county auditor shall supply that information to the commissioner when filing the report under this section and shall recertify the affected levies as soon as practical after ~~October 10~~ September 25.

(b) On or before January ~~15~~ 5 of each year, the county auditor shall report to the commissioner of revenue the final levy certified by local units of government under subdivision 1.

(c) The levies must be reported in the manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for property taxes payable in 2011 and thereafter.

Sec. 9. Minnesota Statutes 2008, section 375.194, subdivision 5, is amended to read:

Subd. 5. **Determination of county tax rate.** The eligible county's proposed and final tax rates shall be determined by dividing the certified levy by the total taxable net tax capacity, without regard to any abatements granted under this section. ~~The county board shall make available the estimated amount of the abatement at the public hearing under section 275.065, subdivision 6.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 10. Minnesota Statutes 2008, section 383A.75, subdivision 3, is amended to read:

Subd. 3. **Duties.** The committee is authorized to and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by the jurisdictions for programs, buildings, and operations. In addition, the committee shall:

(1) identify trends and factors likely to be driving budget outcomes over the next five years with recommendations for how the jurisdictions should manage those trends and factors to increase efficiency and effectiveness;

(2) agree, by October 1 of each year, on the appropriate level of overall property tax levy for the three jurisdictions and publicly report such to the governing bodies of each jurisdiction for ratification or modification by resolution; and

~~(3) plan for the joint truth in taxation hearings under section 275.065, subdivision 8; and~~

~~(4)~~ (3) identify, by December 31 of each year, areas of the budget to be targeted in the coming year for joint review to improve services or achieve efficiencies.

In carrying out its duties, the committee shall consult with public employees of each jurisdiction and with other stakeholders of the city, county, and school district, as appropriate.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 11. Minnesota Statutes 2008, section 446A.086, subdivision 8, is amended to read:

Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a governmental unit may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the governmental unit. The proceeds of this levy may be used only for this purpose unless they exceed the amount actually due. Any excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the governmental unit. The amount of aids to be reduced to repay the state are decreased by the amount levied.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the authority shall require the governmental unit to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the governmental unit. To prevent undue hardship, the authority may allow the governmental unit to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the governmental unit. If the authority orders the governmental unit to levy, the amount of aids reduced to repay the state are decreased by the amount levied.

~~(e) A levy under this subdivision is an increase in the levy limits of the governmental unit for purposes of section 275.065, subdivision 6, and must be explained as a specific increase at the meeting required under that provision.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 12. Minnesota Statutes 2008, section 465.719, subdivision 9, is amended to read:

Subd. 9. **Application of other laws.** A corporation created by a political subdivision under this section must comply with every law that applies to the political subdivision, as if the corporation is a part of the political subdivision, unless the resolution ratifying creation of the corporation specifically exempts the corporation from part or all of a law. If the resolution exempts the corporation from part or all of a law, the resolution must make a detailed and specific finding as to why the corporation cannot fulfill its purpose if the corporation is subject to that law. A corporation may not be exempted from chapter 13D, the Minnesota Open Meeting Law, sections 138.163 to 138.25, governing records management, or chapter 13, the Minnesota Government Data Practices Act. Any affected or interested person may bring an action in district court to void the resolution on the grounds that the findings are not sufficiently detailed and specific, or that the corporation can fulfill its purpose if it is subject to the law from which the resolution exempts the corporation. Laws that apply to a political subdivision that also apply to a corporation created by a political subdivision under this subdivision include, but are not limited to:

- (1) chapter 13D, the Minnesota Open Meeting Law;
- (2) chapter 13, the Minnesota Government Data Practices Act;
- (3) section 471.345, the Uniform Municipal Contracting Law;
- (4) sections 43A.17, limiting the compensation of employees based on the governor's salary; 471.991 to 471.999, providing for equitable pay; and 465.72 and 465.722, governing severance pay;
- ~~(5) section 275.065, providing for truth in taxation hearings. If any tax revenues of the political subdivision will be appropriated to the corporation, the corporation's annual operating and capital budgets must be included in the truth in taxation hearing of the political subdivision that created the corporation;~~
- ~~(6)~~ (5) if the corporation issues debt, its debt is included in the political subdivision's debt limit if it would be included if issued by the political subdivision, and issuance of the debt is subject to the election and other requirements of chapter 475 and section 471.69;
- ~~(7)~~ (6) section 471.895, prohibiting acceptance of gifts from interested parties, and sections 471.87 to 471.89, relating to interests in contracts;
- ~~(8)~~ (7) chapter 466, relating to municipal tort liability;

~~(9)~~ (8) chapter 118A, requiring deposit insurance or bond or pledged collateral for deposits;

~~(40)~~ (9) chapter 118A, restricting investments;

~~(44)~~ (10) section 471.346, requiring ownership of vehicles to be identified;

~~(42)~~ (11) sections 471.38 to 471.41, requiring claims to be in writing, itemized, and approved by the governing board before payment can be made; and

~~(43)~~ (12) the corporation cannot make advances of pay, make or guarantee loans to employees, or provide in-kind benefits unless authorized by law.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 13. Minnesota Statutes 2008, section 473.13, subdivision 1, is amended to read:

Subdivision 1. **Budget.** (a) On or before December ~~20~~ 10 of each year, the council, ~~after the public hearing required in section 275.065,~~ shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget and no later than five working days after December 20, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by the statute authorizing the levy.

(b) Each even-numbered year the council shall prepare for its transit programs a financial plan for the succeeding three calendar years, in half-year segments. The financial plan must contain schedules of user charges and any changes in user charges planned or anticipated by the council during the period of the plan. The financial plan must contain a proposed request for state financial assistance for the succeeding biennium.

(c) In addition, the budget must show for each year:

(1) the estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service;

(2) capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year, all in such detail and form as the council may prescribe; and

(3) the estimated source and use of pass-through funds.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, except that the date change in certifying the budget is effective for taxes payable in 2011 and thereafter.

Sec. 14. **REPEALER.**

Minnesota Statutes 2008, section 275.065, subdivisions 5a, 6b, 6c, 8, 9, and 10, are repealed.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

ARTICLE 6

PROPERTY TAX

Section 1. Minnesota Statutes 2008, section 40A.09, is amended to read:

40A.09 AGRICULTURAL PRESERVE; ELIGIBILITY.

Subdivision 1. **Basic requirements.** An owner or owners of land that has been designated for exclusive long-term agricultural use under a plan submitted to or approved by the commissioner is eligible to apply for the creation of an agricultural preserve. Eligibility continues unless the commissioner determines that the plan and official controls do not address the elements contained in this chapter or unless the county fails to implement the plan and official controls as required by this chapter.

Subd. 2. **Termination of eligibility.** (a) A parcel of property enrolled under this section whose owner is subject to a final enforcement action for a violation of chapter 18B, 18C, 103E, 103F, 103G, or 103H, or any rule adopted under these chapters including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be removed from the program.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than an initial verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) When a final enforcement action is taken based on a violation occurring on a parcel enrolled under sections 40A.09 to 40A.12, the law enforcement officer or other person enforcing the law or rule must notify the county assessor. The county assessor must then notify the property owner that the parcel is being removed from the program. Any parcel for which the assessor has been notified prior to March 1 of any year shall be removed from the program for taxes payable in the following year. The assessor shall calculate (i) the amount of any credit received under section 273.119 for the current year, and (ii) the difference between the actual tax on the parcel for the current year and the tax that would apply if the value was not restricted under this section, and multiply the result by the number of years that the parcel has been under its current ownership or five, whichever is less. The resulting amount plus any special assessments that have been deferred under this section shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid.

(d) Termination of eligibility under this subdivision shall not affect the covenant required under section 40A.10. A parcel of property terminated under this subdivision may not be reenrolled for a period of three years, unless it has been sold or transferred so that it is no longer under the same ownership, in full or in part, as when the parcel was terminated.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 272.02, subdivision 7, is amended to read:

Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code are exempt- if they meet the requirements of this subdivision. In determining whether real property is exempt under this subdivision, the following factors must be considered:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;

(3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government;

(4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is distributed to private interests;

(5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolution, are available to private interests.

A charitable organization must satisfy the factors in clauses (1) to (6) for its property to be exempt under this subdivision, unless there is a reasonable justification for failing to meet the factors in clause (2), (3), or (5). If there is reasonable justification for failing to meet the factors in clause (2), (3), or (5), an organization is a purely public charity under this subdivision without meeting those factors. After an exemption is properly granted under this subdivision, it will remain in effect unless there is a material change in facts.

(b) For purposes of this subdivision, a grant is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the grantee to support a public purpose authorized by law in a general manner instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(c) In determining whether rental housing property qualifies for exemption under this subdivision, the following are not gifts or donations to the owner of the rental housing:

(1) rent assistance provided by the government to or on behalf of tenants; and

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision to read:

Subd. 90. **Nursing homes.** A nursing home licensed under section 144A.02 or a boarding care home certified as a nursing facility under title 19 of the Social Security Act that is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code is exempt from property taxation if the nursing home or boarding care home either:

(1) is certified to participate in the medical assistance program under title 19 of the Social Security Act; or

(2) certifies to the commissioner of revenue that it does not discharge residents due to the inability to pay.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 4. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision to read:

Subd. 91. **Railroad wye connections.** Any real or personal property of a railroad wye connection, including the track, ties, ballast, switch gear, and related improvements, is exempt if it meets all of the following: (1) is publicly owned; (2) is funded, in whole or in part, by state grants; (3) is located within the metropolitan area as defined in section 473.121, subdivision 2; (4) includes a single track segment that is no longer than 2,500 feet in length; (5) connects intersecting rail lines; and (6) is constructed after January 1, 2009.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

Sec. 5. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision to read:

Subd. 92. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility that exceeds 150 megawatts of installed capacity, does not exceed 780 megawatts of summer capacity, and that meets the requirements of this subdivision, is exempt. At the start of construction, the facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) be owned by an entity other than a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within five miles of two or more interstate natural gas pipelines;
- (4) be located within one mile of an existing electrical transmission substation with operating alternating current voltages of 115 kV, 345 kV, and 500 kV;
- (5) be designed to provide electrical capacity, energy, and ancillary services;
- (6) have satisfied all of the requirements under section 216B.243;
- (7) have executed an interconnection agreement with the Midwest Independent System Operator that does not require the acquisition of more than one mile of new electric transmission right-of-way within the county where the facility is located, and does not provide for any other new routes or corridors for future electric transmission lines in the county where the facility is located;
- (8) be located in a county with an essential services and transmission services ordinance;
- (9) have signed a development agreement with the county board in the county in which the facility is located. The development agreement must be adopted by a two-thirds vote of the county board, and must contain provisions ensuring that:
 - (i) the facility is designed to use effluent from a wastewater treatment facility as its preferred water source and will not seek an exemption from legislative approval under section 103G.265, subdivision 3, paragraph (b);
 - (ii) all processed wastewater discharge will be colocated with the outfall of a wastewater treatment facility; and
 - (iii) penalties will be paid to the county for harm to any aquifer or surface water as a result of construction or operation and maintenance of the facility; and
- (10) have signed a development agreement with the township board in the township in which the facility is located containing provisions ensuring that noise and visual impacts of the facility are fully mitigated. The development agreement must be adopted by a two-thirds vote of the township board.

(b) Construction of the facility must begin after March 1, 2010, and before March 1, 2014. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the facility.

(c) The exemption granted under this subdivision is void if the Public Utilities Commission issues a route permit for an electric transmission line connected to the electric substation nearest the exempt facility on a route where no electric transmission line currently exists.

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

Sec. 6. **[272.0275] PERSONAL PROPERTY USED TO GENERATE ELECTRICITY; EXEMPTION.**

Subdivision 1. **New plant construction after January 1, 2010.** For a new generating plant built and placed in service after January 1, 2010, its personal property used to generate electric power is exempt if an exemption of generation personal property form, with an attached siting agreement, is filed with the Department of Revenue. The form must be signed by the utility, and the county and the city or town where the facility is proposed to be located.

Subd. 2. **Definition; applicability.** For purposes of this section, "personal property" means tools, implements, and machinery of the generating plant. The exemption under this section does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that are part of an electric substation, wherever located.

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

Sec. 7. Minnesota Statutes 2008, section 272.029, subdivision 6, is amended to read:

Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under subdivision 5 must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the wind energy conversion system is located as follows: beginning with distributions in ~~2006~~ 2010, 80 percent to counties; and 20 percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent to counties; 14 percent to cities and townships; and six percent to school districts; ~~and for distributions occurring in 2004 and 2005 in the same proportion that each of the local taxing jurisdiction's current year's net tax capacity based tax rate is to the current year's total local net tax capacity based rate.~~

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

Sec. 8. Minnesota Statutes 2008, section 273.111, is amended by adding a subdivision to read:

Subd. 9a. **Cross-compliance with agricultural chemical and water laws.** (a) A parcel of property enrolled under this section whose owner is subject to a final enforcement action for a violation of chapter 18B, 18C, 103E, 103F, 103G, or 103H, or any rule adopted under these chapters including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be removed from the program.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than an initial verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) When a final enforcement action is taken based on a violation occurring on a parcel enrolled under this section, the law enforcement officer or other person enforcing the law or rule must notify the county assessor. The county assessor must then notify the property owner that the parcel is being removed from the program. Any parcel for which the assessor has been notified prior to March 1 of any year shall be removed from the program for taxes payable in the following year. All deferred taxes on the parcel during the current owner's time of ownership, but not to exceed five years, plus any special assessments that have been deferred, shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid.

(d) A parcel of property terminated under this subdivision may not be reenrolled for a period of three years, unless it has been sold or transferred so that it is no longer under the same ownership, in full or in part, as when the parcel was terminated.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 9. **[273.115] PRESERVATION OF RIPARIAN BUFFERS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Riparian buffer" means a strip or area of deep-rooted, original native perennial vegetation or vegetation restored with plants or seeds that originate from sources as close to the site as possible, including trees, adjacent to public waters that extends a minimum of 50 and a maximum of 100 feet landward from the ordinary high water level.

(c) "Public waters" has the same meaning as defined under section 103G.005, subdivision 15, excluding "wetlands," as defined under section 103G.005, subdivision 19, and "public waters wetlands," as defined under section 103G.005, subdivision 15a.

(d) "Ordinary high water level" means the boundary of public waters, and shall be an elevation delineating the highest water level which has been maintained for a sufficient period of time to leave evidence upon the landscape, commonly that point where the natural vegetation changes from predominantly aquatic to predominantly terrestrial. For watercourses, the ordinary high water level is the elevation of the top of the bank of the channel. For reservoirs and flowages, the ordinary high water level is the operating elevation of the normal summer pool.

(e) "Buffer maintenance" means:

(1) inspecting the buffer periodically and identifying, repairing, and reseeding any eroded or damaged areas;

(2) preventing or addressing any soil compaction from vehicles, livestock, and impervious surfaces that could inhibit infiltration or disrupt water flow patterns;

(3) controlling weeds and managing any grazing livestock so as to minimize the removal or alteration of the perennial plant community; and

(4) refraining from applying fertilizers, pesticides, or animal wastes to the buffer area, except to establish native vegetation.

Subd. 2. **Requirements.** (a) Land constituting a riparian buffer that is classified as class 2a under section 273.13, subdivision 23, or that is adjacent to land classified as class 2a, is entitled to valuation and tax deferment under this section if a covenant has been filed with the county assessor and recorded in the county where the property is located.

(b) The covenant must state that the buffer will be maintained in a natural state and that annual buffer maintenance will be performed. The landowner must file an affidavit with the county assessor at least once every three years stating that the buffer has been maintained according to the definition in subdivision 1. If a landowner fails to meet this requirement, the assessor must issue a written warning. If an affidavit is not filed within 90 days of the written warning, the land shall be removed from the program. All deferred taxes on the property during the current owner's time of ownership shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid.

(c) Land qualifying under this subdivision shall be liable only for the taxes determined based on the valuation prescribed in subdivision 3. All special assessments levied against the land after the property has been enrolled in the program shall be deferred until the property is withdrawn or becomes ineligible to continue in the program.

(d) Real estate may not be enrolled for valuation and deferment under this section and section 273.111, 273.112, 273.114, or 273.117 concurrently. Land enrolled under section 273.111 that is withdrawn for enrollment under this subdivision shall not be required to pay additional taxes under section 273.111, subdivision 3a or 9.

Subd. 3. **Determination of value.** (a) Land for which an irrevocable covenant has been recorded must be valued at 25 percent of the average value per acre of class 2b rural vacant land in the surrounding area.

(b) Land for which a revocable covenant has been recorded must be valued at 75 percent of the average value per acre of class 2b rural vacant land in the surrounding area, provided that the covenant does not allow for its termination until at least 20 years from the date that it was originally recorded.

(c) For the purposes of this subdivision, surrounding area means the city or township where the property is located, provided that there are at least ten other parcels containing class 2b land in the city or township; otherwise, "surrounding area" means the city or township where the property is located and all adjoining cities and townships within the same county.

Subd. 4. **Separate determination of market value and tax.** The assessor shall make a separate determination of the market value of the real estate based on its highest and best use. The tax based upon that value and the appropriate local tax rate applicable to the property in the taxing district shall be recorded on the property assessment records.

Subd. 5. **Application and covenant agreement.** (a) Application for deferment of taxes and assessments under this subdivision shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed under this subdivision and granted shall continue in effect for subsequent years until the termination of the covenant agreement under paragraph (b). The application must be filed with the county assessor on a form prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 1.

(b) The owner of the property must sign a covenant agreement that is filed with the county assessor and recorded in the county where the property is located. The covenant agreement must include all of the following:

(1) legal description of the area to which the covenant applies;

(2) name and address of the owner;

(3) a statement that the land described in the covenant must be kept in a natural state, and that annual buffer maintenance will be performed, for the duration of the covenant;

(4) in the case of a revocable covenant under subdivision 3, paragraph (b), a statement that the landowner may terminate the covenant agreement by notifying the county assessor in writing four years in advance of the date of proposed termination, provided that the notice of intent to terminate may not be given at any time before the land has been subject to the covenant for a period of 16 years;

(5) a statement that the covenant is binding on the owner or the owner's successor or assigns and runs with the land; and

(6) a witnessed signature of the owner, agreeing by covenant, to maintain the land as described in subdivision 2.

(c) Once a revocable covenant has been terminated, the property covered by the covenant can never be enrolled under this subdivision unless it has been sold or otherwise transferred to a different owner.

Subd. 6. **Additional taxes.** Upon termination of a covenant agreement in subdivision 5, paragraph (b), clause (4), the land to which the covenant applied shall be subject to additional taxes in the amount equal to the difference between the taxes determined in accordance with subdivision 3 and the amount determined under subdivision 4, provided that the amount determined under subdivision 4 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 4. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid and that the additional taxes shall only be levied with respect to the last seven years that the property has been valued and assessed under this section.

Subd. 7. **Cross-compliance with agricultural chemical and water laws.** (a) A parcel of property enrolled under this section whose owner or tenant is subject to a final enforcement action for a violation of chapter 18B, 18C, 103E, 103F, 103G, or 103H, or any rule adopted under these chapters including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be removed from the program.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty or action other than an initial verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) When a final enforcement action is taken based on a violation occurring on a parcel enrolled under this section, the law enforcement officer or other person enforcing the law or rule must notify the county assessor. The county assessor must then notify the property owner that the parcel is being removed from the program. Any parcel for which the assessor has been notified prior to March 1 of any year shall be removed from the program for taxes payable in the following year, and subject to additional taxes as provided in subdivision 6.

(d) Termination of eligibility under this subdivision shall not affect the covenant required under subdivision 5. A parcel of property terminated under this subdivision may not be reenrolled for a period of three years, unless it has been sold or transferred so that it is no longer under the same ownership, in full or in part, as when the parcel was terminated.

Subd. 8. **Lien.** Any additional taxes imposed under subdivision 6 or 7 shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed on the property in this state. The tax shall be annually extended by the county auditor and, if and when payable, shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

EFFECTIVE DATE. This section is effective for assessment year 2011 and thereafter, for taxes payable in 2012 and thereafter.

Sec. 10. Minnesota Statutes 2008, section 273.1231, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** For purposes of sections 273.1231 to ~~273.1235~~ 273.1236, the following words, terms, and phrases have the meanings given them in this section unless the language or context clearly indicates that a different meaning is intended.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 11. Minnesota Statutes 2008, section 273.1232, subdivision 1, is amended to read:

Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to ~~273.1235~~ 273.1236, the county assessor must reassess all damaged property in a disaster or emergency area, except that the commissioner of revenue shall reassess all property for which an application is submitted to the commissioner under section 273.1233 or 273.1235. As soon as practical, the assessor or commissioner of revenue must report the reassessed value to the county auditor.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 12. **[273.1236] DISASTER-DAMAGED HOMES; PARTIAL VALUATION EXCLUSION.**

(a) A homestead property that (1) sustained physical damage from a disaster or emergency resulting in a reassessed market value that is at least \$15,000 less than the market value of the property established for the January 2 assessment in the year in which the damage occurred, (2) has been substantially restored or rebuilt by the end of the year following the year in which the damage occurred, (3) has a gross living area after reconstruction that does not exceed 130 percent of the gross living area prior to the disaster or emergency, and (4) has an estimated market value for the assessment year following the year in which the restoration or reconstruction was substantially completed that exceeds its estimated market value established for the January 2 assessment in the year in which the damage occurred by at least \$25,000 due to the restoration or reconstruction, is eligible for a valuation exclusion under this section for the two assessment years immediately following the year in which the restoration or reconstruction was completed.

(b) The assessor shall determine the difference between the estimated market value established for the January 2 assessment in the year in which the damage occurred and the estimated market value established for the January 2 assessment in the year following the completion of the restoration or reconstruction.

(c) In the first assessment year following the restoration or reconstruction, all of the difference identified under paragraph (b) shall be excluded in determining taxable market value. In the second assessment year following the restoration or reconstruction, half of the difference identified under paragraph (b) shall be excluded in determining taxable market value.

(d) For the purposes of this section, "gross living area" includes only above-grade living area, and does not include any finished basement living area.

(e) Application for the valuation exclusion under this section must be filed by January 2 of the year following the year in which the restoration or reconstruction was substantially completed. The application must be filed with the assessor of the county in which the property is located on the form prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter. The application deadline in paragraph (e) is extended to June 30, 2009, for restoration or reconstruction substantially completed in 2008.

Sec. 13. Minnesota Statutes 2008, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d). In the case of nonagricultural property, this paragraph only applies to applications approved before December 16, 2009.

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, brother, sister, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

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

Sec. 14. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual

camping site equipped with water and electrical hookups for recreational vehicles. Except for property described in item (iii), class 4c property must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes under this clause, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; ~~or~~ (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle; or (iii) the property contains 20 rental units or less, is devoted to temporary residential occupancy, is located in a township or a city that has a population of 2,500 or less, and is located outside the metropolitan area as defined under section 473.121, subdivision 2. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22; and

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for assessment year 2009, taxes payable in 2010, and thereafter. For assessment year 2009 only, the January 15 application date under paragraph (d), clause (1), shall be extended to July 1, 2009, for property qualifying for the 2009 assessment under paragraph (d), clause (1), item (iii).

Sec. 15. Minnesota Statutes 2008, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property owned by a veteran or by the veteran and the veteran's spouse qualifying for homestead classification under subdivision 22 or 23 is excluded in determining the property's taxable market value if it serves as the homestead of a military veteran, as defined in section 197.447, who has a service-connected disability of 70 percent or more. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, and must be certified by the United States Veterans Administration as having a service-connected disability.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for ~~one~~ five additional ~~assessment year or years~~ or until such time as the spouse sells, transfers, or otherwise disposes of the property or remarries, whichever comes first.

(d) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(e) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

(f) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 16. Minnesota Statutes 2008, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in sections 273.1231 to 273.1235;

(2) powerline credit as provided in section 273.42;

- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) homestead and agricultural credits as provided in section 273.1384;
- (8) taconite homestead credit as provided in section 273.135; and
- (9) supplemental homestead credit as provided in section 273.1391; ~~and.~~
- ~~(10) the bovine tuberculosis zone credit, as provided in section 273.113.~~

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for property taxes payable in 2010 and thereafter.

Sec. 17. Minnesota Statutes 2008, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** (a) The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy base amount is \$592,000,000 for taxes payable in 2002. For taxes payable in subsequent years, the levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

(b) The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

(c) In setting the rate, for taxes payable in 2010 only, the commissioner shall exclude the tax capacity of property described in section 473.625 from the tax base. The amount levied against property described in section 473.625 for taxes payable in 2010 shall be permanently added to the 2010 base amount before inflating to the 2011 levy amount under paragraph (a).

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2010.

Sec. 18. Minnesota Statutes 2008, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, except for electric generation attached machinery under class 3 ~~and property described in section 473.625~~. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2010.

Sec. 19. Minnesota Statutes 2008, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that 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 listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph 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 Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. 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. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, before credits;
- (4) for homestead residential and agricultural properties, the credits under section 273.1384;

(5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(6) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 20. Minnesota Statutes 2008, section 279.10, is amended to read:

279.10 PUBLICATION CORRECTED.

Immediately after preparing forms for printing such notice and list, and at least five days before the first day for the publication thereof, every ~~such~~ publisher shall furnish proof of the proposed publication to the county auditor for correction. When ~~such the~~ copy has been corrected, the auditor shall return ~~the same~~ it to the printer, who shall publish it as corrected. On the first day on which ~~such the~~ notice and list are published, the publisher shall mail a copy of the newspaper containing ~~the same the notice and list~~ to the auditor. If during the publication of the notice and list, or within ten days after the last publication thereof, the auditor ~~shall discover~~ discovers that ~~such the publication is invalid contains an error~~, the auditor shall ~~forthwith~~ direct the publisher to ~~republish the same as corrected~~ publish the correct information for an additional period of two weeks. The auditor does not have to direct the publisher to republish the entire list. The publisher, if not neglectful, ~~shall be is~~ entitled to ~~the same~~ compensation as allowed by law for ~~the original publication of the corrected information~~, but shall receive no further compensation ~~therefor~~ if ~~such the~~ republication is necessary by reason of the neglect of the publisher.

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

Sec. 21. Minnesota Statutes 2008, section 282.08, is amended to read:

282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the appropriate governmental authority must be apportioned to the governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

(4) any balance must be apportioned as follows:

(i)(A) Except as provided in subitem (B), the county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

(B) The county board is authorized to use some of the money set aside under subitem (A) to replace all or a portion of the amount of aid or credit reimbursement that the county was to receive under sections 273.1384 and 477A.0124, but did not receive due to aid cuts or unallotment from the state. Within six months of the actual aid or credit reimbursement loss, the county board may adopt a resolution transferring money from this fund to the county's general fund, not to exceed the amount of aid or credit reimbursement loss to the county. This subitem expires January 1, 2012.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

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

Sec. 22. Minnesota Statutes 2008, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both at least one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status, and the other spouse must be at least 62 years of age;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$60,000~~ \$75,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least ~~15~~ ten years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, does not exceed 75 percent of the assessor's estimated market value for the year.

EFFECTIVE DATE. This section is effective July 1, 2009, and thereafter.

Sec. 23. Minnesota Statutes 2008, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2009, and thereafter.

Sec. 24. Minnesota Statutes 2008, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2009, and thereafter.

Sec. 25. Minnesota Statutes 2008, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

EFFECTIVE DATE. This section is effective July 1, 2009, and thereafter.

Sec. 26. Minnesota Statutes 2008, section 428A.101, is amended to read:

428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER GENERAL LAW.

The establishment of a new special service district after June 30, ~~2009~~ 2013, requires enactment of a special law authorizing the establishment.

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

Sec. 27. Minnesota Statutes 2008, section 428A.21, is amended to read:

428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER GENERAL LAW.

The establishment of a new housing improvement area after June 30, ~~2009~~ 2012, requires enactment of a special law authorizing the establishment of the area.

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

Sec. 28. Minnesota Statutes 2008, section 429.011, subdivision 2a, is amended to read:

Subd. 2a. **Municipality; certain counties.** "Municipality" also includes the following:

(1) a county in the case of construction, reconstruction, or improvement of a county state-aid highway ~~or~~;

(2) a county highway as defined in section 160.02 including curbs and gutters and storm sewers;

(3) a county exercising its powers and duties under section 444.075, subdivision 1; ~~and~~

(4) a county for expenses not paid for under section 403.113, subdivision 3, paragraph (b), clause (3);

(5) a county in the case of the abatement of nuisances; and

(6) a county in the case of the correction of environmental, wetland, or land use violations.

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

Sec. 29. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

Subdivision 1. **Improvements authorized.** The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

- (7) To plant trees on streets and provide for their trimming, care, and removal.
- (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.
- (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.
- (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.
- (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.
- (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.
- (14) To construct, reconstruct, extend, and maintain district heating systems.
- (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.
- (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.
- (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.
- (18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.
- (19) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, if the council finds that:
- (i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and
 - (ii) the service to be provided by the facilities will not compete with service provided by private entities.
- (20) To assess affected property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system within the public right-of-way that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only upon petition under section 429.031, subdivision 3.

(21) To correct environmental, wetland, or land use violations.

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

Sec. 30. **[435.39] MUNICIPAL STREET IMPROVEMENT DISTRICTS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Class of property" mean classes 1 through 5 under section 273.13, but without regard to subclasses, and tax exempt property may be treated as an additional class, if the city elects to subject tax exempt property to the fee.

(c) "Governing body" means the city council of a municipality.

(d) "Improvements" means construction, reconstruction, and facility upgrades involving: right-of-way acquisition; paving; curbs and gutters; bridges and culverts and their repair; milling; overlaying; drainage and storm sewers; excavation; base work; subgrade corrections; street lighting; traffic signals; signage; sidewalks; pavement markings; boulevard and easement restoration; impact mitigation; connection and reconnection of utilities; turn lanes; medians; street and alley returns; retaining walls; fences; lane additions; and fixed transit infrastructure, trails, or pathways. "Fixed transit infrastructure" does not include commuter rail rolling stock, light rail vehicles, or transit way buses; capital costs for park-and-ride facilities; feasibility studies, planning, alternative analyses, environmental studies, engineering, or construction of transit ways; or operating assistance for transit ways.

(e) "Maintenance" means striping, seal coating, crack sealing, pavement repair, sidewalk maintenance, signal maintenance, street light maintenance, and signage.

(f) "Municipal street" means a street, alley, or public way in which the municipality is the road authority with powers conferred by section 429.021.

(g) "Municipality" means a home rule charter or statutory city.

(g) "Street improvement district" means a geographic area designated by a municipality within which street improvements and maintenance may be undertaken and financed according to this section.

Subd. 2. **Authorization.** A municipality may establish by ordinance municipal street improvement districts and may defray all or part of the total costs of municipal street improvements and maintenance by apportioning street improvement fees to all of the parcels located in the district. In establishing the boundaries of the district, the city may not exclude from the district or imposition of the fee any class or parcel of property that is served by the municipal street on an equal basis with other classes or parcels of property included in the district, except this limitation does not apply to tax exempt property.

Subd. 3. **Uniformity.** (a) The total costs of municipal street improvements and maintenance must be apportioned to all parcels or tracts of land located in the established street improvement district on a uniform basis within each class of property.

(b) The method of apportioning costs must not apportion costs to any class of property at a ratio of more than 2 to 1, relative to the rate for the property in any other class. The limit under this paragraph does not apply to any fees that the municipality elects to impose on tax exempt property.

Subd. 4. **Adoption of plan.** (a) Before establishing a municipal street improvement district or authorizing a street improvement fee, a municipality must propose and adopt a street improvement plan that:

(1) identifies and estimates the costs of proposed improvements and maintenance for the life of the district;

(2) identifies the location of the municipal street improvement district, which must be limited to parcels that are served by the improvements to be constructed or maintained by the street improvement district; and

(3) specifies the manner in which costs will be apportioned among the parcels in the district under subdivision 3.

(b) Notice of a public hearing on the proposed plan must be given by mail to all affected landowners at least ten days before the hearing and posted for at least ten days before the hearing. The notice must include a description of the manner in which the fees would be imposed and illustrative examples of the amount of fees for average parcels for each class of property in the district. At the public hearing, the governing body must present the plan and all affected landowners in attendance must have the opportunity to comment before the governing body considers adoption of the plan.

Subd. 5. **Use of fees.** Revenues collected from property in a district from the fee authorized in this section must be placed in a separate account and be used only for projects located within that same district and identified in the municipal street improvement district plan.

Subd. 6. **Collection; up to ten years.** (a) The ordinance adopted under this section must provide for the billing and payment of the fee on a monthly, quarterly, or other basis as directed by the governing body. The governing body may collect municipal street improvement fees within a street improvement district for up to a maximum of ten years, which is the maximum duration of the district.

(b) Fees that, as of October 15 of each calendar year, have remained unpaid for at least 30 days may be certified to the county auditor for collection as property taxes payable in the following calendar year on the affected property.

Subd. 7. **Notice; hearings.** (a) A municipality may impose a municipal street improvement fee provided in this section by ordinance. The ordinance must not be voted on or adopted until after a public hearing has been held on the question. The effective date of an ordinance must be at least 45 days after it is adopted.

(b) Within five days after adoption of the ordinance, a summary of the ordinance must be mailed to the owner of each parcel included in the street improvement district. The mailing must include:

(1) a notice that owners subject to a fee under the ordinance have a right to petition for a referendum vote on the ordinance by filing the required number of objections with the city clerk before the effective date of the ordinance and that a copy of the ordinance is on file with the city clerk for public inspection; and

(2) the estimated amount of the fee that would be imposed on the owner's parcel in the first year the fee is imposed, and an estimate of the maximum annual amount of the fee that may be imposed on the owner's parcel during the duration of the project.

Subd. 8. **Reverse referendum.** (a) If owners of 35 percent or more of the net tax capacity in the district subject to the fees under the ordinance file an objection to the ordinance with the city clerk before the effective date of the ordinance, the ordinance does not become effective unless it is approved as provided in paragraph (b).

(b) If an ordinance does not become effective as a result of the filing of objections under paragraph (a), the city may submit the ordinance to the property owners in the street improvement district that would be subject to the fee imposed by the ordinance for approval. The election must be conducted by mail. Notice of the election and the mail procedure must be given at least six weeks prior to the election. No earlier than 20 days or later than 14 days before the date set for the election, the city clerk shall mail ballots by nonforwardable mail to the owners, as recorded on the property tax records, of each parcel of property subject to the fee under the ordinance. Each parcel of property is entitled to one vote. Ballots may be returned to the city clerk by mail or in person by the date set for the election. If a majority of the owners voting in the election approve the ordinance, it becomes effective 30 days after the date of the election.

Subd. 9. **Not exclusive means of financing improvements.** The use of the municipal street improvement fee by a municipality does not restrict the municipality from imposing other measures to pay the costs of local street improvements or maintenance, except that a municipality must not impose special assessments for projects funded with street improvement fees.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 31. Minnesota Statutes 2008, section 473H.04, is amended by adding a subdivision to read:

Subd. 2a. **Termination of eligibility.** (a) A parcel of property enrolled under this section whose owner is subject to a final enforcement action for a violation of chapter 18B, 18C, 103E, 103F, 103G, or 103H, or any rule adopted under these chapters including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be removed from the program.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than an initial verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) When a final enforcement action is taken based on a violation occurring on a parcel enrolled under this chapter, the law enforcement officer or other person enforcing the law or rule must notify the county assessor. The county assessor must then notify the property owner that the parcel is being removed from the program. Any parcel for which the assessor has been notified prior to March 1 of any year shall be removed from the program for taxes payable in the following year. The assessor shall calculate (i) the amount of any credit received under section 473H.05 for the current year, and (ii) the difference between the actual tax on the parcel for the current year and the tax that would apply if the value was not restricted under this section, and multiply the result by the number of years that the parcel has been under its current ownership or five, whichever is less. The resulting amount plus any special assessments that have been deferred under this section shall be extended against the parcel on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid.

(d) Termination of eligibility under this subdivision shall not affect the covenant required under section 473H.05. A parcel of property terminated under this subdivision may not be reenrolled for a period of three years, unless it has been sold or transferred so that it is no longer under the same ownership, in full or in part, as when the parcel was terminated.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 32. Minnesota Statutes 2008, section 473H.05, subdivision 1, is amended to read:

Subdivision 1. **Before ~~March~~ June 1 for next year's taxes.** An owner or owners of certified long-term agricultural land may apply to the authority with jurisdiction over the land on forms provided by the commissioner of agriculture for the creation of an agricultural preserve at any time. Land for which application is received prior to ~~March~~ June 1 of any year shall be assessed pursuant to section 473H.10 for taxes payable in the following year. Land for which application is received on or after ~~March~~ June 1 of any year shall be assessed pursuant to section 473H.10 in the following year. The application shall be executed and acknowledged in the manner required by law to execute and acknowledge a deed and shall contain at least the following information and such other information as the commissioner deems necessary:

(a) Legal description of the area proposed to be designated and parcel identification numbers if so designated by the county auditor and the certificate of title number if the land is registered;

(b) Name and address of owner;

(c) An affidavit by the authority evidencing that the land is certified long-term agricultural land at the date of application;

(d) A statement by the owner covenanting that the land shall be kept in agricultural use, and shall be used in accordance with the provisions of sections 473H.02 to 473H.17 which exist on the date of application and providing that the restrictive covenant shall be binding on the owner or the owner's successor or assignee, and shall run with the land.

EFFECTIVE DATE. This section is effective the day following final enactment, except that in 2009 the application date in this section shall be extended to August 1.

Sec. 33. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective date, as amended by Laws 2005, chapter 151, article 3, section 19, and Laws 2006, chapter 259, article 4, section 20, is amended to read:

EFFECTIVE DATE. This section is effective for taxes levied in 2002, payable in 2003, through taxes levied in ~~2011~~ 2014, payable in ~~2012~~ 2015. This limitation applies only to the establishment of a new emergency special service district.

Sec. 34. Laws 2008, chapter 366, article 6, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, on land platted after May 18, 2008.

Sec. 35. Laws 2008, chapter 366, article 6, section 10, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, on land platted after May 18, 2008.

Sec. 36. **PURPOSE; COMMISSIONER OF REVENUE GUIDANCE.**

The purpose of section 2 is not to contract or expand the definition of "institutions of purely public charity" but to provide clear standards that can be applied uniformly to determine eligibility for exemption from property taxation. To carry out this purpose and to promote uniformity in application of the provisions of section 2, the commissioner of revenue shall prepare a bulletin providing guidance to assessors as to the commissioner's interpretation of section 2. The bulletin may include a discussion of court decisions that provide background to and context for the provisions in section 2, as the commissioner deems appropriate. This guidance must include examples of facts or circumstances that satisfy the requirement of "a reasonable justification for failing to meet the factors in clause (2), (3), or (5)" under section 2, paragraph (a). Assessors shall give due consideration to the bulletin in assessing property requesting an exemption as an institution of purely public charity. The commissioner shall distribute the bulletin to all assessors by July 1, 2010.

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

Sec. 37. **REPORT BY ADMINISTRATIVE AUDITOR.**

The administrative auditor selected pursuant to Minnesota Statutes, section 473F.03, with the cooperation of the county auditors in the area defined by Minnesota Statutes, section 473F.02, subdivision 2, shall study the feasibility of basing fiscal disparities calculations on current year tax rates rather than previous year tax rates, and report the results of the study to the chairs and ranking minority members of the house of representatives and senate tax committees by February 1, 2011. The report should include any recommendations for amendments to Minnesota Statutes, chapter 473F, that would be necessary to implement the change.

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

Sec. 38. **MINNEAPOLIS CONVENTION CENTER; LEASE; PROPERTY TAX EXEMPTION.**

Notwithstanding Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city of Minneapolis and a private entity for purposes of providing food and beverage services within the Minneapolis Convention Center is exempt from property taxation.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

Sec. 39. **REPEALER.**

Minnesota Statutes 2008, section 273.113, is repealed.

EFFECTIVE DATE. This section is effective for property taxes payable in 2010 and thereafter.

ARTICLE 7

AIDS AND CREDITS

Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value credit.** Each county auditor shall determine a homestead credit for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of the first ~~\$76,000~~ \$75,000 of market value of the property minus ~~0.1~~ 0.1 percent of the market value in excess of ~~\$76,000~~ \$75,000. The credit amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property that is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 273.1384, subdivision 4, is amended to read:

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified on the abstracts for that taxes payable year. The reimbursements related to tax increments shall be issued in one installment each year on December 26.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of the Department of Education and the commissioner of education shall pay the reimbursement amounts to each school district as provided in section 273.1392.

(c) The market value credit reimbursements payable in 2011 and 2012 for each city under this section are reduced by the dollar amount of the 2010 reduction in market value credit reimbursements under section 477A.013, subdivision 11. The payable market value credit reimbursement for a city is not reduced less than zero under this paragraph.

EFFECTIVE DATE. This section is effective for credits payable in calendar year 2011 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income Refund	Percent of Income	Percent Paid by Claimant	Maximum State
\$0 to 1,189	1.0 percent	15 percent	\$ 1,850 <u>2,040</u>
1,190 to 2,379	1.1 percent	15 percent	\$ 1,850 <u>2,040</u>
2,380 to 3,589	1.2 percent	15 percent	\$ 1,800 <u>1,980</u>
3,590 to 4,789	1.3 percent	20 percent	\$ 1,800 <u>1,980</u>
4,790 to 5,979	1.4 percent	20 percent	\$ 1,730 <u>1,900</u>
5,980 to 8,369	1.5 percent	20 percent	\$ 1,730 <u>1,900</u>
8,370 to 9,559	1.6 percent	25 percent	\$ 1,670 <u>1,840</u>
9,560 to 10,759	1.7 percent	25 percent	\$ 1,670 <u>1,840</u>
10,760 to 11,949	1.8 percent	25 percent	\$ 1,610 <u>1,770</u>
11,950 to 13,139	1.9 percent	30 percent	\$ 1,610 <u>1,770</u>
13,140 to 14,349	2.0 percent	30 percent	\$ 1,540 <u>1,690</u>
14,350 to 16,739	2.1 <u>2.0</u> percent	30 percent	\$ 1,540 <u>1,690</u>
16,740 to 17,929	2.2 <u>percent</u>	35 <u>percent</u>	\$1,480
17,930 to 19,119	2.3 <u>2.0</u> percent	35 percent	\$ 1,480 <u>1,630</u>
<u>16,740 to 19,119</u>	2.3 <u>2.0</u> percent	35 percent	\$ 1,480 <u>1,630</u>
19,120 to 20,319	2.4 <u>2.1</u> percent	35 percent	\$ 1,420 <u>1,560</u>
20,320 to 25,099	2.5 <u>2.2</u> percent	40 percent	\$ 1,420 <u>1,560</u>
25,100 to 28,679	2.6 <u>2.3</u> percent	40 percent	\$ 1,360 <u>1,500</u>
28,680 to 35,849	2.7 <u>2.5</u> percent	40 percent	\$ 1,360 <u>1,500</u>
35,850 to 41,819	2.8 <u>2.6</u> percent	45 percent	\$ 1,240 <u>1,360</u>
41,820 to 47,799	3.0 <u>2.8</u> percent	45 percent	\$ 1,240 <u>1,360</u>
47,800 to 53,779	3.2 <u>3.0</u> percent	45 percent	\$ 1,110 <u>1,220</u>

53,780 to 59,749	3.5 percent	50 percent	\$ 990 <u>1,090</u>
59,750 to 65,729	3.5 percent	50 percent	\$ 870 <u>960</u>
65,730 to 69,319	3.5 percent	50 percent	\$ 740 <u>810</u>
69,320 to 71,719	3.5 percent	50 percent	\$ 640 <u>670</u>
71,720 to 74,619	3.5 percent	50 percent	\$ 500 <u>550</u>
74,620 to 77,519	3.5 percent	50 percent	\$ 370 <u>410</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$77,520 or more.

EFFECTIVE DATE. This section is effective beginning with refunds based on property taxes payable in 2010.

Sec. 4. Minnesota Statutes 2008, section 477A.011, subdivision 36, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

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

(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

(t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

(1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;

(2) has a 2005 population greater than 7,000 but less than 8,000; and

(3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) The city aid base is increased by \$100,000 in calendar years 2011 to 2015 and the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, is increased by \$100,000 in 2011 only, provided that:

(1) the city is located in the metropolitan area;

(2) its 2006 population is less than 2,000; and

(3) its population has grown by at least 200 percent between 1996 and 2006.

(z) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0133 or any future unallotment of the city aid under section 16A.152.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 5. Minnesota Statutes 2008, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 ~~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. In calendar year 2010, each city receives an aid distribution under this section, before the reductions under subdivision 11, equal to the amount of aid under this section that it was certified to receive in 2009. In calendar year 2011 and thereafter, each city receives an aid distribution under this section equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in 2009 only, the total aid for any city shall not exceed the sum of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year.

(c) For aids payable in 2010 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 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 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 the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

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

Sec. 6. Minnesota Statutes 2008, section 477A.013, is amended by adding a subdivision to read:

Subd. 11. 2010 city aid. For aid payable in 2010 only, each city's distribution amount under subdivision 9 is reduced by an amount equal to 1.8889 percent of the city's net tax capacity, as defined in section 477A.011, subdivision 20, that would otherwise be used in calculating aids payable in 2010.

The reduction is limited to the sum of the city's payable 2010 distribution under this section, except for city aid base under section 477A.011, subdivision 36, paragraph (z), and the city's payable 2010 reimbursement under section 273.1384 before the reductions in this subdivision.

The reduction is applied first to the city's distribution under this section, and then, if necessary, to the city's reimbursements under section 273.1384.

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

Sec. 7. **[477A.0133] 2009 CITY AND COUNTY AID REDUCTIONS.**

Subdivision 1. **City aid.** The commissioner of revenue shall compute an aid reduction amount for each city for aid payable in 2009 equal to 1.2111 percent of the city's net tax capacity, as defined in section 477A.011, subdivision 20, that would be used in calculating for aids payable in 2010.

The reduction is limited to the sum of the city's payable 2009 distributions, prior to the reductions under this subdivision, under sections 273.1384 and 477A.013.

The reduction is applied first to the city's distribution under section 477A.013, and then, if necessary, to the city's reimbursements under section 273.1384.

To the extent that sufficient information is available on each successive payment date within the year, the commissioner of revenue shall pay any remaining 2009 distribution or reimbursement amount that is reduced under this subdivision in equal installments on the payment dates provided by law.

Subd. 2. **County aid.** The commissioner of revenue shall compute an aid reduction amount for each county's aid under section 477A.0124 for aid payable in 2009 equal to 0.2308 percent of the county's net tax capacity, as defined in section 477A.0124, subdivision 2, used in calculating the 2009 certified amount.

To the extent that sufficient information is available on each payment date in 2009, the commissioner of revenue shall pay any remaining 2009 distribution or reimbursement amount that is reduced under this section in equal installments on the payment dates provided by law.

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

Sec. 8. Minnesota Statutes 2008, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2009 ~~and thereafter~~, the total aid paid under section 477A.013, subdivision 9, is \$526,148,487, ~~subject to adjustment in subdivision 5.~~ For aids payable in 2010, the total aid paid under section 477A.013, subdivision 9, prior to the reductions under section 477A.013, subdivision 11, is \$526,373,487. For aids payable in 2011 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$526,148,487.

EFFECTIVE DATE. This section is effective for aid paid in 2010 and thereafter.

Sec. 9. **APPROPRIATION; FISCAL STABILIZATION ACCOUNT.**

\$6,140,000 is appropriated from the fiscal stabilization account in the federal fund to the commissioner of revenue in fiscal year 2010 for city aid under Minnesota Statutes, section 477A.013, subdivision 9. The general fund appropriation for city aid in Minnesota Statutes, section 477A.03, subdivision 2a, for fiscal year 2010, for aids payable in 2009, is reduced by \$6,140,000.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2008, section 477A.03, subdivision 5, is repealed.

EFFECTIVE DATE. This section is effective for aid paid in 2010 and thereafter.

ARTICLE 8

SEASONAL RECREATIONAL PROPERTY TAX DEFERRAL PROGRAM

Section 1. **[290D.01] CITATION.**

This program shall be named the "seasonal recreational property tax deferral program."

Sec. 2. **[290D.02] TERMS.**

Subdivision 1. **Terms.** For purposes of sections 290D.01 to 290D.08, the terms defined in this section have the meanings given them.

Subd. 2. **Primary property owner.** "Primary property owner" means a person who (1) has been the owner, or one of the owners, of the eligible property for at least 15 years prior to the year the application is filed under section 290D.04; and (2) applies for the deferral of property taxes under section 290D.04.

Subd. 3. **Secondary property owner.** "Secondary property owner" means any person, other than the primary property owner, who has been an owner of the eligible property for at least 15 years prior to the year the initial application is filed for deferral of property taxes under section 290D.04.

Subd. 4. **Eligible property.** "Eligible property" means a parcel of property or contiguous parcels of property under the same ownership classified as noncommercial seasonal residential recreational 4c property under section 273.13, subdivision 25, paragraph (d), clause (1).

Subd. 5. **Base property tax amount.** "Base property tax amount" means the total property taxes levied by all taxing jurisdictions, including special assessments, on the eligible property in the year prior to the year that the initial application is approved under section 290D.04 and payable in the year of the application.

Subd. 6. **Special assessments.** "Special assessments" mean any assessment, fee, or other charge that may be made by law, and that appears on the property tax statement for the property for collection under the laws applicable to the enforcement of real estate taxes.

Subd. 7. **Commissioner.** "Commissioner" means the commissioner of revenue.

Sec. 3. **[290D.03] QUALIFICATIONS FOR DEFERRAL.**

In order for an eligible property to qualify for treatment under this program:

(1) the eligible property must have been owned solely by the primary property owner, or jointly with others, for at least 15 years prior to the year the initial application is filed;

(2) there must be no state or federal tax liens or judgment liens on the eligible property;

(3) there must be no mortgages or other liens on the eligible property that secure future advances, except for those subject to credit limits that result in compliance with clause (4); and

(4) the total unpaid balances of debts secured by mortgages and other liens on the eligible property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value for the current assessment year.

Sec. 4. **[290D.04] APPLICATION FOR DEFERRAL.**

Subdivision 1. **Initial application.** (a) A primary owner of a property meeting the qualifications under section 290D.03 may apply to the commissioner for deferral of taxes on the eligible property. Applications are due on or before July 1 for deferral of any taxes payable in the following year. The application, which must be prescribed by the commissioner, shall include the following items and any other information the commissioner deems necessary:

(1) the name, address, and Social Security number of the primary property owner and secondary property owners, if any;

(2) a copy of the property tax statement for the current taxes payable year for the eligible property;

(3) the initial year of ownership of the primary property owner and any second property owners of the eligible property;

(4) information on any mortgage loans or other amounts secured by mortgages or other liens against the eligible property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owed on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens; and

(5) the signatures of the primary property owner and all other owners, if any, stating that each owner agrees to enroll the eligible property in the program to defer property taxes under this chapter.

The application must state that program participation is voluntary. The application must also state that program participation includes authorization for the annual deferred amount. The deferred property tax calculated by the county and the cumulative deferred property tax amount is public data.

(b) As part of the initial application process, if the property is abstract property, the commissioner may require the applicant to obtain at the applicant's cost a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the eligible property or to the applicant.

The certificate or report need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application under this section.

The commissioner may also require the county recorder or county registrar of the county where the eligible property is located to provide copies of recorded documents related to the applicant of the eligible property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section.

Subd. 2. **Approval; recording.** The commissioner shall approve all initial applications that qualify under this chapter and shall notify the primary property owner on or before December 1. The commissioner may investigate the facts or require confirmation in regard to an application. The commissioner shall record or file a notice of qualification for deferral, including the names of the primary and any secondary property owners and a legal

description of the eligible property, in the Office of the County Recorder, or registrar of titles, whichever is applicable, in the county where the eligible property is located. The notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The primary property owner shall pay the recording or filing fees for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the time of satisfaction of the lien.

Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess a penalty equal to 20 percent of the property taxes improperly deferred in the case of a false application. The commissioner shall assess a penalty equal to 50 percent of the property taxes improperly deferred if the taxpayer knowingly filed a false application. The commissioner shall assess penalties under this section through the issuance of an order under the provisions of chapter 270C. Persons affected by a commissioner's order issued under this section may appeal as provided in chapter 270C.

(b) The commissioner may conduct investigations related to initial applications required under this chapter within the period ending 3-1/2 years from the due date of the application.

Subd. 4. **Annual certification to commissioner.** Annually, on or before July 1, the primary property owner must certify to the commissioner that the person continues to qualify as a primary property owner. If the primary owner has died or has transferred the property in the preceding year, a certification may be filed by the primary owner's spouse, or by one of the secondary owners, provided that the person is currently an owner of the property. In this case, the primary owner's spouse or the secondary owner shall be considered the primary owner from that point forward. If neither the primary owner, the primary owner's spouse, or a secondary owner is eligible to file the required annual certification for the property, the property's participation in the program shall be terminated, and the procedures in section 290D.08 apply.

Subd. 5. **Annual notice to primary property owner.** Annually, on or before September 1, the commissioner shall notify each primary property owner, in writing, of the total cumulative deferred taxes and accrued interest on the qualifying property as of that date.

Sec. 5. **[290D.05] DEFERRED PROPERTY TAX AMOUNT.**

Subdivision 1. **Calculation of deferred property tax amount.** Each year after the county auditor has determined the final property tax rates under section 275.08, the "deferred property tax amount" must be calculated on each eligible property. The deferred property tax amount is equal to 50 percent of the amount of the difference between (1) the total amount of property taxes and special assessments levied upon the eligible property for the current year by all taxing jurisdictions and (2) the eligible property's base property tax amount. Any tax attributable to new improvements made to the eligible property after the initial application has been approved under section 290D.04, subdivision 2, must be excluded in determining the deferred property tax amount. The eligible property's total current year's tax less the deferred property tax amount for the current year must be listed on the property tax statement and is the amount due to the county under chapter 276. Reference that the property is enrolled in the seasonal recreational property tax deferral program under this chapter and a state lien has been recorded must be clearly printed on the statement.

Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or before April 15, certify to the commissioner the property tax deferral amounts determined under this section for each eligible property in the county. The commissioner shall prescribe the information that is necessary to identify the eligible properties.

Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of deferred taxes and interest on a property, when added to (1) the balance owed on any mortgages on the property at the time of initial application; (2) other amounts secured by liens on the property at the time of the initial application; and (3) any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value of the property for the current assessment year.

Sec. 6. [290D.06] LIEN; DEFERRED PORTION.

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest, deferred under this chapter is deemed a loan from the state to the program participant. The commissioner shall compute the interest as provided in section 270C.40, subdivision 5, but not to exceed two percent over the maximum interest rate provided in section 290B.07, paragraph (a), and maintain records of the total deferred amount and interest for each participant. Interest accrues beginning September 1 of the payable year for which the taxes are deferred. Any deferral made under this chapter must not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290D.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the eligible property. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owed at the time specified in section 290D.07. Upon receipt of the payment, the commissioner shall issue a receipt to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

(b) If eligible property for which taxes have been deferred under this chapter forfeits under chapter 281 for nonpayment of a nondeferred property tax amount, or because of nonpayment of amounts previously deferred following a termination under section 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be canceled by the county auditor as provided in section 282.07. However, notwithstanding any other law to the contrary, any proceeds from a subsequent sale of the eligible property under chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale fund for any direct costs of selling the eligible property or any costs directly related to preparing the eligible property for sale, and then to reimburse the state for the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to which the state is entitled under these provisions, the county auditor must pay those funds to the commissioner by warrant for deposit in the general fund. No other deposit, use, distribution, or release of gross sale proceeds or receipts may be made by the county until payments sufficient to fully reimburse the state for the canceled lien amount have been transmitted to the commissioner.

Sec. 7. [290D.07] TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED TAXES.

Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter terminates when one of the following occurs:

(1) the eligible property is sold or transferred to someone other than the primary owner's spouse or a secondary owner;

(2) the death of the primary owner, or in the case of a married couple, after the death of both spouses, provided that there is not a secondary owner eligible to become the primary owner;

(3) the primary property owner notifies the commissioner, in writing, that all owners, including any secondary property owners, desire to discontinue the deferral; or

(4) the eligible property no longer qualifies under section 290D.03.

(b) An eligible property is not terminated from the program because no deferred property tax amount is determined for any given year after the eligible property's initial enrollment into the program.

(c) An eligible property is not terminated from the program if the eligible property subsequently becomes the homestead of one or more of the property owners and the property and the owners qualify for, and are immediately enrolled in, the senior deferral program under chapter 290B.

Subd. 2. **Payment upon termination.** Upon the termination of the deferral under subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments and interest, plus the recording or filing fees under this subdivision and section 290D.04, subdivision 2, becomes due and payable to the commissioner within 90 days of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2), and within one year of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor of the county in which the parcel is located, identifying the parcel to which the payment applies and shall remit the recording or filing fees under this subdivision and section 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the legal description and the recording or filing data for the notice of qualification for deferral under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the county auditor in the same office in which the notice of qualification for deferral under section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a copy of the notice of termination to the property owner. The property owner shall pay the recording or filing fees. Upon recording or filing of the notice of termination of deferral, the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem property taxes apply.

Sec. 8. **[290D.08] STATE REIMBURSEMENT.**

Subdivision 1. **Determination; payment.** The county auditor shall determine the total current year's deferred amount of property tax under this chapter in the county, and submit those amounts as part of the abstracts of tax lists submitted by the county auditors under section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

The county treasurer shall distribute as part of the October settlement the funds received as if they had been collected as part of the property tax.

Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property tax determined under subdivision 1, plus any other amounts paid under this chapter, is annually appropriated from the general fund to the commissioner.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 8 are effective for applications filed July 1, 2009, and thereafter.

ARTICLE 9

SPECIAL TAXES

Section 1. Minnesota Statutes 2008, section 295.75, subdivision 2, is amended to read:

Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to ~~2.5~~ five percent of gross receipts from retail sales in Minnesota of liquor.

EFFECTIVE DATE. This section is effective for gross receipts received after June 30, 2009.

Sec. 2. Minnesota Statutes 2008, section 297F.01, is amended by adding a subdivision to read:

Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered smokeless tobacco that is intended to be placed or dipped in the oral cavity, but does not include any finely cut, ground, or powdered tobacco that is intended to be placed in the nasal cavity.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 297F.05, subdivision 1, is amended to read:

Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the following rates:

- (1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 51 mills on each such cigarette; and
- (2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 102 mills on each such cigarette.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 4. Minnesota Statutes 2008, section 297F.05, subdivision 3, is amended to read:

Subd. 3. **Rates; tobacco products.** (a) A tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor, at the ~~rate~~ rates of:

(1) 35 percent of the wholesale sales price of the tobacco products other than moist snuff; or

(2) for moist snuff, the greater of:

(i) 91 cents per ounce on the net weight of the moist snuff in ounces, including a proportionate tax at the like rate on any fractional parts of an ounce, as listed by the manufacturer and rounded up to the nearest one-tenth of an ounce; or

(ii) \$1.09 per container.

(b) The tax is imposed at the time the distributor:

- (1) brings, or causes to be brought, into this state from outside the state tobacco products for sale;
- (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or
- (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

EFFECTIVE DATE. This section is effective July 1, 2009, but does not apply to any moist snuff (1) that was in the inventory of a distributor, wholesaler, or retail dealer within this state on that date, or in the possession of a consumer within this state on that date, and (2) as to which the tax levied by Minnesota Statutes, section 297F.05, subdivisions 3 and 4, and the tobacco health impact fee levied by Minnesota Statutes, section 256.9658, subdivision 3, paragraph (b), had been paid as of August 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 297F.05, subdivision 4, is amended to read:

Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the ~~rate~~ rates of:

(1) 35 percent of the cost to the consumer of the tobacco products ~~other than moist snuff; and~~

(2) for moist snuff, the greater of:

(i) 91 cents per ounce on the net weight of the moist snuff in ounces, including a proportionate tax at the like rate on any fractional parts of an ounce, as listed by the manufacturer and rounded up to the nearest one-tenth of an ounce; or

(ii) \$1.09 per container.

EFFECTIVE DATE. This section is effective July 1, 2009, but does not apply to any moist snuff (1) that was in the inventory of a distributor, wholesaler, or retail dealer within this state on that date, or in the possession of a consumer within this state on that date, and (2) as to which the tax levied by Minnesota Statutes, section 297F.05, subdivisions 3 and 4, and the tobacco health impact fee levied by Minnesota Statutes, section 256.9658, subdivision 3, paragraph (b), had been paid as of August 1, 2009.

Sec. 6. Minnesota Statutes 2008, section 297F.05, is amended by adding a subdivision to read:

Subd. 8. **Inflation adjustment.** (a) Each year the rates of tax applicable to moist snuff under subdivisions 3 and 4 are adjusted for inflation as provided in this subdivision. The inflation adjusted rate of tax applies to sales, use, and possession of moist snuff during the calendar year.

(b) In making the inflation adjustment under this subdivision for a calendar year, the commissioner shall adjust the tax rate by the percentage determined under section 1(f) of the Internal Revenue Code of 1986, except that in section 1(f)(3)(B) the word "2010" is substituted for the word "1992." For 2012, the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2010, to the 12 months ending on August 31, 2011, and in each subsequent year, from the 12 months ending on August 31, 2010, to the 12 months ending on August 31 of the year preceding the calendar year. The amount as adjusted must be rounded to the nearest cent. If the amount ends in 0.5 cent, the amount is rounded up to the nearest cent.

(c) The determination of the commissioner under this subdivision is not a "rule" and is not subject to the Administrative Procedure Act in chapter 14.

EFFECTIVE DATE. This section is effective beginning for calendar year 2012.

Sec. 7. Minnesota Statutes 2008, section 297G.03, subdivision 1, is amended to read:

Subdivision 1. **General rate; distilled spirits and wine.** The following excise tax is imposed on all distilled spirits and wine manufactured, imported, sold, or possessed in this state:

	Standard	Metric
(a) Distilled spirits, liqueurs, cordials, and specialties regardless of alcohol content (excluding ethyl alcohol)	\$ 5.03 <u>7.59</u> per gallon	\$ 4.33 <u>2.01</u> per liter
(b) Wine containing 14 percent or less alcohol by volume (except cider as defined in section 297G.01, subdivision 3a)	\$.30 <u>.56</u> per gallon	\$.08 <u>.15</u> per liter
(c) Wine containing more than 14 percent but not more than 21 percent alcohol by volume	\$.95 <u>1.20</u> per gallon	\$.25 <u>.32</u> per liter
(d) Wine containing more than 21 percent but not more than 24 percent alcohol by volume	\$ 1.82 <u>2.07</u> per gallon	\$.48 <u>.55</u> per liter
(e) Wine containing more than 24 percent alcohol by volume	\$ 3.52 <u>3.77</u> per gallon	\$.93 <u>1.00</u> per liter
(f) Natural and artificial sparkling wines containing alcohol	\$ 1.82 <u>2.07</u> per gallon	\$.48 <u>.55</u> per liter
(g) Cider as defined in section 297G.01, subdivision 3a	\$.15 <u>.41</u> per gallon	\$.04 <u>.11</u> per liter
(h) Low alcohol dairy cocktails	\$.08 per gallon	\$.02 per liter

In computing the tax on a package of distilled spirits or wine, a proportional tax at a like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 8. Minnesota Statutes 2008, section 297G.04, is amended to read:

297G.04 FERMENTED MALT BEVERAGES; RATE OF TAX.

Subdivision 1. **Tax imposed.** The following excise tax is imposed on all fermented malt beverages that are imported, directly or indirectly sold, or possessed in this state:

(1) on fermented malt beverages containing not more than 3.2 percent alcohol by weight, ~~\$2.40~~ \$5.71 per 31-gallon barrel; and

(2) on fermented malt beverages containing more than 3.2 percent alcohol by weight, ~~\$4.60~~ \$7.91 per 31-gallon barrel.

For fractions of a 31-gallon barrel, the tax rate is calculated proportionally.

Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is entitled to a tax credit of ~~\$4.60~~ \$7.91 per barrel on 25,000 barrels sold in any fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified brewers may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of:

(1) the liability for tax; or

(2) ~~\$115,000~~ \$198,000.

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than 100,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 9. **FLOOR STOCKS TAX.**

Subdivision 1. **Cigarettes.** (a) A floor stocks cigarette tax is imposed on every person engaged in the business in this state as a distributor, retailer, subjobber, vendor, manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes and unaffixed stamps in the person's possession or under the person's control at 12:01 a.m. on July 1, 2009. The tax is imposed at the following rates:

(1) on cigarettes weighing not more than three pounds per thousand, 27 mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 54 mills on each cigarette.

(b) Each distributor, on or before July 15, 2009, shall file a return with the commissioner of revenue, in the form the commissioner prescribes, showing the stamped cigarettes and unaffixed stamps on hand at 12:01 a.m. on July 1, 2009, and the amount of tax due on the cigarettes and unaffixed stamps. Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative, on or before July 15, 2009, shall file a return with the commissioner of revenue, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 2009, and the amount of tax due on the cigarettes. The tax imposed by this section is due and payable on or before August 14, 2009, and after that date bears interest at the rate of one percent per month.

Subd. 2. **Audit and enforcement.** The tax imposed by this section is subject to the audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and collection provisions of Minnesota Statutes, chapters 270C and 297F. The commissioner of revenue may require a distributor to receive and maintain copies of floor stocks fee returns filed by all persons requesting a credit for returned cigarettes.

Subd. 3. **Deposit of proceeds.** The commissioner of revenue shall deposit the revenues from the tax under this section in the state treasury and credit them to the general fund.

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

Sec. 10. **ADJUSTMENT OF CIGARETTE SALES TAX.**

Effective July 1, 2009, through July 31, 2010, the cigarette sales tax under Minnesota Statutes, section 297F.25, is 36.8 cents per pack of 20 cigarettes. Effective August 1, 2010, the rate as determined by the commissioner under Minnesota Statutes, section 297F.25, applies.

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

ARTICLE 10

SALES AND USE TAX

Section 1. Minnesota Statutes 2008, section 84.82, subdivision 10, is amended to read:

Subd. 10. **Proof of sales tax payment.** (a) A person applying for initial registration of a snowmobile, or applying for reregistration for the first time after a change of ownership under subdivision 1, must provide a snowmobile purchaser's certificate, showing a complete description of the snowmobile, the seller's name and address, the full purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must include information showing either (1) that the sales and use tax under chapter 297A was paid or (2) the purchase was exempt from tax under chapter 297A. The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate.

(b) The certificate is not required if the applicant provides a receipt, invoice, or other document that shows the snowmobile was purchased from a retailer maintaining a place of business in this state as defined in section 297A.66, subdivision 1.

(c) If the applicant cannot meet the provisions in either paragraph (a) or (b), the applicant must provide a receipt, invoice, or other document from the previous owner certifying the amount paid for the snowmobile, whether in money or other consideration, and remit the applicable use tax along with the registration fee.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 2. Minnesota Statutes 2008, section 84.922, subdivision 11, is amended to read:

Subd. 11. **Proof of sales tax payment.** (a) A person applying for initial registration in Minnesota of an all-terrain vehicle, or transfer of a registration under subdivision 4, shall provide a purchaser's certificate showing a complete description of the all-terrain vehicle, the seller's name and address, the full purchase price of the all-terrain vehicle, and the trade-in allowance, if any. The certificate also must include information showing either that (1) the sales and use tax under chapter 297A was paid, or (2) the purchase was exempt from tax under chapter 297A. The certificate is not required if the applicant provides a receipt, invoice, or other document that shows the all-terrain vehicle was purchased from a retailer maintaining a place of business in this state as defined in section 297A.66, subdivision 1.

(b) If the applicant cannot meet the provisions in paragraph (a), the applicant must provide a receipt, invoice, or other document from the previous owner certifying the amount paid for the all-terrain vehicle, whether in money or other consideration, and remit the applicable use tax along with the registration or transfer fee.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 3. Minnesota Statutes 2008, section 86B.401, subdivision 12, is amended to read:

Subd. 12. **Proof of sales tax payment.** (a) A person applying for initial licensing of a watercraft, or applying for a duplicate license due to change of ownership as required in subdivision 8, must provide a watercraft purchaser's certificate, showing a complete description of the watercraft, the seller's name and address, the full purchase price of the watercraft, and the trade-in allowance, if any. The certificate must include information showing either (1) that the sales and use tax under chapter 297A was paid or (2) the purchase was exempt from tax under chapter 297A. The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate.

(b) The certificate is not required if the applicant provides a receipt, invoice, or other document that shows the watercraft was purchased from a retailer maintaining a place of business in this state as defined in section 297A.66, subdivision 1.

(c) If the applicant cannot meet the provisions in either paragraph (a) or (b), the applicant must provide a receipt, invoice, or other document from the previous owner certifying the amount paid for the watercraft, whether in money or other consideration, and remit the applicable use tax along with the license fee.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 4. **[270C.085] NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

The commissioner of revenue shall establish a means of electronically notifying persons holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A and any issuance or change in any administrative rule, revenue notice, or sales tax fact sheet or other written information provided by the department explaining the interpretation or administration of the tax imposed under that chapter. The notification must indicate the basic subject of the statute, rule, fact sheet, or other material and provide an electronic link to the material. Any person holding a sales tax permit that provides an electronic address to the department must receive these notifications unless they specifically request electronically, or in writing, to be removed from the notification list. This requirement does not replace traditional means of notifying the general public or persons without access to electronic communications of changes in the sales tax law. The electronic notification must begin no later than December 31, 2009.

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

Sec. 5. Minnesota Statutes 2008, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form and manner the commissioner prescribes. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner. In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

(b) Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases, for use in a trade or business, of less than \$18,500, or a person who is not required to hold a sales tax permit and who makes purchases for personal use, that are subject to the use tax imposed by section 297A.63, may file an annual use tax return on a form prescribed by the commissioner. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in excess of \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

(c) Notwithstanding paragraph (a), a person prohibited by the person's religious beliefs from using electronics shall be allowed to file by mail, without any additional fees. The filer must notify the commissioner of revenue of the intent to file by mail on a form prescribed by the commissioner. A return filed under this paragraph must be postmarked no later than the day the return is due in order to be considered filed on a timely basis.

EFFECTIVE DATE. This section is effective for returns filed after June 30, 2009.

Sec. 6. Minnesota Statutes 2008, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$20,000 or more in the fiscal year ending June 30, 2005; or

(2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years thereafter,

must remit all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

EFFECTIVE DATE. This section is effective for payments remitted after June 30, 2009.

Sec. 7. Minnesota Statutes 2008, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision.

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, specified digital products, or other digital products whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, specified digital products or other digital products, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing. It also includes the production or processing of specified digital products or other digital products for a consideration for consumers who furnish either directly or indirectly materials or other inputs used in the production or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction, and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

For purposes of clause (5), "road construction" means construction of (1) public roads, (2) cartways, and (3) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, cable television services, direct satellite services, and ring tones. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 65B.29, subdivision 1, clause (1).

(l) A sale and a purchase includes the furnishing for a consideration of specified digital products and other digital products and granting the right for a consideration to use specified digital products and other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 8. Minnesota Statutes 2008, section 297A.61, subdivision 4, is amended to read:

Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21.

(b) A sale of property used by the owner only by leasing it to others or by holding it in an effort to lease it, and put to no use by the owner other than resale after the lease or effort to lease, is a sale of property for resale.

(c) A sale of master computer software that is purchased and used to make copies for sale or lease is a sale of property for resale.

(d) A sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property is a retail sale in whatever quantity sold, whether the sale is for purposes of resale in the form of real property or otherwise.

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering which includes installation is a contract for the improvement of real property.

(f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery, plants, sod, trees, and similar items that includes installation is a contract for the improvement of real property.

(g) A sale of tangible personal property, specified digital products, or other digital products that is awarded as prizes is a retail sale and is not considered a sale of property for resale.

(h) A sale of tangible personal property, specified digital products, or other digital products utilized or employed in the furnishing or providing of services under subdivision 3, paragraph (g), clause (1), including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(i) A sale of tangible personal property, specified digital products, or other digital products used in conducting lawful gambling under chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(j) A sale of machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including, but not limited to, coin-operated devices, is a retail sale and is not considered a sale of property for resale.

(k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is executed.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property.

(m) A sale of a bundled transaction in which one or more of the products included in the bundle is a taxable product is a retail sale, except that if one of the products is a telecommunication service, ancillary service, Internet access, or audio or video programming service, and the seller has maintained books and records identifying through reasonable and verifiable standards the portions of the price that are attributable to the distinct and separately identifiable products, then the products are not considered part of a bundled transaction. For purposes of this paragraph:

(1) the books and records maintained by the seller must be maintained in the regular course of business, and do not include books and records created and maintained by the seller primarily for tax purposes;

(2) books and records maintained in the regular course of business include, but are not limited to, financial statements, general ledgers, invoicing and billing systems and reports, and reports for regulatory tariffs and other regulatory matters; and

(3) books and records are maintained primarily for tax purposes when the books and records identify taxable and nontaxable portions of the price, but the seller maintains other books and records that identify different prices attributable to the distinct products included in the same bundled transaction.

(n) A sale of specified digital products or other digital products to an end user with or without rights of permanent use and regardless of whether rights of use are conditioned upon continued payment by the purchaser. When a digital code has been purchased that relates to specified digital products or other digital products, the subsequent receipt of or access to the related specified digital products or other digital products is not a retail sale.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 9. Minnesota Statutes 2008, section 297A.61, subdivision 5, is amended to read:

Subd. 5. **Storage.** "Storage" includes keeping or retaining tangible personal property, specified digital products, or other digital products in Minnesota for any purpose except sale in the regular course of business.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 10. Minnesota Statutes 2008, section 297A.61, subdivision 6, is amended to read:

Subd. 6. **Use.** (a) "Use" includes the exercise of a right or power incident to the ownership of any interest in tangible personal property, specified digital products, other digital products, or services, purchased from a retailer, other than the sale of that property in the regular course of business.

(b) Use includes the consumption of printed materials in the creation of nontaxable advertising that is distributed, either directly or indirectly, within Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 11. Minnesota Statutes 2008, section 297A.61, subdivision 10, is amended to read:

Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes, but is not limited to, electricity, water, gas, steam, and prewritten computer software.

(b) Tangible personal property does not include:

(1) large ponderous machinery and equipment used in a business or production activity which at common law would be considered to be real property;

(2) property which is subject to an ad valorem property tax;

(3) property described in section 272.02, subdivision 9, clauses (a) to (d); and

(4) property described in section 272.03, subdivision 2, clauses (3) and (5); and

(5) specified digital products, or other digital products transferred electronically, except prewritten computer software delivered electronically is tangible personal property.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 12. Minnesota Statutes 2008, section 297A.61, subdivision 14a, is amended to read:

Subd. 14a. **Lease or rental.** (a) "Lease or rental" means any transfer of possession or control of tangible personal property, specified digital products, or other digital products for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

(b) Lease or rental does not include:

(1) a transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;

(2) a transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments and payment of an option price does not exceed the greater of \$100 or one percent of the total required payments; or

(3) providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the equipment to perform as designed. For the purpose of this subdivision, an operator must do more than maintain, inspect, or set up the tangible personal property.

(c) Lease or rental does include agreements covering motor vehicles and trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in United States Code, title 26, section 7701(h)(1).

(d) This definition must be used for sales and use tax purposes regardless if a transaction is characterized as a lease or rental under generally accepted accounting principles, the Internal Revenue Code, chapter 336, or other provisions of federal, state, or local law.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 13. Minnesota Statutes 2008, section 297A.61, subdivision 17a, is amended to read:

Subd. 17a. **Delivered electronically.** "Delivered electronically" means delivered to the purchaser by means other than tangible storage media; and unless the context indicates otherwise, applies to the delivery of computer software. Computer software is not considered "delivered electronically" to a purchaser simply because the purchaser has access to the product.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 14. Minnesota Statutes 2008, section 297A.61, subdivision 21, is amended to read:

Subd. 21. **Normal course of business.** "Normal course of business" means activities that demonstrate a commercial continuity or consistency of making sales or performing services for the purposes of attaining profit or producing income. Factors that indicate that a person is acting in the normal course of business include:

- (1) systematic solicitation of sales through advertising media;
- (2) entering into contracts to perform services or provide tangible personal property, specified digital products, or other digital products;
- (3) maintaining a place of business; or
- (4) use of exemption certificates to purchase items exempt from the sales tax.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 15. Minnesota Statutes 2008, section 297A.61, subdivision 38, is amended to read:

Subd. 38. **Bundled transaction.** (a) "Bundled transaction" means the retail sale of two or more products when the products are otherwise distinct and identifiable, and the products are sold for one nonitemized price. As used in this subdivision, "product" includes tangible personal property, services, intangibles, and digital goods, including specified digital products, or other digital products, but does not include real property or services to real property. A bundled transaction does not include the sale of any products in which the sales price varies, or is negotiable, based on the selection by the purchaser of the products included in the transaction.

(b) For purposes of this subdivision, "distinct and identifiable" products does not include:

- (1) packaging and other materials, such as containers, boxes, sacks, bags, and bottles, wrapping, labels, tags, and instruction guides, that accompany the retail sale of the products and are incidental or immaterial to the retail sale. Examples of packaging that are incidental or immaterial include grocery sacks, shoe boxes, dry cleaning garment bags, and express delivery envelopes and boxes;
- (2) a promotional product provided free of charge with the required purchase of another product. A promotional product is provided free of charge if the sales price of another product, which is required to be purchased in order to receive the promotional product, does not vary depending on the inclusion of the promotional product; and

(3) items included in the definition of sales price.

(c) For purposes of this subdivision, the term "one nonitemized price" does not include a price that is separately identified by product on binding sales or other supporting sales-related documentation made available to the customer in paper or electronic form including but not limited to an invoice, bill of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and services, rate card, or price list.

(d) A transaction that otherwise meets the definition of a bundled transaction is not a bundled transaction if it is:

(1) the retail sale of tangible personal property and a service and the tangible personal property is essential to the use of the service, and is provided exclusively in connection with the service, and the true object of the transaction is the service;

(2) the retail sale of services if one service is provided that is essential to the use or receipt of a second service and the first service is provided exclusively in connection with the second service and the true object of the transaction is the second service;

(3) a transaction that includes taxable products and nontaxable products and the purchase price or sales price of the taxable products is de minimis; or

(4) the retail sale of exempt tangible personal property and taxable tangible personal property if:

(i) the transaction includes food and food ingredients, drugs, durable medical equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices, or medical supplies; and

(ii) the seller's purchase price or sales price of the taxable tangible personal property is 50 percent or less of the total purchase price or sales price of the bundled tangible personal property. Sellers must not use a combination of the purchase price and sales price of the tangible personal property when making the 50 percent determination for a transaction.

(e) For purposes of this subdivision, "purchase price" means the measure subject to use tax on purchases made by the seller, and "de minimis" means that the seller's purchase price or sales price of the taxable products is ten percent or less of the total purchase price or sales price of the bundled products. Sellers shall use either the purchase price or the sales price of the products to determine if the taxable products are de minimis. Sellers must not use a combination of the purchase price and sales price of the products to determine if the taxable products are de minimis. Sellers shall use the full term of a service contract to determine if the taxable products are de minimis.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 16. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 47. Digital audio visual work. "Digital audio visual work" means a series of related images, together with accompanying sounds, if any, which, when shown in succession, impart an impression of motion, that are transferred electronically. Digital audio visual works include such items as motion pictures, movies, musical videos, news and entertainment programs, and live events. Digital audio visual works do not include video greeting cards sent by electronic mail. Unless the context provides otherwise, digital audio visual works include the digital code or a subscription to or access to a digital code for receiving, accessing, or otherwise obtaining digital audio visual works.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 17. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 48. **Digital audio work.** "Digital audio work" means a work that results from the fixation of a series of musical, spoken, or other sounds, that are transferred electronically. Digital audio works include such items as songs, music, readings of books or other written materials, speeches, ring tones, or other sound recordings which may be either prerecorded or live. Digital audio works do not include audio greeting cards sent by electronic mail. Unless the context provides otherwise, digital audio works include the digital code or a subscription to or access to a digital code for receiving, accessing, or otherwise obtaining digital audio works. For purposes of this subdivision, "ring tone" means a digitized sound file that is downloaded onto a device and that may be used to alert the customer with respect to a communication. A ring tone does not include ring back tones or other digital audio files that are not stored on the customer's communication device.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 18. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 49. **Digital book.** "Digital book" means a work that is a literary work, other than digital audio visual works or digital audio works, expressed in words, numbers, or numerical symbols or indicia so long as the product is generally recognized in the ordinary and usual sense as a book and is transferred electronically. It includes works of fiction, nonfiction, and short stories. It does not include periodicals, magazines, newspapers, or other news and information products, chat rooms, or weblogs. Unless the context provides otherwise, digital books include the digital code or a subscription to or access to a digital code for receiving, accessing, or otherwise obtaining digital books.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 19. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 50. **Digital code.** "Digital code" means a code which provides a purchaser with a right to obtain one or more of the specified digital products or other digital products. A digital code may be transferred electronically such as through electronic e-mail, or it may be transferred on a tangible medium, such as a plastic card, a piece of paper or invoice, or imprinted on another product. A digital code is not a code that represents stored monetary value that is deducted from a total as it is used by the purchaser and it is not a code that represents a redeemable card, gift card, or gift certificate that entitles the holder to select a specified digital product or other digital product of an indicated cash value. The end user of the digital code is any purchaser except one who receives the contractual right to redistribute the specified digital product or other digital product which is the subject of the transaction.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 20. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 51. **Specified digital products.** "Specified digital products" means digital audio visual works, digital audio works, and digital books that are transferred electronically to a customer.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 21. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 52. **Transferred electronically.** "Transferred electronically" means obtained by the purchaser by means other than tangible storage media and, unless the context indicated otherwise, applies to the delivery of specified digital products and other digital products. For purposes of this subdivision, it is not necessary that a copy of the product be physically transferred to the purchaser. A product shall be considered to have been transferred electronically to a purchaser if the purchaser has access to the product.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 22. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 53. **Other digital products.** "Other digital products" means the following items when transferred electronically:

- (1) greeting cards;
- (2) artwork available for reproduction or display purposes; and
- (3) video or electronic games.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 23. Minnesota Statutes 2008, section 297A.62, is amended by adding a subdivision to read:

Subd. 1a. **Constitutionally required sales tax increase.** An additional sales tax of 0.375 percent, as required under the Minnesota Constitution, article XI, section 15, 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. This additional tax expires July 1, 2034.

Sec. 24. Minnesota Statutes 2008, section 297A.63, is amended to read:

297A.63 USE TAXES IMPOSED; RATES.

Subdivision 1. **Use of tangible personal property, specified digital products, other digital products, or taxable services.** (a) For the privilege of using, storing, distributing, or consuming in Minnesota tangible personal property, specified digital products, other digital products, or taxable services purchased for use, storage, distribution, or consumption in this state, a use tax is imposed on a person in Minnesota. The tax is imposed on the purchase price of retail sales of the tangible personal property, specified digital products, other digital products, or taxable services at the rate of tax imposed under section 297A.62. A person that purchases property from a Minnesota retailer and returns the tangible personal property, specified digital products, or other digital products, to a point within Minnesota, except in the course of interstate commerce, after it was delivered outside of Minnesota, is subject to the use tax.

(b) No tax is imposed under paragraph (a) if the tax imposed by section 297A.62 was paid on the sales price of the tangible personal property or taxable services.

(c) No tax is imposed under paragraph (a) if the purchase meets the requirements for exemption under section 297A.67, subdivision 21.

(d) When a transaction otherwise meets the definition of a bundled transaction, but is not a bundled transaction under section 297A.61, subdivision 38, paragraph (d), and the seller's purchase price of the taxable product or taxable tangible personal property is equal to or greater than \$100, then use tax is imposed on the purchase price of the taxable product or taxable personal property. For purposes of this paragraph, "purchase price" means the measure subject to use tax on purchases made by the seller.

Subd. 2. **Use of tangible personal property, specified digital products, other digital products, made from materials.** (a) A use tax is imposed on a person who manufactures, fabricates, or assembles tangible personal property, specified digital products, or other digital products, from materials, either within or outside this state and who uses, stores, distributes, or consumes the tangible personal property, specified digital products, or other digital products, in Minnesota. The tax is imposed on the purchase price of retail sales of the materials contained in the tangible personal property, specified digital products, or other digital products, at the rate of tax imposed under section 297A.62.

(b) No tax is imposed under paragraph (a) if the tax imposed by section 297A.62 was paid on the sales price of materials contained in the tangible personal property, specified digital products, or other digital products.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 25. Minnesota Statutes 2008, section 297A.64, subdivision 2, is amended to read:

Subd. 2. **Fee imposed.** (a) A fee equal to five percent of the sales price is imposed on leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the invoice to the customer may designate the fee as "a fee imposed by the State of Minnesota for the registration of rental cars."

(b) The provisions of this subdivision do not apply to the vehicles of a nonprofit corporation or similar entity, consisting of individual or group members who pay the organization for the use of a motor vehicle, if the organization:

(1) owns or leases a fleet of vehicles of the type subject to the tax under subdivision 1 that are available to its members for use, priced on the basis of intervals of one hour or less;

(2) parks its vehicles at unstaffed, self-service locations that are accessible at any time of the day;

(3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases fuel for its fleet; and

(4) does not charge usage rates that decline on a per unit basis, whether specified based on distance or time.

EFFECTIVE DATE. This section is effective July 1, 2009, and applies to registrations made or renewed on or after that date.

Sec. 26. Minnesota Statutes 2008, section 297A.66, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution and the laws of the United States, "retailer maintaining a place of business in this state," or a similar term, means a retailer:

(1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an office, place of distribution, sales or sample room or place, warehouse, or other place of business; or

(2) having a representative, including, but not limited to, an affiliate, agent, salesperson, canvasser, or solicitor operating in this state under the authority of the retailer or its subsidiary, for any purpose, including the repairing, selling, delivering, installing, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property, specified digital products, or other digital products, located in this state, whether the place of business or agent, representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer, subsidiary, or affiliate is authorized to do business in this state.

(b) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for-hire carrier.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 27. Minnesota Statutes 2008, section 297A.66, is amended by adding a subdivision to read:

Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a), means a person, whether an independent contractor or other representative, who directly or indirectly solicits business for the retailer.

(b) A retailer is presumed to have a solicitor in this state if it enters into an agreement with a resident under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site, or otherwise, to the seller. This paragraph only applies if the total gross receipts from sales to customers located in the state who were referred to the retailer by all residents with this type of agreement with the retailer is at least \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter before the calendar quarter in which the sale is made.

(c) The presumption under paragraph (b) may be rebutted by proof that the resident with whom the seller has an agreement did not engage in any solicitation in the state on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution during the 12-month period in question. Nothing in this section shall be construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other representative for purposes of subdivision 1, paragraph (a).

(d) For purposes of this paragraph, "resident" includes an individual who is a resident of this state, as defined in section 290.01, or a business that owns tangible personal property located in this state or has one or more employees providing services for it in this state.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 28. Minnesota Statutes 2008, section 297A.67, subdivision 15, is amended to read:

Subd. 15. **Residential heating fuels.** Residential heating fuels are exempt as follows:

(1) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential customers for residential use;

(2) for the period encompassing the billing months of November, December, January, February, March, and April, the first 850 hundred cubic feet per dwelling unit of natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat; and

(3) for the period encompassing the billing months of November, December, January, February, March, and April, the first 5,750 kilowatt-hours per dwelling unit of electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 29. Minnesota Statutes 2008, section 297A.67, subdivision 23, is amended to read:

Subd. 23. **Occasional sales.** Isolated and occasional sales in Minnesota not made in the normal course of business of selling that kind of property or service are exempt. The storage, use, or consumption of property or services acquired as a result of such a sale is exempt. This exemption does not apply to sales of tangible personal property, specified digital products, or other digital products, primarily used in a trade or business, a snowmobile or all-terrain vehicle licensed under chapter 84, or to watercraft licensed under chapter 86B.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 30. Minnesota Statutes 2008, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "~~net revenue~~ revenues" means an amount equal to:

(4) the revenues, including interest and penalties, collected under this section, during the fiscal year; ~~less.~~

~~(2) the estimated reduction in individual income tax receipts and the estimated amount of refunds paid out under section 290.06, subdivision 34, for the fiscal year.~~

~~(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.~~

~~(c) On or after July 1 of the subsequent fiscal year, the commissioner of finance shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:~~

(b) The commissioner of revenue shall estimate the revenues for each fiscal year and transfer one-quarter of the estimated amount from the general fund on January 1, April 1, July 1, and October 1, allocated as follows:

(1) 50 percent to the greater Minnesota transit account; and

(2) 50 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause.

~~(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), revenues must be calculated using the following percentages of the total revenues:~~

~~(1) for fiscal year 2010, 83.75 percent; and~~

~~(2) for fiscal year 2011, 93.75 percent.~~

Sec. 31. Minnesota Statutes 2008, section 297A.83, subdivision 3, is amended to read:

Subd. 3. **Commissioner's discretion.** (a) The commissioner may decline to issue a permit to a retailer not maintaining a place of business in this state, or may cancel a permit previously issued to the retailer, if the commissioner believes that the tax can be collected more effectively from the persons using the property in this state. A refusal to issue or cancellation of a permit on such grounds does not affect the retailer's right to make retail sales from outside this state to destinations within this state.

(b) If the commissioner considers it necessary for the efficient administration of the tax to regard a salesperson, representative, trucker, peddler, or canvasser as the agent of the dealer, distributor, supervisor, employer, or other person under whom that person operates or from whom the person obtains the tangible personal property, specified digital products, or other digital products, sold, whether making sales personally or in behalf of that dealer, distributor, supervisor, employer, or other person, the commissioner may regard the salesperson, representative, trucker, peddler, or canvasser as such agent, and may regard the dealer, distributor, supervisor, employer, or other person as a retailer for the purposes of collecting the tax.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 32. Minnesota Statutes 2008, 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 revenues deposited under paragraphs (a) to (f) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 33. Minnesota Statutes 2008, section 297A.99, subdivision 6, is amended to read:

Subd. 6. **Use tax.** A compensating use tax applies, at the same rate as the sales tax, on the use, storage, distribution, or consumption of tangible personal property, specified digital products, other digital products, or taxable services.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 34. Minnesota Statutes 2008, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. **Rate.** There is imposed an excise tax ~~at the rate provided in chapter 297A~~ of 6.5 percent on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

The excise tax is also imposed on the purchase price of motor vehicles purchased or acquired on Indian reservations when the tribal council has entered into a sales tax on motor vehicles refund agreement with the state of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 35. **[471.691] TEMPORARY AUTHORITY TO USE LODGING TAX REVENUES.**

(a) A city may use or spend the proceeds of a tax or fee on lodging for any permitted municipal purpose, but only if the lodging is provided at a facility located within boundaries of the city. For purposes of this section, "lodging" means the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of lodging for a continuous period of 30 days or more.

(b) This section preempts the provisions of section 469.190, subdivision 3, or any other law, including special laws, ordinances, and charter provisions, that dedicate or limit the purposes for which the proceeds or revenues derived from a tax or fee imposed on lodging may be used or spent. It does not apply to:

(1) lodging tax proceeds that are pledged to pay bonds or other debt; or

(2) any of the proceeds of a general sales or use tax.

(c) This section expires on December 31, 2012.

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

Sec. 36. Laws 1986, chapter 396, section 4, subdivision 3, is amended to read:

Subd. 3. **Use of property.** Revenues received from the tax may only 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 to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, including financing costs related to them;

(4) to pay reasonable and appropriate costs determined by the city to replace housing removed from the site; ~~and~~

(5) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city; ~~and~~

(6) to fund projects under subdivision 4.

~~In the event of any amendment to chapter 297A enacted subsequent to the effective date of this act which exempts sales or uses which were taxable under chapter 297A on the effective date of this act, the city may by ordinance extend the tax authorized hereby to any such sales or uses provided that the city council 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 city council, the aggregate annual collections following such extension will not exceed the aggregate annual collections which would have been generated if chapter 297A, as in effect on the effective date of this act, were then in effect. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due.~~

Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.

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

Sec. 37. Laws 1986, chapter 396, section 4, is amended by adding a subdivision to read:

Subd. 4. **Minneapolis downtown and neighborhood projects.** To the extent that revenues from the tax authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue in any year to fund capital projects to further residential, cultural, commercial, and economic development in both downtown Minneapolis and the Minneapolis neighborhoods.

EFFECTIVE DATE. This section is effective upon compliance of the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 38. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264, article 2, section 39, is amended to read:

Sec. 44. **DOWNTOWN TAXING AREA.**

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the

Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street. The downtown taxing area also excludes any property located in a zoned area that is contained in chapter 546 of the Minneapolis zone code of ordinances on which a restaurant or liquor establishment is operated.

EFFECTIVE DATE. This section is effective for sales made after July 31, 2012, provided that the proceeds of the tax collected between July 1, 2009, and July 31, 2012, by a restaurant or liquor establishment that is excluded from the downtown taxing area by this section, when collected by the commissioner of revenue, shall be deposited in the general fund of the state treasury.

Sec. 39. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, and Laws 2008, chapter 366, article 7, section 9, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, ~~attached to the Mankato Civic Center~~ for use by Minnesota State University, Mankato.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 40. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by Laws 1997, chapter 231, article 7, section 40, and Laws 1998, chapter 389, article 8, section 30, and Laws 2003, First Special Session chapter 21, article 8, section 13, and Laws 2005, First Special Session chapter 3, article 5, section 26, is amended to read:

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex, including the demolition of the existing arena and the construction and equipping of a new arena.

(b) Except as provided in paragraphs (e) and (f), the remainder of the funds must be spent for:

(1) capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods; and

(2) capital and operating expenses of cultural organizations in the city, provided that the amount spent under this clause must equal ten percent of the total amount spent under this paragraph in any year.

(c) The amount apportioned under paragraph (b) shall be no less than 60 percent of the revenues derived from the tax each year, except to the extent that a portion of that amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a) prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1, 1998, but only if the city council determines that 40 percent of the revenues derived from the tax together with other revenues pledged to the payment of the bonds, including the proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

(d) If in any year more than 40 percent of the revenue derived from the tax authorized by subdivision 1 is used to pay debt service on the bonds issued for the purposes of paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment that exceeds 40 percent of the revenue must be determined for that year. In any year when 40 percent of the revenue produced by the sales tax exceeds the amount required to pay debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the amount of the excess must be made available for capital projects to further residential, cultural, commercial, and economic development in the neighborhoods and downtown until the cumulative amounts determined for all years under the preceding sentence have been made available under this sentence. The amount made available as reimbursement in the preceding sentence is not included in the 60 percent determined under paragraph (c).

(e) In each of calendar years 2006, 2007, 2008, and 2009 to 2014, revenue not to exceed \$3,500,000 may be used to pay the principal of bonds issued for capital projects of the city. After December 31, 2009 2014, revenue from the tax imposed under subdivision 1 may not be used for this purpose.

(f) By January 15 of each year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding one-year period.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 41. Laws 1993, chapter 375, article 9, section 46, is amended by adding a subdivision to read:

Subd. 2a. Unexpended funds and interest. Any interest from loan repayments or returned funds from revenues apportioned under subdivision 2, paragraph (b), clause (1), must be made available only for projects qualifying under subdivision 2, paragraph (b), clause (1).

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 42. Laws 1996, chapter 471, article 2, section 30, is amended to read:

Sec. 30. **CITY OF LITTLE FALLS; TAX AUTHORIZED.**

Subdivision 1. **Sales of food; tax.** The city of Little Falls may by ordinance impose a tax of one-half percent on the gross receipts from the retail sale of food and nonalcoholic beverages sold by the operator of a restaurant or place of refreshment within the city. The tax imposed may be effective at any time after July 1, 1996.

Subd. 1a. Sale of alcoholic beverages. The city of Little Falls may also by ordinance impose the tax in subdivision 1 on the sales of alcoholic beverages sold by the operator of a restaurant or place of refreshment in the city. Notwithstanding subdivision 5, and regardless of when the city imposes the tax under this subdivision, this tax will expire when the tax in subdivision 1 expires.

Subd. 2. **Definitions.** For purposes of this section:

(1) "restaurant" means every building or other structure or enclosure, or any part thereof and all buildings in connection, kept, used or maintained as, or held out to the public to be an enclosure where meals or lunches are served or prepared for service elsewhere, except schools;

(2) "place of refreshment" means every building, structure, vehicle, sidewalk cart or any part thereof, used as, maintained as, or advertised as, or held out to be a place where confectionery, ice cream, or drinks of various kinds are made, sold, or served at retail, excepting schools and school sponsored events; and

(3) "operator" means the person who is the proprietor of the restaurant, or place of refreshment, whether in the capacity of owner, lessee, subleases, licensee, or an other capacity.

Subd. 3. **Use of proceeds.** The ordinance adopted by the city shall provide for distribution of the proceeds of the tax. The proceeds of the tax must be used for tourism purposes, including operating and maintaining the activities and programs of the tourism and convention bureau.

Subd. 4. **Enforcement, collection, and administration of taxes.** The tax imposed under this section shall be enforced, administered, and collected by the city of Little Falls provided that the city may contract with the commissioner of revenue to perform audits of the tax on behalf of the city. The commissioner shall charge the city an amount that equals the direct and indirect costs incurred by the department that are necessary to audit the tax.

Subd. 5. **Expiration of taxing authority.** The tax imposed under ~~this section shall expire 15~~ subdivision 1 expires 30 years after it first becomes effective.

Subd. 6. **Effective date.** This section is effective the day following compliance by the governing body of the city of Little Falls with Minnesota Statutes, section 645.021, subdivision 3.

EFFECTIVE DATE. This section is effective the day following compliance by the governing body of the city of Little Falls with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 43. Laws 1998, chapter 389, article 8, section 37, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Expenditures of revenues from the sales tax imposed by the city of St. Paul that are dedicated to neighborhood investments may be made only after review of the proposals for expenditures by the citizen review panel described in this section. The panel must ensure that the application process for all proposals is open, fair, and competitive. All proposals must be reviewed by the panel prior to presentation of the proposal to the city council. The panel must evaluate the proposals and provide a report to the city council that makes recommendations regarding the proposed expenditures in rank order.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 44. Laws 2002, chapter 377, article 3, section 25, is amended to read:

Sec. 25. **ROCHESTER LODGING TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more.

Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more only upon (1) enactment of a law appropriating state money for construction costs of renovating, improving, or expanding the Mayo Civic Center Complex; and (2) approval of the city governing body of a total financial package for the project.

Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from ~~any~~ the tax imposed under subdivision 1 must be used by the city to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center.

(b) The gross proceeds from the one percent tax imposed under subdivision 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax under subdivision 1a shall expire when the principal and interest on any bonds or other obligations issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping have been paid or at an earlier time as the city shall, by ordinance, determine.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 45. Laws 2006, chapter 259, article 3, section 12, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay all or part of the capital costs of transportation projects included in the 2004 U.S. Highway 14-Owatonna Beltline Study by the Minnesota Department of Transportation, Steele County, and the city of Owatonna; regional parks and trail developments; and the West Hills complex, including the firehall, and library improvement projects; as described in the city resolution No. 4-06, Exhibit A, as adopted by the city on January 17, 2006. Notwithstanding the specific transportation projects described in city resolution No. 4-06, Exhibit A, the city may transfer up to \$1,500,000 of the sales and use tax revenues from the Alexander Street to 39th Avenue Southwest project to the reconstruction of 18th Street Southwest from 24th Avenue Southwest to 39th Avenue West. The amount paid from these revenues for transportation projects may not exceed \$4,450,000 plus associated bond costs. The amount paid from these revenues for park and trail projects may not exceed \$5,400,000 plus associated bond costs. The amount paid from these revenues for West Hills complex, fire hall, and library improvement projects may not exceed \$2,823,000 plus associated bond costs.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Owatonna with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. Laws 2008, chapter 366, article 7, section 16, subdivision 3, is amended to read:

Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses of operation and maintenance of the Riverfront 2000 and related facilities, including a performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, ~~attached to the Mankato Civic Center~~ for use by Minnesota State University, Mankato. Authorized expenses include securing or paying debt service on bonds or other obligations issued to finance the construction of the facilities.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 47. **SALES AND LOCAL LODGING TAXES COLLECTION; DEPARTMENT OF REVENUE.**

(a) The Department of Revenue shall collect from an online travel company, by all available means authorized by law for the collection of taxes, the amount of sales and local lodging taxes uncollected by an online travel company and owed to a city and the state, plus interest and penalties, on the total rent paid for lodging in a hotel, rooming house, tourist court, motel, or trailer camp, or for the granting of any similar license to use real property.

(b) For purposes of this section, the following terms have the meanings given:

(1) "online travel company" means a person who offers information on the Internet about the availability of accommodations to a customer, arranges for the customer's occupancy of the accommodations, and collects the rental payments from the customer for occupancy of the accommodations;

(2) "total rent paid" means the cost of lodging;

(3) "unpaid amount of sales and local lodging taxes" means the state sales tax rate as defined in Minnesota Statutes, section 297A.62, subdivision 1, plus the applicable local lodging tax rate as applied against the total rent paid by a customer to an online travel company less the amount of sales and local lodging taxes collected by the online travel company and remitted to a lodging entity at the time the online travel company purchased the right to make reservations on behalf of a customer to rent a lodging accommodation.

(c) A city that imposes a local lodging tax must make a request to the Department of Revenue for action to be taken under this section.

(d) The commissioner of revenue may request the attorney general to conduct legal proceedings, if necessary, on behalf of the state to enforce the provisions of this section.

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

Sec. 48. **ROCHESTER FOOD AND BEVERAGE TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of one percent on the gross receipts on all sales of food and beverages by restaurants and places of refreshment, as defined by resolution of the city, that occur in the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds.** The proceeds of this tax shall be used for (1) paying the cost of collection; (2) to pay for construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping; and (3) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 3. **Imposition of the tax.** The tax under this section may only be imposed upon (1) enactment of a law appropriating state money for construction costs of renovating, improving, or expanding the Mayo Civic Center Complex; and (2) approval of the city governing body of a total financing package for the project.

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping have been paid or at an earlier time as the city shall, by ordinance, determine.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total financing package to renovate, improve, or expand the Mayo Civic Center Complex.

Sec. 49. **REPEALER.**

Minnesota Statutes 2008, section 297A.61, subdivision 45, is repealed.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

ARTICLE 11

LOCAL DEVELOPMENT

Section 1. Minnesota Statutes 2008, section 469.174, subdivision 22, is amended to read:

Subd. 22. **Tourism facility.** "Tourism facility" means property that:

- (1) is located in a county where the median income is no more than 85 percent of the state median income;
- (2) is located in a county in development region 2, 3, 4, ~~or 5~~, or 7E, as defined in section 462.385;
- (3) is not located in a city with a population in excess of 20,000; and

(4) is acquired, constructed, or rehabilitated for use as a convention and meeting facility that is privately owned, marina, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

EFFECTIVE DATE. This section is effective for requests for certification made after June 30, 2009.

Sec. 2. Minnesota Statutes 2008, section 469.175, subdivision 1, is amended to read:

Subdivision 1. **Tax increment financing plan.** (a) A tax increment financing plan shall contain:

- (1) a statement of objectives of an authority for the improvement of a project;
- (2) a statement as to ~~the development program for the project, including~~ the property within the project, if any, that the authority intends to acquire, identified by parcel number, identifiable property name, block, or other appropriate means indicating the area in which the authority intends to acquire properties;
- (3) a list of any development activities that the plan proposes to take place within the project, ~~for which contracts have been entered into at the time of the preparation of the plan,~~ including the names of the parties to the contract, the activity governed by the contract, the estimated cost stated in the contract, and the expected date of completion of that activity;
- (4) identification or description of the type of any other specific development reasonably expected to take place within the ~~project district~~, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administrative expenses, ~~except that if part of the cost of the project is paid or financed with increment from the tax increment financing district, the tax increment financing plan for the district must contain an estimate of the amount of the cost of the project, including administrative expenses, and interest costs that will be paid or financed with tax increments from the district, but not to exceed the estimated tax increment generated by the development activity;~~

(ii) amount of ~~bonded indebtedness to be incurred~~ bonds to be issued;

(iii) ~~sources of revenue to finance or otherwise pay public costs;~~

~~(iv) the most recent original~~ net tax capacity of taxable real property within the tax increment financing district and within any subdistrict;

~~(v)~~ (iv) the estimated captured net tax capacity of the tax increment financing district at completion; and

~~(vi)~~ (v) the duration of the tax increment financing district's and any subdistrict's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district or any subdistrict.

(b) The authority may specify in the tax increment financing plan the first year in which it elects to receive increment, up to four years following the year of approval of the district. This paragraph does not apply to an economic development district.

EFFECTIVE DATE. This section is effective for tax increment financing plans approved after June 30, 2009.

Sec. 3. Minnesota Statutes 2008, section 469.175, subdivision 6, is amended to read:

Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of ~~public funds in~~ tax increments of the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond ~~or loan~~ proceeds; and

~~(vi) special assessments;~~

~~(vii) grants;~~

~~(viii) transfers from funds not exclusively associated with the district; and~~

~~(ix)~~ (vi) the market value homestead credit paid to the authority under section 273.1384;

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

~~(v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and for housing districts, construction of affordable housing;~~

~~(vi) transfers to funds not exclusively associated with the district;~~

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes; ~~and~~

~~(iii) notes and pay as you go contracts;~~

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes; ~~and~~

~~(iii) notes and pay as you go contracts;~~

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes; ~~and~~

~~(iii) notes and pay as you go contracts;~~

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution; to be paid from outside the tax increment financing district; and

(20) ~~the estimate, if any, contained in the tax increment financing plan of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increment; and~~

~~(21) any additional information the state auditor may require.~~

~~(d) The commissioner of revenue shall prescribe the method of calculating the increased property taxes under paragraph (c), clause (19), and the form of the statement disclosing this information on the annual statement under subdivision 5.~~

~~(e)~~ (d) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

EFFECTIVE DATE. This section is effective for tax increment financing reports due after December 31, 2009.

Sec. 4. Minnesota Statutes 2008, section 469.176, subdivision 3, is amended to read:

Subd. 3. Limitation on administrative expenses.

(a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982 and before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total estimated tax increment expenditures for the district, whichever is less.

(c) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from the district, whichever is less.

(d) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

EFFECTIVE DATE. This section is effective for all districts, regardless of when the request for certification was made.

Sec. 5. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision to read:

Subd. 4m. **Use to offset state aid reductions.** (a) Notwithstanding any other provision of this section, section 469.1763, or a special law, upon the request of the municipality, the authority may elect, by resolution, to transfer increments from a district to the municipality for deposit in its general fund. The permitted transfer for a calendar year is limited to the amount allowed under paragraph (b). Following the election, expenditure of increments from the district are limited by the conditions in paragraph (c). The transferred increments may be expended for any purpose the municipality's general fund permits.

(b) For each calendar year for which transfers are permitted under this section, the maximum transfer equals the lesser of:

(1) the excess of the district's available increment over the sum of:

(i) required payments of obligations that will come due during the calendar year or the first six months of the following calendar year on outstanding bonds and binding contracts to which the district's increments are pledged; plus

(ii) transfers of increments from the district to offset deficits in other districts to be made during the calendar year under section 469.1763, subdivision 6; or

(2) the sum of the following amounts, limited to the relevant amounts that are effective through the calendar year in which the transfer is to be made:

(i) unallotment of aid payments previously certified by the state to be paid to the municipality during calendar years 2008 to 2010;

(ii) reductions in state reimbursement payments for property tax credits to be paid to the municipality in calendar years 2008 to 2010; and

(iii) reductions in local government aids to be paid to the municipality resulting from reductions in the appropriation or changes in the formula, enacted by the legislature, for calendar years 2009 to 2010; less

(iv) any special levy made by the municipality under section 275.70, subdivision 5, clause (22).

(c) Following an election under this subdivision, an authority may expend increments from the district for only the following purposes:

(1) payment of bonds and binding contracts with an entity not under the control of the municipality or authority to which the district's increments were pledged that were outstanding when the election was made;

(2) transfers to offset deficits in other districts as permitted under section 469.1763, subdivision 6;

(3) administrative expenses of the district; and

(4) transfers permitted under this subdivision.

(d) The commissioner of revenue shall calculate and certify the amount, if any, of the reduction under paragraph (b), clause (2), item (iii), for a city, upon request of the city.

(g) The authority to transfer increments under this section does not apply to a municipality, if the captured tax capacity of the municipality exceeds 12 percent of the municipality's total tax capacity for the taxes payable year in which the transfer is made.

(f) The authority to transfer increments under this section expires on December 31, 2010.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to increments from any district, regardless of when the request for certification was made.

Sec. 6. Minnesota Statutes 2008, section 469.176, subdivision 6, is amended to read:

Subd. 6. **Action required.** (a) If, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to section 469.177, no demolition, rehabilitation, or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation, or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

(b) For districts which were certified on or after January 1, 2005, and before July 1, 2010, the four-year period under paragraph (a) is increased to six years.

EFFECTIVE DATE. This section is effective for districts certified on or after January 1, 2005.

Sec. 7. Minnesota Statutes 2008, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1)~~(i)~~ be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code;

~~(2)~~ ~~(ii)~~ not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

~~(3)~~ ~~(iii)~~ be used to:

~~(i)~~ ~~(A)~~ acquire and prepare the site of the housing;

~~(ii)~~ ~~(B)~~ acquire, construct, or rehabilitate the housing; or

~~(iii)~~ ~~(C)~~ make public improvements directly related to the housing; or

(2) be used to develop housing that does not exceed 150 percent of the average market value of single-family homes in that municipality and to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel:

(i) contains a residence containing one to four family dwelling units that has been vacant for three or more months;

(ii) contains a residence containing one to four family dwelling units that is structurally substandard, as defined in section 469.174, subdivision 10;

(iii) is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence; or

(iv) is a vacant site, if the authority uses the parcel in connection with the development or redevelopment of a parcel qualifying under items (i) to (iii).

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district.

(f) The authority under paragraph (d), clause (2), expires on December 31, 2015. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2015 is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective for any district that is subject to the provisions of section 469.1763, regardless of when the request for certification of the district was made.

Sec. 8. Minnesota Statutes 2008, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For districts which were certified on or after January 1, 2004, and before July 1, 2010, the five-year period under paragraph (a) is increased to eight years. For districts qualifying under this paragraph, application of subdivision 4 begins in the ninth year following certification of the district.

EFFECTIVE DATE. This section is effective for districts certified on or after January 1, 2004.

Sec. 9. Minnesota Statutes 2008, section 469.178, subdivision 7, is amended to read:

Subd. 7. **Interfund loans.** The authority or municipality may advance or loan money to finance expenditures under section 469.176, subdivision 4, from its general fund or any other fund under which it has legal authority to do so. The loan or advance must be authorized, by resolution of the governing body or of the authority, whichever has jurisdiction over the fund from which the advance or loan is ~~made authorized~~, before money is transferred, advanced, or spent, whichever is earliest. The resolution may generally grant to the authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The terms and conditions for repayment of the loan must be provided in writing and include, at a minimum, the principal amount, the interest rate, and maximum term. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or advance is ~~made authorized~~, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time to time adjusted.

EFFECTIVE DATE. This section is effective for interfund loans made after June 30, 2009.

Sec. 10. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10, section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

Subd. 4. **Authority.** For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing replacement projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency or its successors and assigns. For housing replacement projects in the city of St. Paul, "authority" means the St. Paul housing and redevelopment authority. For housing replacement projects in the city of Duluth, "authority" means the Duluth economic development authority. For housing replacement projects in the city of Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Richfield. For housing replacement projects in the city of Columbia Heights, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Columbia Heights. For housing replacement projects in the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Brooklyn Park.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the city of Brooklyn Park without local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Sec. 11. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10, section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154, article 9, section 19, is amended to read:

Subdivision 1. **Creation of projects.** (a) An authority may create a housing replacement project under sections 44 to 47, as provided in this section.

(b) For the cities of Crystal, Fridley, Richfield, ~~and Columbia Heights, and Brooklyn Park~~, the authority may designate up to ~~50~~ 100 parcels in the city to be included in a housing replacement district ~~over the life of a district or districts. No more than ten parcels may be included in year one of the district, with up to ten additional parcels added to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth, each authority may designate not more than 200 parcels in the city to be included in a housing replacement district over the life of the district. For the city of Minneapolis, the authority may designate not more than 400 parcels in the city to be included in housing replacement districts over the life of the districts. The only parcels that may be included in a district are (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels containing houses that are structurally substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

(c) The city in which the authority is located must pay at least 25 percent of the housing replacement project costs from its general fund, a property tax levy, or other unrestricted money, not including tax increments.

(d) The housing replacement district plan must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the affected cities without local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Sec. 12. Laws 2008, chapter 366, article 5, section 34, is amended to read:

Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

(a) The provisions of this section apply to redevelopment tax increment financing districts created by the Housing and Redevelopment Authority in and for the city of Oakdale in the areas comprised of the parcels with the following parcel identification numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059; 3102921320060; ~~and~~ 3102921320061; ~~and (2)~~ 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

(b) For a district subject to this section, the Housing and Redevelopment Authority may, when requesting certification of the original tax capacity of the district under Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district be certified as the tax capacity of the land.

(c) The authority to request certification of a district under this section expires on July 1, 2013.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Oakdale and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 13. **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SOUTH ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, the Housing and Redevelopment Authority of the city of South St. Paul may establish a redevelopment tax increment financing district comprised of the properties included in the existing Concord Street tax increment district in the city that are exempt under Minnesota Statutes, section 469.179, subdivision 1, and were not decertified before July 1, 2009. The district created under this section may be certified after August 1, 2009, and terminates no later than December 31, 2024. The Housing and Redevelopment Authority of the city of South St. Paul may create the district under this section only if it enters into an agreement with Dakota County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not apply to the district. The original tax capacity of the district is \$354,945.

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended to pay for any eligible activities authorized by Minnesota Statutes, chapter 469, within the redevelopment area that includes the district. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must be included in the adjusted net tax capacity of the city, county, and school district for the purposes of determining local government aid, education aid, and county program aid. The county auditor shall report to the commissioner of revenue the amount of the captured tax capacity for the district at the time the assessment abstracts are filed.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of South St. Paul.

Sec. 14. **CITY OF MINNETONKA; TAX INCREMENT FINANCING DISTRICT EXTENSION.**

Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, paragraph (a), clause (1), the governing bodies of the city of Minnetonka and its economic development authority may elect to extend the maximum duration of all or a portion the Glenhaven Tax Increment Financing District by up to seven years. The city may make the election under this section only if it finds by resolution that when it approved the original tax increment financing plan for the Glenhaven Tax Increment Financing District the area of the district qualified to be certified as a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, or that the portion of the district it is electing to extend so qualified. The city must document this finding in the manner provided under Minnesota Statutes, section 469.175, subdivision 3, paragraph (b), clause (1), for a redevelopment district.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 15. **CITY OF ARDEN HILLS; SPECIAL TAX INCREMENT FINANCING AUTHORITY.**

Subdivision 1. **Establishment.** The city of Arden Hills may establish within the corporate boundaries of the city a redevelopment tax increment financing district subject to the special rules under subdivision 2. The district must be located within the area described in the TCAAP Boundary Survey dated December 12, 2007, by W. Brown Land Surveying, Inc.

Subd. 2. **Special rules.** (a) If the city elects to adopt the tax increment financing plan in subdivision 1 for the district, the following rules apply to the district:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to a ten-year period; and

(3) the duration limit under Minnesota Statutes, section 469.176, subdivision 1b, paragraph (a), clause (4), is extended to 30 years after receipt of the first increment.

(b) Notwithstanding Minnesota Statutes, section 469.175, subdivision 1, paragraph (b), the city may designate the first year in which it elects to receive an increment, up to six years following the year of approval of the district. The city must make the designation by written notice to the county auditor delivered by June 30 of the year prior to the designated year of first receipt.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2019.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Arden Hills and upon compliance by the city with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 16. **CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW AUTHORITY.**

Notwithstanding the failure of the governing body of the city of St. Paul to approve Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

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

Sec. 17. **CITY OF SAUK RAPIDS; TAX INCREMENT FINANCING DISTRICT.**

Any parcel in the city of Sauk Rapids located within Blocks 26, 27, 59, 61, and 62, original town of Sauk Rapids Plat, is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

(1) a building on the parcel was demolished in compliance with Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (2), after the authority adopted a resolution pursuant to Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3); and

(2) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2012, or three years after the date of demolition, whichever is later.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Sauk Rapids with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan or plans and the governing body of the city of Duluth approves the plan or plans for one or more tax increment financing districts consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020; 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090; 010-2730-00100; 010-2730-00160; 010-2730-00180; 010-2730-00200; 010-2730-01250; 010-2730-01340; 010-2730-01350; 010-2730-01490; 010-2730-01500; 010-2730-01510; 010-2730-01520; 010-2730-01530; 010-2730-01540; 010-2730-01550; 010-2730-01560; 010-2730-01570; 010-2730-01580; 010-2730-01590; 010-2730-1300; 010-2746-1330; 010-2746-1440; 010-2746-1380; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580; 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, must be considered to be met if the activities are undertaken within five years after the date all qualifying parcels are delisted from the Federal Superfund list.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning in the sixth year following certification of the district requirement, will begin in the sixth year following the date all qualifying parcels are delisted from the Federal Superfund list.

(c) For purposes of this section, "qualifying parcels" means United States Steel parcels listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the USS Site (USEPA OU 02) that are:

(1) included in the tax increment financing district; and

(2) on which actions are taken that meet the requirements of Minnesota Statutes, section 469.176, subdivision 6.

(d) In addition to the reporting requirements of Minnesota Statutes, section 469.175, subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels listed in paragraph (a) and shown as part of the USS Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted status, and if delisted, the delisting date.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Duluth and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. CITY OF MANKATO; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENTS.

Subdivision 1. Expenditures outside district. Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other law to the contrary, the city of Mankato may expend increments generated from its South Riverfront tax increment financing district for construction of street and roadway improvements under the Sibley Parkway Plan, provided the improvements are located within 500 feet or less of the boundaries of the district.

Subd. 2. Five-year rule. The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to an 11-year period for the South Riverfront tax increment financing district.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Mankato and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. CITY OF FARIBAULT; JOBZ EXTENSION.

Notwithstanding the provisions of Minnesota Statutes, section 469.312, subdivision 5, the city of Faribault may, with approval by the commissioner of employment and economic development, extend the duration of a job opportunity building zone located within its corporate boundaries by five years. This authority applies to a zone that borders on Trunk Highway No. I-35 and Park Avenue. The authority to extend the duration of the zone applies only if the city enters a business subsidy agreement that provides for a business, which is engaged in manufacturing products that increase the efficiency of the use of energy resources, to construct or improve a facility in the zone.

The authority to extend the duration of a zone under this section expires January 1, 2011.

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

ARTICLE 12

MINERALS

Section 1. Minnesota Statutes 2008, section 298.001, is amended by adding a subdivision to read:

Subd. 10. Nonferrous minerals assistance area. The area of the "nonferrous minerals assistance area" means the area of the following independent school districts, or their successor districts:

(1) No. 166, Cook County;

(2) No. 316, Coleraine;

(3) No. 318, Grand Rapids;

(4) No. 319, Nashwauk-Keewatin;

(5) No. 381, Lake Superior;

(6) No. 695, Chisholm;

(7) No. 696, Ely;

(8) No. 701, Hibbing;

(9) No. 706, Virginia;

(10) No. 712, Mountain Iron-Buhl;

(11) No. 2711, Mesabi-East;

(12) No. 2142, St. Louis County; and

(13) No. 2154, Eveleth-Gilbert.

Sec. 2. Minnesota Statutes 2008, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within ~~taconite~~ nonferrous minerals assistance area.** The proceeds of the tax paid under sections 298.015 to 298.017 on minerals and energy resources mined or extracted within the ~~taconite~~ nonferrous minerals assistance area ~~defined in section 273.1341~~, shall be allocated as follows:

(1) five percent to the city or town within which the minerals or energy resources are mined or extracted;

(2) ten percent to the taconite municipal aid account to be distributed ~~as provided in section 298.282 to~~ qualifying municipalities, as defined in section 298.282, located in the nonferrous minerals assistance area;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted;

(4) ~~20~~ 30 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions. These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48, subdivision 8;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted;

(6) ~~20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;~~

~~(7)~~ five percent to the Iron Range Resources and Rehabilitation Board for the purposes of section 298.22;

~~(8)~~ ~~five~~ (7) ten percent to the Douglas J. Johnson economic protection trust fund; and

~~(9)~~ ~~five~~ (8) ten percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 3. Minnesota Statutes 2008, section 298.018, subdivision 2, is amended to read:

Subd. 2. **Outside ~~taconite~~ nonferrous minerals assistance area.** The proceeds of the tax paid under sections 298.015 to 298.017 on minerals and energy resources mined or extracted outside of the ~~taconite~~ nonferrous minerals assistance area defined in section 273.1341, shall be deposited in the general fund.

Sec. 4. Minnesota Statutes 2008, section 298.018, is amended by adding a subdivision to read:

Subd. 3. **Segregation of funds.** The proceeds of the tax allocated under subdivision 1, clauses (2), (6), (7), and (8), including the investment earnings on the funds, must be segregated and separately accounted for in the respective funds or accounts to which they are allocated. These amounts must only be distributed to municipalities within the nonferrous minerals assistance area or used for projects within the area.

Sec. 5. Minnesota Statutes 2008, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan for the cost of ~~construction of~~ providing for a biomass energy facility. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan is subject to approval by the Iron Range Resources and Rehabilitation Board; interest must be payable on the loan at the rate prescribed in section

298.2213, subdivision 3. Repayments of the loan and interest must be deposited in the northeast Minnesota economic development fund established in section 298.2213. If a loan is not made under this paragraph by July 1, ~~2009~~ 2010, the amount that had been made available for the loan under this paragraph must be transferred to the northeast Minnesota economic development fund. Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

~~If 2008 H.F. No. 1812 is enacted and includes a provision that amends this section in a manner that is different from the amendment in this section, the amendment in this section supersedes the amendment in 2008 H.F. No. 1812, notwithstanding section 645.26.~~

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

Sec. 6. Minnesota Statutes 2008, section 298.24, subdivision 1, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002, and 2003, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced therefrom. For concentrates produced in ~~2005~~ 2009, the tax rate is the same rate imposed for concentrates produced in ~~2004~~ 2008. For concentrates produced in 2009 and subsequent years, the tax is also imposed upon other iron-bearing material.

(b) For concentrates produced in ~~2006~~ 2010 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable. The tax on other iron-bearing material shall be imposed on the current year production.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any

year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or other iron-bearing material, that is consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or other iron-bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

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

Sec. 7. Minnesota Statutes 2008, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) ~~4.5~~ 6.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing ~~40~~ 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b) Four cents per taxable ton shall be allocated to cities and organized townships affected by mining because their boundaries are within three miles of a taconite mine pit that has been actively mined in at least one of the prior three years. If a city or town is located near more than one mine meeting these criteria, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. Of the amounts distributed under this paragraph to each municipality, one-half must be used for infrastructure improvement projects, and one-half must be used for projects in which two or more municipalities cooperate. Each municipality that receives a distribution under this paragraph must report annually to the Iron Range Resources and Rehabilitation Board and the commissioner of Iron Range resources and rehabilitation on the projects involving cooperation with other municipalities.

EFFECTIVE DATE. This section is effective for production in 2009, for distributions in 2010, and thereafter.

Sec. 8. Minnesota Statutes 2008, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

(b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(ii) Four cents per taxable ton from each taconite facility must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

(1) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

(2) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

(3) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia, 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

(4) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; and

(5) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or \$25 times the number of pupil units served in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) Four cents per taxable ton must be distributed to qualifying school districts according to the distribution specified in paragraph (b), clause (ii), and apportioned based on the apportionment formula prescribed in subdivision 2. Two cents per taxable ton must be distributed according to the distribution specified in paragraph (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48, subdivision 8.

EFFECTIVE DATE. This section is effective for production in 2009, for distributions in 2010, and thereafter.

Sec. 9. Minnesota Statutes 2008, section 298.28, is amended by adding a subdivision to read:

Subd. 9e. **Taconite environmental fund; additional distribution.** Beginning with distributions in 2010, an amount equal to the total taconite railroad distribution paid in 2009 to counties, cities, and towns under section 298.28, subdivision 11, less the equivalent of 2.0 cents per gross ton that is distributed to the cities and towns under section 298.28, subdivision 2, for the current distribution year. The amount of difference must annually be paid to the taconite environmental fund for use under section 298.223, as provided under that subdivision.

EFFECTIVE DATE. This section is effective for production in 2009, for distributions in 2010, and thereafter.

Sec. 10. Minnesota Statutes 2008, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to 10a, as certified by the commissioner of revenue, and paragraphs (b), (c), (d), and (e) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

~~(b) There shall be distributed to each city, town, and county the amount that it received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.~~

~~(e)~~ There shall be distributed to the Iron Range Resources and Rehabilitation Board the amounts it received in 1977 under section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

~~(d)~~ ~~(c)~~ There shall be distributed to each school district 62 percent of the amount that it received under section 294.26 in calendar year 1977.

~~(e)~~ ~~(d)~~ In 2003 only, \$100,000 must be distributed to a township located in a taconite tax relief area as defined in section 273.134, paragraph (a), that received \$119,259 of homestead and agricultural credit aid and \$182,014 in local government aid in 2001.

EFFECTIVE DATE. This section is effective for production in 2009, for distributions in 2010, and thereafter.

ARTICLE 13

MISCELLANEOUS

Section 1. **[17.1195] BOVINE TUBERCULOSIS TESTING GRANTS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of agriculture.

(c) "Corporate owner of cattle" means an owner of cattle subject to tax under section 290.06, subdivision 1, and also a shareholder of an S corporation under section 290.9725.

Subd. 2. **Bovine tuberculosis testing grants.** (a) The commissioner is authorized to make grants to owners of cattle in Minnesota to offset a portion of the cost of tuberculosis testing performed on the cattle. For corporate owners of cattle, the grant equals 25 percent of the tuberculosis testing expenses incurred during the calendar year. For all other owners, the grant equals 50 percent of tuberculosis testing expenses incurred during the calendar year.

(b) The commissioner may specify a time and manner for cattle owners to apply for grants under this section, and may request supporting documentation of actual testing expenses. Applications received by January 31 relating to testing expenses incurred in the previous calendar year are eligible for grants. The commissioner must issue grants by March 1.

(c) If applications for grants exceed the amount available for the fiscal year, the commissioner must proportionally adjust all grant amounts so that the amount awarded for the year does not exceed the amount available.

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

Sec. 2. **[17.1197] BOVINE TUBERCULOSIS GRANTS; SPLIT STATE STATUS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of agriculture.

(c) "Owner" means an individual or corporation, including a shareholder of an S corporation under section 290.9725, who owned a herd of animals subject to a whole-herd test for bovine tuberculosis in calendar years 2006 through 2008 and located in the modified accredited zone established as part of Minnesota's split state status as approved by the United States Department of Agriculture and effective October 10, 2008.

(e) "Animals" means cattle, bison, and goats.

Subd. 2. **Bovine tuberculosis split state grants.** (a) The commissioner is authorized to make annual grants to owners to offset a portion of the cost of tuberculosis testing performed on animals. The annual grant amount for each owner equals \$25 per animal multiplied by the largest number of animals tested as part of any whole-herd test of the owner's animals occurring during the years 2006 through 2008 as reported by the Board of Animal Health.

(b) The commissioner may specify a time and manner for owners to apply for grants under this section, and may request supporting documentation of actual testing expenses.

(c) If applications for grants exceed the amount available for the fiscal year, the commissioner must proportionally adjust all grant amounts so that the amount awarded for the year does not exceed the amount available.

(d) The grants made under this subdivision shall be made annually after July 1 and before July 15, beginning in 2010, until terminated under this paragraph. The commissioner's authority to make grants under this subdivision terminates in the year following the calendar year in which the Board of Animal Health certifies that the state is free of bovine tuberculosis.

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

Sec. 3. Minnesota Statutes 2008, section 270C.12, is amended by adding a subdivision to read:

Subd. 5. **Duration.** Notwithstanding the provisions of any statutes to the contrary, including section 15.059, the coordinating committee as established by this section to oversee and coordinate preparation of the microdata samples of income tax returns and other information does not expire.

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

Sec. 4. Minnesota Statutes 2008, section 270C.445, is amended to read:

270C.445 TAX PREPARATION SERVICES.

Subdivision 1. **Scope.** This section applies to a person who provides tax preparation services, ~~except:~~

(1) a person who provides tax preparation services for fewer than ten clients in a calendar year;

(2) a person who provides tax preparation services only to immediate family members. For the purposes of this section, "immediate family members" means a spouse, parent, grandparent, child, or sibling;

(3) an employee who prepares a tax return for an employer's business;

(4) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them; and

(5) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Client" means an individual for whom a tax preparer performs or agrees to perform tax preparation services.

(c) "Person" means an individual, corporation, partnership, limited liability company, association, trustee, or other legal entity.

(d) "Refund anticipation loan" means a loan or any other extension of credit, whether provided by the tax preparer or another entity such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or both.

(e) "Tax preparation services" means services provided for a fee or other consideration to a client to:

(1) assist with preparing or filing state or federal individual income tax returns;

(2) assume final responsibility for completed work on an individual income tax return on which preliminary work has been done by another; or

(3) ~~offer or~~ facilitate the provision of refund anticipation loans and refund anticipation checks.

(f) "Tax preparer" or "preparer" means a person providing tax preparation services subject to this section.

(g) "Advertise" means to solicit business through any means or medium.

(h) "Facilitate" means to individually or in conjunction or cooperation with another person:

(1) accept an application for a refund anticipation loan;

(2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any other means, of a refund anticipation loan; or

(3) offer, arrange, process, provide, or in any other manner act to allow the making of, a refund anticipation loan.

(i) "Refund anticipation check" means a negotiable instrument provided to a client by the tax preparer or another person, which is issued from the proceeds of a taxpayer's federal or state income tax refund or both and represents the net of the refund minus the tax preparation fee and any other fees. A refund anticipation check includes a refund transfer.

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's tax return;

(2) obtain the signature of a client to a tax return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's tax return when payment for services rendered has been made;

(4) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(5) fail to retain for at least four years a copy of individual income tax returns;

- (6) fail to maintain a confidential relationship ~~between themselves and their~~ with clients or former clients;
- (7) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;
- (8) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;
- (9) require a client to enter into a loan arrangement in order to complete a tax return;
- (10) claim credits or deductions on a client's tax return for which the tax preparer knows or reasonably should know the ~~taxpayer~~ client does not qualify;
- (11) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;
- (12) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's tax return;
- (13) establish an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;
- (14) fail to act in the best interests of the client;
- (15) fail to safeguard and account for any money handled for the client;
- (16) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;
- (17) violate any provision of section 332.37;
- (18) include any of the following in any document provided or signed in connection with the provision of tax preparation services:
- (i) a hold harmless clause;
- (ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;
- (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;
- (iv) an assignment of or an order for payment of wages or other compensation for services;
- (v) a provision in which the client agrees not to assert any claim or defense otherwise available;
- (vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or
- (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(19) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

Subd. 3a. **Written agreements required; refund anticipation loans and checks.** (a) All agreements to make, provide, or facilitate a refund anticipation loan or refund anticipation check must be in writing. No agreement may include a provision that directly or indirectly arranges for payment of or deduction from any portion of the refund anticipation loan or refund anticipation check for check cashing, credit insurance, attorney fees, or the collection of any debt owed to any party for any other good or service other than a debt owed to the facilitator for the repayment of a refund anticipation loan and tax preparation fees associated with the refund anticipation loan or refund anticipation check.

(b) If a written agreement contains a mandatory arbitration clause, the tax preparer must provide a separate written notice to the client that:

(1) arbitration is the exclusive means of dispute resolution for any dispute about the written agreement;

(2) the client has the right to affirmatively opt out of the arbitration clause within 30 days of entering into an agreement; and

(3) the client is not bound to arbitration if the claim or dispute involves a violation of this section or the client invokes the remedies provided in subdivision 7.

The tax preparer must advise the client, both orally and in writing, of the process by which the client may exercise the right to opt out of the mandatory arbitration clause.

Subd. 4. **Required disclosures; refund anticipation loans.** (a) ~~If Before or at the same time~~ a tax preparer offers to make or facilitate a refund anticipation loan to the client, the preparer must make the disclosures in ~~this subdivision. The disclosures must be made before or at the same time the preparer offers the refund anticipation loan to the client.~~ subdivision 4a. Before or at the same time a tax preparer offers or facilitates a refund anticipation check or refund transfer, the tax preparer must make the disclosures in subdivision 4b.

(b) The disclosures must be provided to a client in a written notice on a single sheet of paper, separate from any other document or writing.

(c) All required statements must be in capital and small font type fonts, in a minimum of 14-point type, with at least a double space between each statement.

(d) The notice must be signed and dated by the tax preparer and the client.

(e) All required disclosures, notices, and statements must be provided in the client's primary language, if the tax preparer advertises in that language.

~~(b) The tax preparer must provide to a client a written notice on a single sheet of paper, separate from any other document or writing, containing:~~

~~(1) a legend, centered at the top on the single sheet of paper, in bold, capital letters, and in 28-point type stating "NOTICE";~~

~~(2) the following verbatim statements:~~

~~(i) "This is a loan. The annual percentage rate (APR), based on the estimated payment period, is (fill in the estimated APR)."~~

~~(ii) "Your refund will be used to repay the loan. As a result, the amount of your refund will be reduced by (fill in appropriate dollar amount) for fees, interest, and other charges."~~

~~(iii) "You can get your refund in about two weeks if you file your return electronically and have the Internal Revenue Service send your refund to your own bank account." and~~

~~(3) if the client is subject to additional interest when a refund is delayed, the following verbatim statement must also be included in the notice: "If you choose to take this loan and your refund is delayed, you may have to pay additional interest."~~

~~(e) All required statements must be in capital and small font type fonts, in a minimum of 14 point type, with at least a double space between each line in the statement and four spaces between each statement.~~

~~(d) The notice must be signed and dated by the tax preparer and the client.~~

Subd. 4a. **Refund anticipation loan disclosures.** The disclosure required under subdivision 4 for a refund anticipation loan must contain:

(1) a legend, centered at the top on the single sheet of paper, in bold, capital letters, and in 28-point type stating "NOTICE";

(2) the following verbatim statements:

(i) "This is a loan. This is not your refund. The annual percentage rate (APR), based on the estimated payment period, is (fill in the estimated APR).";

(ii) "Your refund will be used to repay the loan. As a result, the amount of your refund will be reduced by (fill in appropriate dollar amount) for fees, interest, and other charges.";

(iii) "You have the right to cancel this transaction by returning the loan check or the amount of the loan in cash within one business day after you get the loan."; and

(iv) "You can get your refund in about two weeks if you file your return electronically and have the Internal Revenue Service send your refund to your own bank account."; and

(3) if the client is subject to additional interest when a refund is delayed, the following verbatim statement must also be included in the notice: "If you choose to take this loan and your refund is delayed, you may have to pay."

Subd. 4b. **Refund anticipation check disclosures.** (a) The disclosure required under subdivision 4 for a refund anticipation check must contain:

(1) a legend, centered at the top on the single sheet of paper, in bold, capital letters, and in 28-point type stating "NOTICE";

(2) the following verbatim statements:

(i) "You do not have to purchase a refund anticipation check (RAC) to get your tax refund.";

(ii) "Generally the IRS can direct deposit your income tax refund to your personal bank account within 8 to 15 days after the IRS accepts your tax return for processing.";

(iii) "If you choose to purchase a RAC, your tax return funds will generally be made available to you within 8 to 15 days.";

(iv) "A RAC is not a loan.";

(v) "The cost of the RAC is \$ (fill in dollar amount).";

(vi) "You can either pay for your RAC now or you can have it withheld from your refund."; and

(vii) "The cost of your tax return is not any more or any less if you purchase a RAC."

(b) A tax preparer offering a refund anticipation check that uses a different product name, including but not limited to refund transfer, must substitute the product name for "RAC" in all the statements required under this subdivision.

Subd. 5. **Itemized bill required.** A tax preparer must provide an itemized statement of the charges for services, at least separately stating the charges for:

(1) return preparation; ~~and~~

(2) providing or facilitating a refund anticipation loan; and

(3) each fee associated with the provision of a refund anticipation check.

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 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.

Subd. 5b. **Right to rescind refund anticipation loan.** (a) A client may rescind a refund anticipation loan on or before the close of business on the next day of business following execution of the loan agreement or receipt of the proceeds of the loan by providing written notification to the tax preparer of the rescission, and either returning the original check issued for the loan, or tendering the amount of the loan to the tax preparer.

(b) The tax preparer may charge a fee for rescinding a refund anticipation loan only if an account has been established at a financial institution to electronically receive the refund and the financial institution has charged a fee to establish the account. The allowable fee the tax preparer may charge the client rescinding the refund anticipation loan may not exceed the fee charged to the tax preparer by the financial institution to establish the account.

Subd. 6. **Enforcement; penalties.** The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3, 3a, 4, or 5b, provided that a penalty may not be imposed for any conduct that is also subject to the tax return preparer penalties in section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this subdivision is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. Penalties imposed under this subdivision are public data.

Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of Accountancy shall refer to the commissioner complaints it receives about tax preparers who are not subject to the jurisdiction of the State Board of Accountancy and who are alleged to have violated the provisions of subdivisions 3 ~~to~~, 3a, 4, 4a, 4b, 5, and 5b.

Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The Lawyers Board of Professional Responsibility may refer to the commissioner complaints it receives about tax preparers who are not subject to its jurisdiction and who are alleged to have violated the provisions of subdivisions ~~3 to~~ 3a, 4, 4a, 4b, 5, and 5b.

Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer complaints about tax preparers who are alleged to have violated the provisions of subdivisions ~~3 to~~ 3a, 4, 4a, 4b, 5, and 5b to:

- (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and
- (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its jurisdiction.

Subd. 6d. **Data private.** Information exchanged on individuals under subdivisions 6a to 6c are private data under section 13.02, subdivision 12, until such time as a penalty is imposed as provided in section 326A.08 or by the Lawyers Board of Professional Responsibility.

Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section is an unfair, deceptive, and unlawful trade practice within the meaning of section 8.31. An action taken under section 8.31 is in the public interest.

(b) A client may bring a civil action seeking redress for a violation of this section in the conciliation or the district court of the county in which unlawful action is alleged to have been committed or where the respondent resides or has a principal place of business.

(c) A ~~district~~ court finding for the plaintiff must award:

- (1) actual damages, ~~including~~;
- (2) incidental and consequential damages;;
- (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the plaintiff violated subdivision 3a, 4, or 5b all interest and fees for a refund anticipation loan;
- (4) reasonable attorney fees;;
- (5) court costs; and
- (6) any other equitable relief as the court considers appropriate.

Subd. 8. **Limited exemptions; enforcement provisions.** The provisions of this section, except for ~~subdivision~~ subdivisions 3a, 4, and 5b, do not apply to:

- (1) an attorney admitted to practice under section 481.01;
- (2) a certified public accountant or other person who is subject to the jurisdiction of the State Board of Accountancy;
- (3) an enrolled agent who has passed the special enrollment examination administered by the Internal Revenue Service; or
- (4) ~~any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, the testator, trustor, grantor, or beneficiaries of them;~~

- ~~(5) a tax preparer who provides tax preparation services for fewer than six clients in a calendar year;~~
- ~~(6) tax preparation services to a spouse, parent, grandparent, child, or sibling of the tax preparer; and~~
- ~~(7) the preparation by an employee of the tax return of the employee's employer~~

(4) anyone who provides, or assists in providing, tax preparation services within the scope of duties as an employee or supervisor of a person who is exempt under this subdivision.

Sec. 5. Minnesota Statutes 2008, section 270C.56, subdivision 3, is amended to read:

Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax, or within one year after the date of an order assessing underlying tax, whichever period expires later. An order assessing personal liability under this section is reviewable under section 270C.35 and is appealable to Tax Court.

(b) If the time for appealing the order has expired and a payment is made by or collected from the person assessed on the order in excess of the amount lawfully due from that person of any portion of the liability shown on the order, a claim for refund may be made by that person within 120 days after any payment of the liability if the payment is within 3-1/2 years after the date the order was issued. Claims for refund under this paragraph are limited to the amount paid during the 120-day period. Any amounts collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid balance of the assessment that is the subject of the claim shall be returned if the claim is allowed. There is no claim for refund available under this paragraph if the assessment has previously been the subject of an administrative or Tax Court appeal, or a denied claim for refund. The taxpayer may contest denial of the refund as provided in the procedures governing claims for refunds under section 289A.50, subdivision 7.

(c) If a person has been assessed under this section for an amount for a given period and the time for appeal has expired, regardless of whether an action contesting denial of a claim for refund has been filed under paragraph (b), or there has been a final determination that the person is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for that assessment or for subsequent assessments of additional amounts for the same person for the same period and tax type.

EFFECTIVE DATE. This section is effective for orders issued after the date of final enactment.

Sec. 6. Minnesota Statutes 2008, section 275.07, is amended by adding a subdivision to read:

Subd. 6. **Recertification due to unallotment.** If a local government's December aid or credit payments under sections 477A.011 to 477A.014 and section 273.1384 are reduced due to unallotment under section 16A.152, the local government may recertify its levy under subdivision 1, by January 15 of the year in which the levy will be paid. The local government must report the recertified amount to the county auditor within two business days of January 15 or the levy will remain at the amount certified under subdivision 1. Notwithstanding subdivision 4, the county auditor shall report to the commissioner of revenue any recertified levies under this subdivision by January 30 of the year in which the levy will be paid.

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

Sec. 7. Minnesota Statutes 2008, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of

Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year; ~~and~~

(22) an amount equal to any reductions in the certified aids or credits payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 in any year, reductions in aids under chapter 477A, that are enacted by the legislature in the year in which the aid is paid, and reductions to credits under section 273.1384 enacted by the legislature in any year. The amount of the levy allowed under this clause is equal to the amount unallotted or reduced in the calendar year in which the tax is levied unless the ~~unallotment~~ amount is not known by September 1 of the levy year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or section 275.07, subdivision 6, in which case the unallotment amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5; and

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause.

EFFECTIVE DATE. This section is effective for levies certified in calendar year 2009 and thereafter, payable in 2010 and thereafter.

Sec. 8. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in ~~2008 through 2009~~ 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator, but not less than two percent;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

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

Sec. 9. Minnesota Statutes 2008, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be received as provided in paragraph (a). ~~If the principal debt or obligation secured by such a multiple county mortgage exceeds \$1,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the market value of the real property covered by the mortgage in each county bears to the market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the market valuation of any tract of real property in any mortgage.~~

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

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

Sec. 10. Minnesota Statutes 2008, section 475.51, subdivision 4, is amended to read:

Subd. 4. **Net debt.** "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

- (3) Obligations payable wholly from the income from revenue producing conveniences.
- (4) Obligations issued to create or maintain a permanent improvement revolving fund.
- (5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
- (6) Debt service loans and capital loans made to a school district under the provisions of sections 126C.68 and 126C.69.
- (7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
- (8) Obligations to repay loans made under section 216C.37.
- (9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
- (10) Obligations issued to pay pension fund ~~or other postemployment benefit~~ liabilities under section 475.52, subdivision 6, or any charter authority.
- (11) Obligations issued to pay judgments against the municipality under section 475.52, subdivision 6, or any charter authority.
- (12) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

EFFECTIVE DATE. This section is effective for obligations sold after August 1, 2009.

Sec. 11. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; ~~for funding actuarial liabilities to pay postemployment benefits to employees or officers after their termination of service;~~ or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216. The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members. ~~For purposes of this section, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board.~~

EFFECTIVE DATE. This section is effective for obligations sold after August 1, 2009.

Sec. 12. Minnesota Statutes 2008, section 475.58, subdivision 1, is amended to read:

Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

- (1) to pay any unpaid judgment against the municipality;

(2) for refunding obligations;

(3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or from tax increments, as defined in section 469.174, subdivision 25, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or tax increments and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from tax increments;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;

(7) to fund pension or retirement fund ~~or postemployment benefit~~ liabilities pursuant to section 475.52, subdivision 6;

(8) under a capital improvement plan under section 373.40; and

(9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if the proceeds of the bonds are not used for a purpose prohibited under section 469.176, subdivision 4g, paragraph (b).

EFFECTIVE DATE. This section is effective for obligations sold after August 1, 2009.

Sec. 13. **[475.755] EMERGENCY DEBT CERTIFICATES.**

(a) If at any time during a fiscal year the receipts of a local government are reasonably expected to be reduced below the amount provided in the local government's budget when the final property tax levy to be collected during the fiscal year was certified and the receipts are insufficient to meet the expenses incurred or to be incurred during the fiscal year, the governing body of the local government may authorize and sell certificates of indebtedness to mature within two years or less from the end of the fiscal year in which the certificates are issued. The maximum principal amount of the certificates that it may issue in a fiscal year is limited to the expected reduction in receipts plus the cost of issuance. The certificates may be issued in the manner and on the terms the governing body determines by resolution.

(b) The governing body of the local government shall levy taxes for the payment of principal and interest on the certificates in accordance with section 475.61.

(c) The certificates are not to be included in the net debt of the issuing local government.

(d) To the extent that a local government issues certificates under this section to fund an unallotment or other reduction in its state aid, the local government may not use a special levy for the aid reduction under section 275.70, subdivision 5, clause (22), or a similar or successor provision. This provision does not affect the status of the levy under section 475.61 to pay the certificates as a levy that is not subject to levy limits.

(e) For purposes of this section, the following terms have the meanings given:

(1) "Local government" means a statutory or home rule charter city, a town, or a county.

(2) "Receipts" includes the following amounts scheduled to be received by the local government for the fiscal year from:

(i) taxes;

(ii) aid payments previously certified by the state to be paid to the local government;

(iii) state reimbursement payments for property tax credits; and

(iv) any other source.

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

Sec. 14. **BUDGET RESERVE.**

In fiscal year 2010, the commissioner of finance shall transfer \$250,000,000 to the budget reserve account in the general fund. The commissioner shall make this transfer from general fund revenues resulting from legislation enacted in the 2009 legislative session. The amount necessary for this purpose is appropriated from the general fund.

Sec. 15. **APPROPRIATIONS.**

Subdivision 1. **Bovine tuberculosis testing grants.** \$360,000 in fiscal year 2010 and \$360,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of agriculture to make bovine tuberculosis testing grants as provided in Minnesota Statutes, section 17.1195. Of this amount, the commissioner may use up to five percent for administrative expenses related to the grant program.

Subd. 2. **Bovine tuberculosis; split state status grants.** \$400,000 in fiscal year 2010 and \$400,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of agriculture to make bovine tuberculosis split state status grants as provided in Minnesota Statutes, section 17.1197. Of this amount, the commissioner may use up to five percent for administrative expenses related to the grant program.

Subd. 3. **Basic sliding fee child care.** \$5,000,000 in fiscal year 2010 and \$5,000,000 in fiscal year 2011 are appropriated from the general fund to the commissioner of human services for basic sliding fee child care under Minnesota Statutes, section 119B.03. This appropriation is added to base level funding and is in addition to any other appropriation for the same purpose. Notwithstanding any other law to the contrary, this appropriation may only be used to fund child care assistance."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, estate, gift, cigarette, tobacco, liquor, motor vehicle, gross receipts, minerals, tax increment financing and other taxes and tax-related provisions; requiring certain additions; conforming to federal section 179 expensing allowances; adding Minnesota development subsidies to corporate taxable income; disallowing certain subtractions; allowing certain nonrefundable credits; allowing a refundable Minnesota child credit; repealing various credits; conforming to certain federal tax provisions; expanding definition of domestic corporation to include tax havens; modifying income tax rates; expanding and increasing credit for research activities; accelerating single sales apportionment; modifying minimum fees; allowing county local sales tax; eliminating certain existing local sales

taxes; adjusting county program aid; modifying levy limits; making changes to residential homestead market value credit; providing flexibility and mandate reduction provisions; making changes to various property tax and local government aid-related provisions; providing temporary suspension of new or increased maintenance of effort and matching fund requirements; modifying county support of libraries; establishing the Council on Local Results and Innovation; providing property tax system benchmarks, critical indicators, and principles; establishing a property tax work group; creating the Legislative Commission on Mandate Reform; making changes to certain administrative procedures; modifying mortgage registry tax payments; modifying truth in taxation provisions; providing clarification for eligibility for property tax exemption for institutions of purely public charity; making changes to property tax refund and senior citizen property tax deferral programs; providing property tax exemptions; providing a property valuation reduction for certain land constituting a riparian buffer; providing a partial valuation exclusion for disaster damaged homes; extending deadline for special service district and housing improvement districts; requiring a fiscal disparity study; extending emergency medical service special taxing district; providing emergency debt certificates; providing and modifying local taxes; expanding county authorization to abate certain improvements; providing municipal street improvement districts; establishing a seasonal recreational property tax deferral program; expanding sales and use tax base; defining solicitor for purposes of nexus; providing a bovine tuberculosis testing grant; modifying tax preparation services law; modifying local lodging tax; eliminating authority of municipalities to issue bonds for certain other postemployment benefits; allowing use of increment to offset state aid reductions; allowing additional authority to spend increments for housing replacement district plans; modifying and authorizing certain tax increment financing districts; providing equitable funding health and human services reform; modifying JOBZ provisions; repealing international economic development and biotechnology and health science industry zones; modifying basic sliding fee program funding; providing appointments; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 3.842, subdivision 4a; 3.843; 16C.28, subdivision 1a; 40A.09; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 123B.10, subdivision 1; 134.34, subdivisions 1, 4; 270C.12, by adding a subdivision; 270C.445; 270C.56, subdivision 3; 272.02, subdivision 7, by adding subdivisions; 272.029, subdivision 6; 273.111, by adding a subdivision; 273.1231, subdivision 1; 273.1232, subdivision 1; 273.124, subdivision 1; 273.13, subdivisions 25, 34; 273.1384, subdivisions 1, 4, by adding a subdivision; 273.1393; 275.025, subdivisions 1, 2; 275.065, subdivisions 1, 1a, 1c, 3, 6; 275.07, subdivisions 1, 4, by adding a subdivision; 275.70, subdivisions 3, 5; 275.71, subdivisions 2, 4, 5; 276.04, subdivision 2; 279.10; 282.08; 287.08; 289A.02, subdivision 7, as amended; 289A.11, subdivision 1; 289A.20, subdivision 4; 289A.31, subdivision 5; 290.01, subdivisions 5, 19, as amended, 19a, as amended, 19b, 19c, as amended, 19d, as amended, 29, 31, as amended, by adding subdivisions; 290.014, subdivision 2; 290.06, subdivisions 2c, 2d, by adding subdivisions; 290.0671, subdivision 1; 290.068, subdivisions 1, 3, 4; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivisions 1, 3, by adding a subdivision; 290.17, subdivisions 2, 4; 290.191, subdivisions 2, 3; 290A.03, subdivisions 3, as amended, 15, as amended; 290A.04, subdivision 2; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1, as amended; 291.03, subdivision 1; 295.75, subdivision 2; 297A.61, subdivisions 3, 4, 5, 6, 10, 14a, 17a, 21, 38, by adding subdivisions; 297A.62, by adding a subdivision; 297A.63; 297A.64, subdivision 2; 297A.66, subdivision 1, by adding a subdivision; 297A.67, subdivisions 15, 23; 297A.815, subdivision 3; 297A.83, subdivision 3; 297A.94; 297A.99, subdivisions 1, 6; 297B.02, subdivision 1; 297F.01, by adding a subdivision; 297F.05, subdivisions 1, 3, 4, by adding a subdivision; 297G.03, subdivision 1; 297G.04; 298.001, by adding a subdivision; 298.018, subdivisions 1, 2, by adding a subdivision; 298.227; 298.24, subdivision 1; 298.28, subdivisions 2, 4, 11, by adding a subdivision; 306.243, by adding a subdivision; 344.18; 365.28; 375.194, subdivision 5; 383A.75, subdivision 3; 428A.101; 428A.21; 429.011, subdivision 2a; 429.021, subdivision 1; 429.041, subdivisions 1, 2; 446A.086, subdivision 8; 465.719, subdivision 9; 469.015; 469.174, subdivision 22; 469.175, subdivisions 1, 6; 469.176, subdivisions 3, 6, by adding a subdivision; 469.1763, subdivisions 2, 3; 469.178, subdivision 7; 469.315; 469.3192; 473.13, subdivision 1; 473H.04, by adding a subdivision; 473H.05, subdivision 1; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1; 477A.011, subdivision 36; 477A.0124, by adding a subdivision; 477A.013, subdivision 9, by adding a subdivision; 477A.03, subdivisions 2a, 2b; 641.12, subdivision 1; Laws 1986, chapter 396, section 4, subdivision 3; by adding a subdivision; Laws 1986, chapter 400, section 44, as amended; Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended; Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended, by adding a subdivision; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as

amended; 45, subdivision 1, as amended; Laws 1996, chapter 471, article 2, section 30; Laws 1998, chapter 389, article 8, section 37, subdivision 1; Laws 2001, First Special Session chapter 5, article 3, section 8, as amended; Laws 2002, chapter 377, article 3, section 25; Laws 2006, chapter 259, article 3, section 12, subdivision 3; Laws 2008, chapter 366, article 5, section 34; article 6, sections 9; 10; article 7, section 16, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 14; 17; 256E; 270C; 272; 273; 275; 290; 292; 297A; 435; 471; 475; 477A; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2008, sections 245.4835; 245.4932, subdivision 1; 246.54, subdivisions 1, 2; 252.275, subdivision 3; 253B.045, subdivision 2; 254B.04, subdivision 1; 256.82, subdivision 2; 256.976; 256B.05, subdivision 1; 256B.0625, subdivisions 20, 20a; 256B.0945, subdivisions 1, 2, 3, 4; 256B.19, subdivision 1; 256D.03; 256D.053, subdivision 3; 256E.12, subdivision 3; 256F.10, subdivision 7; 256F.13, subdivision 1; 256I.04; 256I.08; 256J.09, subdivisions 1, 2, 3; 256L.15, subdivision 4; 272.02, subdivision 83; 273.113; 275.065, subdivisions 5a, 6b, 6c, 8, 9, 10; 289A.50, subdivision 10; 290.01, subdivision 6b; 290.06, subdivisions 24, 28, 30, 31, 32, 33, 34; 290.067, subdivisions 1, 2, 2a, 2b, 3, 4; 290.0672; 290.0674; 290.0679; 290.0802; 290.0921, subdivision 7; 290.191, subdivision 4; 290.491; 297A.61, subdivision 45; 297A.68, subdivisions 38, 41; 469.316; 469.317; 469.321; 469.3215; 469.322; 469.323; 469.324; 469.325; 469.326; 469.327; 469.328; 469.329; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340; 469.341; 477A.0124, subdivisions 3, 4, 5; 477A.03, subdivision 5; Laws 2009, chapter 3, section 1; Laws 2009, chapter 12, article 1, section 8."

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

A roll call was requested and properly seconded on the adoption of the committee report.

CALL OF THE HOUSE

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

Abeler	Dettmer	Haws	Lanning	Nornes	Shimanski
Anderson, B.	Dill	Hayden	Lenczewski	Obermueller	Simon
Anderson, P.	Dittrich	Hilstrom	Lesch	Olin	Slawik
Anderson, S.	Doepke	Hilty	Liebling	Otremba	Slocum
Anzelc	Doty	Hoppe	Lillie	Paymar	Smith
Beard	Downey	Hornstein	Loeffler	Pelowski	Solberg
Benson	Drazkowski	Hortman	Loon	Peppin	Sterner
Bigham	Eastlund	Hosch	Mack	Persell	Swails
Bly	Eken	Howes	Magnus	Peterson	Thao
Brod	Falk	Jackson	Mahoney	Poppe	Thissen
Brown	Faust	Johnson	Marquart	Reinert	Tillberry
Brynaert	Fritz	Juhnke	Masin	Rosenthal	Torkelson
Buesgens	Gardner	Kahn	McFarlane	Rukavina	Urdahl
Bunn	Garofalo	Kalin	McNamara	Ruud	Wagenius
Carlson	Gottwalt	Kath	Morgan	Sailer	Ward
Champion	Greiling	Kelly	Morrow	Sanders	Welti
Clark	Gunther	Kiffmeyer	Mullery	Scalze	Westrom
Cornish	Hackbarth	Knuth	Murdock	Scott	Zellers
Davids	Hamilton	Koenen	Murphy, E.	Seifert	Spk. Kelliher
Davnie	Hansen	Kohls	Nelson	Sertich	
Demmer	Hausman	Laine	Newton	Severson	

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

The question recurred on the adoption of the committee report from the Committee on Taxes relating to H. F. No. 2323 and the roll was called. There were 77 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anzelc	Falk	Hosch	Lillie	Obermueller	Simon
Benson	Faust	Huntley	Loeffler	Olin	Slawik
Bigham	Fritz	Johnson	Mahoney	Paymar	Slocum
Bly	Gardner	Juhnke	Marquart	Persell	Solberg
Brown	Greiling	Kahn	Masin	Peterson	Swails
Brynaert	Hansen	Kalin	Morgan	Poppe	Thao
Carlson	Hausman	Knuth	Morrow	Reinert	Thissen
Champion	Haws	Koenen	Mullery	Rosenthal	Tillberry
Clark	Hayden	Laine	Murphy, E.	Rukavina	Wagenius
Davnie	Hilstrom	Lenczewski	Murphy, M.	Ruud	Ward
Dill	Hilty	Lesch	Nelson	Sailer	Welti
Dittrich	Hornstein	Liebling	Newton	Scalze	Spk. Kelliher
Eken	Hortman	Lieder	Norton	Sertich	

Those who voted in the negative were:

Abeler	Davids	Emmer	Jackson	McFarlane	Seifert
Anderson, B.	Dean	Garofalo	Kath	McNamara	Severson
Anderson, P.	Demmer	Gottwalt	Kelly	Murdock	Shimanski
Anderson, S.	Dettmer	Gunther	Kiffmeyer	Nornes	Smith
Beard	Doepke	Hackbarth	Kohls	Otremba	Sterner
Brod	Doty	Hamilton	Lanning	Pelowski	Torkelson
Buesgens	Downey	Holberg	Loon	Peppin	Urdahl
Bunn	Drazkowski	Hoppe	Mack	Sanders	Westrom
Cornish	Eastlund	Howes	Magnus	Scott	Zellers

The motion prevailed and the committee report from the Committee on Taxes relating to H. F. No. 2323 was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 802 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Kahn, Mariani, Greiling, Lanning, Bunn, Hayden and Carlson introduced:

H. F. No. 2345, A bill for an act relating to education; making proficiency in a second world language a requirement for high school graduation; amending Minnesota Statutes 2008, sections 120B.021; 120B.022, subdivision 1; 120B.023, subdivision 2; 120B.024.

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

Hayden, Clark and Champion introduced:

H. F. No. 2346, A bill for an act relating to state government; making Juneteenth a state holiday; amending Minnesota Statutes 2008, section 645.44, subdivision 5.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1627 and 2081.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1627, A bill for an act relating to the judiciary; appropriating money for the courts, public defenders, and other judiciary-related agencies; imposing per page filing fees for court papers; increasing various court fees and the parking surcharge; authorizing the imposition of a public defender fee for licensed attorneys; expanding the application of the criminal and traffic surcharge; authorizing referees to preside over conciliation courts and increasing the conciliation court civil claim limit; providing the Fourth Judicial District with fiscal flexibility as to the location of court facilities; providing a restorative justice-based alternative disposition process for certain adult and juvenile offenders; providing for the use of special masters to handle pretrial matters; enforcing judicial sanctions, including fines, fees, and surcharges; authorizing disbursement of minimum fines for controlled substance offenses to juvenile substance abuse court programs; appropriating money; amending Minnesota Statutes 2008, sections 2.724, subdivisions 2, 3; 86B.705, subdivision 2; 134A.09, subdivision 2a; 134A.10, subdivision 3; 152.025, subdivisions 1, 2; 152.0262, subdivision 1; 169A.20, subdivision 1, by adding subdivisions; 169A.25, subdivision 1; 169A.26, subdivision 1; 169A.27, subdivision 1; 169A.28, subdivision 2; 169A.284; 169A.46, subdivision 1; 169A.54, subdivision 1; 299D.03, subdivision 5; 357.021, subdivisions 1a, 2, 6, 7; 357.022; 357.08; 364.08; 375.14; 480.15, by adding a subdivision; 484.85; 484.90, subdivision 6; 484.91, subdivision 1; 491A.01, subdivision 3; 491A.02, subdivision 9; 491A.03, subdivision 1; 525.091, subdivision 1; 550.011; 609.035, subdivision 2; 609.10, subdivision 1; 609.101, subdivisions 3, 4; 609.125, subdivision 1; 609.131, subdivision 3; 609.135, subdivisions 1, 1a, 2; 631.48; proposing coding for new law in Minnesota Statutes, chapters 484; 609; repealing Minnesota Statutes 2008, sections 152.025, subdivision 3; 152.0262, subdivision 2; 383B.65, subdivision 2; 484.90, subdivisions 1, 2, 3; 487.08, subdivisions 1, 2, 3, 5; 609.135, subdivision 8.

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

S. F. No. 2081, A bill for an act relating to economic development and housing; establishing and modifying certain programs; providing for regulation of certain activities and practices; amending certain unemployment insurance provisions; providing for accounts, assessments, and fees; changing codes and licensing provisions; amending Iron Range resources provisions; regulating debt management and debt settlement services; increasing certain occupation license fees; making technical changes; providing penalties; appropriating money; amending

Minnesota Statutes 2008, sections 15.75, subdivision 5; 16B.54, subdivision 2; 45.011, subdivision 1; 45.027, subdivision 1; 46.04, subdivision 1; 46.05; 46.131, subdivision 2; 84.94, subdivision 3; 115C.08, subdivision 4; 116J.035, subdivisions 1, 6; 116J.401, subdivision 2; 116J.424; 116J.435, subdivisions 2, 3; 116J.68, subdivision 2; 116J.8731, subdivisions 2, 3; 116L.03, subdivision 5; 116L.05, subdivision 5; 116L.871, subdivision 1; 116L.96; 123A.08, subdivision 1; 124D.49, subdivision 3; 129D.13, subdivisions 1, 2, 3; 129D.14, subdivisions 4, 5, 6; 129D.155; 154.44, subdivision 1; 160.16, by adding a subdivision; 160.276, subdivision 8; 241.27, subdivision 1; 248.061, subdivision 3; 248.07, subdivisions 7, 8; 256J.626, subdivision 4; 256J.66, subdivision 1; 268.031; 268.035, subdivisions 2, 17, by adding subdivisions; 268.042, subdivision 3; 268.043; 268.044, subdivision 2; 268.047, subdivisions 1, 2; 268.051, subdivisions 1, 4; 268.052, subdivision 2; 268.053, subdivision 1; 268.057, subdivisions 4, 5; 268.0625, subdivision 1; 268.066; 268.067; 268.069, subdivision 1; 268.07, subdivisions 1, 2, 3, 3b; 268.084; 268.085, subdivisions 1, 2, 3, 3a, 4, 5, 6, 15; 268.095, subdivisions 1, 2, 4, 10, 11; 268.101, subdivisions 1, 2; 268.103, subdivision 1, by adding a subdivision; 268.105, subdivisions 1, 2, 3a, 4; 268.115, subdivision 5; 268.125, subdivision 5; 268.135, subdivision 4; 268.145, subdivision 1; 268.18, subdivisions 1, 2, 4a; 268.186; 268.196, subdivisions 1, 2; 268.199; 268.211; 268A.06, subdivision 1; 270.97; 298.22, subdivisions 2, 5a, 6, 7, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.2214, by adding a subdivision; 298.223; 298.227; 298.28, subdivision 9d; 298.292, subdivision 2; 298.294; 298.296, subdivision 2; 298.2961; 325E.115, subdivision 1; 325E.1151, subdivisions 1, 3, 4; 325E.311, subdivision 6; 326B.33, subdivisions 13, 19; 326B.46, subdivision 4; 326B.475, subdivisions 4, 7; 326B.49, subdivision 1; 326B.56, subdivision 4; 326B.58; 326B.815, subdivision 1; 326B.821, subdivision 2; 326B.86, subdivision 1; 326B.885, subdivision 2; 326B.89, subdivisions 3, 16; 326B.94, subdivision 4; 326B.972; 326B.986, subdivisions 2, 5, 8; 327B.04, subdivisions 7, 8, by adding a subdivision; 327C.03, by adding a subdivision; 327C.095, subdivision 12; 332A.02, subdivisions 5, 8, 9, 10, 13, by adding subdivisions; 332A.04, subdivision 6; 332A.08; 332A.10; 332A.11, subdivision 2; 332A.14; 469.169, subdivision 3; Laws 1998, chapter 404, section 23, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapters 1; 116J; 137; 161; 268; 298; 326B; proposing coding for new law as Minnesota Statutes, chapter 332B; repealing Minnesota Statutes 2008, sections 116J.402; 116J.413; 116J.58, subdivision 1; 116J.59; 116J.61; 116J.656; 116L.16; 116L.88; 116U.65; 129D.13, subdivision 4; 176.135, subdivision 1b; 268.085, subdivision 14; 268.086; Minnesota Rules, part 1350.8300.

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

CALL OF THE HOUSE LIFTED

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

FISCAL CALENDAR

Pursuant to rule 1.22, Solberg requested immediate consideration of H. F. No. 1122.

H. F. No. 1122 was reported to the House.

Faust moved to amend H. F. No. 1122, the second engrossment, as follows:

Page 65, line 13, after the period, insert "Any revenue raised under this section is appropriated to the commissioner of agriculture to award grants to livestock producers under the 21st Century agricultural reinvestment program in Minnesota Statutes, section 41A.12."

A roll call was requested and properly seconded.

The question was taken on the Faust amendment and the roll was called. There were 100 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, P.	Dittrich	Hosch	Loeffler	Obermueller	Slawik
Anderson, S.	Doty	Huntley	Magnus	Olin	Slocum
Anzelc	Eken	Jackson	Mahoney	Otremba	Solberg
Benson	Falk	Johnson	Marquart	Paymar	Sterner
Bigham	Faust	Juhnke	Masin	Pelowski	Swails
Bly	Fritz	Kahn	McFarlane	Persell	Thao
Brown	Gardner	Kalin	McNamara	Peterson	Thissen
Brynaert	Greiling	Kath	Morgan	Poppe	Tillberry
Bunn	Hamilton	Knuth	Morrow	Reinert	Torkelson
Carlson	Hansen	Koenen	Mullery	Rosenthal	Urdahl
Champion	Hausman	Laine	Murdock	Rukavina	Wagenius
Clark	Haws	Lanning	Murphy, E.	Ruud	Ward
Cornish	Hayden	Lenczewski	Murphy, M.	Sailer	Welti
Davids	Hilstrom	Lesch	Nelson	Scalze	Westrom
Davnie	Hilty	Liebling	Newton	Sertich	Spk. Kelliher
Demmer	Hornstein	Lieder	Nornes	Shimanski	
Dill	Hortman	Lillie	Norton	Simon	

Those who voted in the negative were:

Abeler	Dettmer	Garofalo	Howes	Peppin	Zellers
Anderson, B.	Doepke	Gottwalt	Kelly	Sanders	
Beard	Downey	Gunther	Kiffmeyer	Scott	
Brod	Drazkowski	Hackbarth	Kohls	Seifert	
Buesgens	Eastlund	Holberg	Loon	Severson	
Dean	Emmer	Hoppe	Mack	Smith	

The motion prevailed and the amendment was adopted.

Severson moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 4, delete lines 6 to 18

Page 10, delete lines 29 to 31

Page 62, delete section 100

Page 63, delete section 101

Page 67, line 21, delete "\$350,000" and insert "\$480,000"

Adjust amounts accordingly

Juhnke moved to amend the Severson amendment to H. F. No. 1122, the second engrossment, as amended, as follows:

Page 1 of the Severson amendment, delete lines 2 through 5 and insert "Page 6, line 20, delete "8,162,000" and insert "8,032,000" and delete "7,077,000" and insert "6,947,000"

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 118 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hilstrom	Lanning	Newton	Sertich
Anderson, P.	Doepke	Hilty	Lenczewski	Nornes	Simon
Anderson, S.	Doty	Holberg	Lesch	Norton	Slawik
Anzelc	Downey	Hoppe	Liebling	Obermueller	Slocum
Beard	Eastlund	Hornstein	Lieder	Olin	Smith
Benson	Eken	Hortman	Lillie	Otremba	Solberg
Bigham	Emmer	Hosch	Loeffler	Paymar	Sterner
Bly	Falk	Howes	Loon	Pelowski	Swails
Brod	Faust	Huntley	Mahoney	Peppin	Thao
Brown	Fritz	Jackson	Marquart	Persell	Thissen
Brynaert	Gardner	Johnson	Masin	Peterson	Tillberry
Buesgens	Garofalo	Juhnke	McFarlane	Poppe	Torkelson
Bunn	Gottwalt	Kahn	McNamara	Reinert	Urdahl
Carlson	Greiling	Kalin	Morgan	Rosenthal	Wagenius
Champion	Gunther	Kath	Morrow	Rukavina	Ward
Clark	Hamilton	Kelly	Mullery	Ruud	Welti
Cornish	Hansen	Kiffmeyer	Murdock	Sailer	Westrom
Davnie	Hausman	Knuth	Murphy, E.	Scalze	Spk. Kelliher
Demmer	Haws	Koenen	Murphy, M.	Scott	
Dill	Hayden	Laine	Nelson	Seifert	

Those who voted in the negative were:

Anderson, B.	Dettmer	Kohls	Sanders	Zellers
Dauids	Drazkowski	Mack	Severson	
Dean	Hackbarth	Magnus	Shimanski	

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

The question recurred on the Severson amendment, as amended, to H. F. No. 1122, the second engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Dettmer moved to amend H.F. No. 1122, the second engrossment, as amended, as follows:

Page 8, delete lines 15 to 35

Page 67, after line 34, insert:

"State Soldiers Assistance Fund. \$50,000 each year is for an increase in the State Soldiers Assistance Fund Program. This is a onetime appropriation."

Adjust amounts accordingly

Juhnke moved to amend the Dettmer amendment to H. F. No. 1122, the second engrossment, as amended, as follows:

Page 1 of the Dettmer amendment, delete line 2 and insert "Page 6, line 20, delete "8,032,000" and insert "7,982,000" and delete "6,947,000" and insert "6,897,000"

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Laine	Nelson	Sertich
Anderson, B.	Dill	Hayden	Lanning	Newton	Severson
Anderson, P.	Dittrich	Hilstrom	Lenczewski	Nornes	Shimanski
Anderson, S.	Doepke	Hilty	Lesch	Norton	Simon
Anzelc	Doty	Holberg	Liebling	Obermueller	Slawik
Beard	Downey	Hoppe	Lieder	Olin	Slocum
Benson	Drazkowski	Hornstein	Lillie	Otremba	Smith
Bigham	Eastlund	Hortman	Loeffler	Paymar	Solberg
Bly	Eken	Hosch	Loon	Pelowski	Sterner
Brod	Emmer	Howes	Mack	Peppin	Swails
Brown	Falk	Huntley	Magnus	Persell	Thao
Brynaert	Faust	Jackson	Mahoney	Peterson	Thissen
Buesgens	Fritz	Johnson	Marquart	Poppe	Tillberry
Bunn	Gardner	Juhnke	Masin	Reinert	Torkelson
Carlson	Garofalo	Kahn	McFarlane	Rosenthal	Urdahl
Champion	Gottwalt	Kalin	McNamara	Rukavina	Wagenius
Clark	Greiling	Kath	Morgan	Ruud	Ward
Cornish	Gunther	Kelly	Morrow	Sailer	Welti
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Westrom
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Scott	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Seifert	

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

The question recurred on the Dettmer amendment, as amended, to H. F. No. 1122, the second engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Buesgens moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 6, delete lines 25 to 29

Page 11, line 25, delete "\$2,865,000" and insert "\$2,442,500" and delete "\$2,865,000" and insert "\$2,442,500"

Page 68, after line 24, insert:

"Fuel and Utilities. \$435,000 each year is for increases in fuel and utility costs at the Minnesota veterans homes. This is a onetime appropriation."

Adjust amounts accordingly

A roll call was requested and properly seconded.

Juhnke moved to amend the Buesgens amendment to H. F. No. 1122, the second engrossment, as amended, as follows:

Page 1 of the Buesgens amendment, delete lines 2 through 4 and insert "Page 6, line 23, delete "7,362,000" and insert "6,747,000" and delete "6,277,000" and insert "5,662,000"

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Laine	Nelson	Sertich
Anderson, B.	Dill	Hayden	Lanning	Newton	Severson
Anderson, P.	Dittrich	Hilstrom	Lenczewski	Nornes	Shimanski
Anderson, S.	Doepke	Hilty	Lesch	Norton	Simon
Anzelc	Doty	Holberg	Liebling	Obermueller	Slawik
Beard	Downey	Hoppe	Lieder	Olin	Slocum
Benson	Drazkowski	Hornstein	Lillie	Otremba	Smith
Bigham	Eastlund	Hortman	Loeffler	Paymar	Solberg
Bly	Eken	Hosch	Loon	Pelowski	Sterner
Brod	Emmer	Howes	Mack	Peppin	Swails
Brown	Falk	Huntley	Magnus	Persell	Thao
Brynaert	Faust	Jackson	Mahoney	Peterson	Thissen
Buesgens	Fritz	Johnson	Marquart	Poppe	Tillberry
Bunn	Gardner	Juhnke	Masin	Reinert	Torkelson
Carlson	Garofalo	Kahn	McFarlane	Rosenthal	Urdahl
Champion	Gottwalt	Kalin	McNamara	Rukavina	Wagenius
Clark	Greiling	Kath	Morgan	Ruud	Ward
Cornish	Gunther	Kelly	Morrow	Sailer	Welti
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Westrom
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Scott	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Seifert	

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

The question recurred on the Buesgens amendment, as amended, and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Laine	Nelson	Sertich
Anderson, B.	Dill	Hayden	Lanning	Newton	Severson
Anderson, P.	Dittrich	Hilstrom	Lenczewski	Nornes	Shimanski
Anderson, S.	Doepke	Hilty	Lesch	Norton	Simon
Anzelc	Doty	Holberg	Liebling	Obermueller	Slawik
Beard	Downey	Hoppe	Lieder	Olin	Slocum
Benson	Drazkowski	Hornstein	Lillie	Otremba	Smith
Bigham	Eastlund	Hortman	Loeffler	Paymar	Solberg
Bly	Eken	Hosch	Loon	Pelowski	Sterner
Brod	Emmer	Howes	Mack	Peppin	Swails
Brown	Falk	Huntley	Magnus	Persell	Thao
Brynaert	Faust	Jackson	Mahoney	Peterson	Thissen
Buesgens	Fritz	Johnson	Marquart	Poppe	Tillberry
Bunn	Gardner	Juhnke	Masin	Reinert	Torkelson
Carlson	Garofalo	Kahn	McFarlane	Rosenthal	Urdahl
Champion	Gottwalt	Kalin	McNamara	Rukavina	Wagenius
Clark	Greiling	Kath	Morgan	Ruud	Ward
Cornish	Gunther	Kelly	Morrow	Sailer	Welti
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Westrom
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Scott	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Seifert	

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

Drazkowski moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 57, line 30, delete "\$5,000" and insert "\$50,000"

Page 59, after line 4, insert:

"Sec. 93. Minnesota Statutes 2008, section 550.365, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ \$50,000 unless: (1) a mediation notice is served on the judgment debtor and a copy served on the director and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32. "

Page 59, after line 32, insert:

"Sec. 94. Minnesota Statutes 2008, section 559.209, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32 for a remaining balance on the contract of more than ~~\$5,000~~ \$50,000 unless: (1) a mediation notice is served on the contract for deed purchaser after a default has occurred under the contract and a copy served on the director and the contract for deed vendor and purchaser have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32. "

Page 60, after line 28, insert:

"Sec. 95. Minnesota Statutes 2008, section 582.039, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter or chapter 580 to foreclose a mortgage on agricultural property subject to sections 583.20 to 583.32 that has a secured debt of more than ~~\$5,000~~ \$50,000 unless: (1) a mediation notice is served on the mortgagor after a default has occurred in the mortgage and a copy is served on the director and the mortgagor and mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32. "

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 Drazkowski amendment and the roll was called. There were 32 yeas and 99 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Doepke	Hackbarth	Loon	Sanders	Westrom
Beard	Downey	Hamilton	Mack	Scott	Zellers
Brod	Drazkowski	Holberg	McFarlane	Seifert	
Buesgens	Eastlund	Hoppe	Murdock	Severson	
Dean	Garofalo	Kelly	Nornes	Shimanski	
Dettmer	Gottwalt	Kohls	Peppin	Smith	

Those who voted in the negative were:

Abeler	Dill	Hornstein	Lesch	Norton	Slawik
Anderson, P.	Dittrich	Hortman	Liebling	Obermueller	Slocum
Anderson, S.	Doty	Hosch	Lieder	Olin	Solberg
Anzelc	Eken	Howes	Lillie	Otremba	Sterner
Benson	Emmer	Huntley	Loeffler	Paymar	Swails
Bigham	Falk	Jackson	Magnus	Pelowski	Thao
Bly	Faust	Johnson	Mahoney	Persell	Thissen
Brown	Fritz	Juhnke	Marquart	Peterson	Tillberry
Brynaert	Gardner	Kahn	Masin	Poppe	Torkelson
Bunn	Greiling	Kalin	McNamara	Reinert	Urdahl
Carlson	Gunther	Kath	Morgan	Rosenthal	Wagenius
Champion	Hansen	Kiffmeyer	Morrow	Rukavina	Ward
Clark	Hausman	Knuth	Mullery	Ruud	Welti
Cornish	Haws	Koenen	Murphy, E.	Sailer	Spk. Kelliher
Davids	Hayden	Laine	Murphy, M.	Scalze	
Davnie	Hilstrom	Lanning	Nelson	Sertich	
Demmer	Hilty	Lenczewski	Newton	Simon	

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

Paymar, Slocum, Peppin, Scott, Lesch, Liebling, Greiling and Loeffler moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 5, delete subdivision 4

Renumber the subdivisions in sequence

Page 50, delete sections 80 and 81

Page 65, line 17, after "41.63;" delete "and" and after "41.65" insert "; and 41A.09"

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Paymar et al amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dettmer	Hansen	Lesch	Paymar	Slocum
Beard	Dittrich	Holberg	Liebling	Peppin	Smith
Benson	Doepke	Hoppe	Loeffler	Reinert	Swails
Bigham	Downey	Kelly	Loon	Rosenthal	Tillberry
Brod	Drazkowski	Kiffmeyer	Mack	Sanders	
Buesgens	Emmer	Knuth	McFarlane	Scalze	
Bunn	Gardner	Kohls	Morgan	Scott	
Davnie	Gottwalt	Laine	Newton	Seifert	
Dean	Greiling	Lenczewski	Norton	Severson	

Those who voted in the negative were:

Anderson, P.	Eastlund	Hornstein	Lillie	Obermueller	Solberg
Anderson, S.	Eken	Hortman	Magnus	Olin	Sterner
Anzelc	Falk	Hosch	Mahoney	Otremba	Thao
Bly	Faust	Howes	Mariani	Pelowski	Thissen
Brown	Fritz	Huntley	Marquart	Persell	Torkelson
Brynaert	Garofalo	Jackson	Masin	Peterson	Urdahl
Carlson	Gunther	Johnson	McNamara	Poppe	Wagenius
Champion	Hackbarth	Juhnke	Morrow	Rukavina	Ward
Clark	Hamilton	Kahn	Mullery	Ruud	Welti
Cornish	Hausman	Kalin	Murdock	Sailer	Westrom
Davids	Haws	Kath	Murphy, E.	Sertich	Zellers
Demmer	Hayden	Koenen	Murphy, M.	Shimanski	
Dill	Hilstrom	Lanning	Nelson	Simon	
Doty	Hilty	Lieder	Nornes	Slawik	

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

Buesgens moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 49, line 13, after the period, insert ""Hungry people" must be specifically defined by the task force by its second meeting."

The motion prevailed and the amendment was adopted.

Holberg and Juhnke moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 16, line 31, after the period, insert "A county must make the identity of a county-designated employee described by this subdivision available to the public."

Page 17, line 10, after the period, insert "A county must make the identity of a county-designated employee described by this subdivision available to the public."

The motion prevailed and the amendment was adopted.

Hansen moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 6, line 5, after the period, insert "The commissioner of agriculture must post on the department's Web site each payment issued under this appropriation including the amount and recipient of each payment."

Page 6, after line 18, insert:

"In addition to the reporting requirements in Minnesota Statutes, section 41A.09, before the commissioner of agriculture may award a producer payment or deficiency payment to an eligible producer, the producer must submit to the commissioner of agriculture a letter from the Pollution Control Agency certifying that, during the reporting period, the producer was in full compliance with any required pollution control permit or permits issued by the Pollution Control Agency. If the producer was not in full compliance during the payment period, the producer loses eligibility for that period's payment amount permanently. If the producer does not correct the issue within 12 months, as certified by the Pollution Control Agency, the producer is ineligible for any additional ethanol producer or deficiency payments.

If majority ownership of an eligible ethanol plant is sold or otherwise transferred to an entity that is neither eligible to farm or own agricultural land under Minnesota Statutes, section 500.24, nor an individual residing within 30 miles of the plant, the ethanol plant becomes ineligible for additional ethanol producer or deficiency payments."

The motion prevailed and the amendment was adopted.

Emmer moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 17, after line 4, insert:

"The inspector or county-designated employee or the individual under contract under section 18.83, subdivision 6, must wear distinctive and uniform clothing when entering a person's land. The clothing must be approved by the commissioner and must include a highly visible patch or markings on the front and back of the shirt and jacket, if any, that includes an acronym identifying the inspector or county-designated employee or the individual under contract as working for the weed inspection and mitigation program."

The motion prevailed and the amendment was adopted.

Buesgens moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 24, after line 13, insert:

"(d) A petitioner who prevails in an appeal brought under this subdivision shall be awarded costs, disbursements, and reasonable attorney's fees."

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

Emmer moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 17, line 3, strike "without" and insert "only with the" and strike everything after "owner"

Page 17, line 4, strike everything before the period

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Garofalo	Kelly	Murdock	Shimanski
Anderson, B.	Dean	Gottwalt	Kiffmeyer	Nornes	Smith
Anderson, P.	Demmer	Gunther	Kohls	Obermueller	Sterner
Anderson, S.	Dettmer	Hackbarth	Lanning	Peppin	Torkelson
Beard	Doepke	Hamilton	Loon	Rosenthal	Urdahl
Brod	Downey	Holberg	Mack	Sanders	Walti
Buesgens	Drazkowski	Hoppe	Magnus	Scott	Westrom
Bunn	Eastlund	Howes	McFarlane	Seifert	Zellers
Cornish	Emmer	Kath	McNamara	Severson	

Those who voted in the negative were:

Anzelc	Bly	Carlson	Davnie	Doty	Faust
Benson	Brown	Champion	Dill	Eken	Fritz
Bigham	Brynaert	Clark	Dittrich	Falk	Gardner

Greiling	Jackson	Lieder	Murphy, M.	Reinert	Thao
Hansen	Johnson	Lillie	Nelson	Rukavina	Thissen
Hausman	Juhnke	Loeffler	Newton	Ruud	Tillberry
Haws	Kahn	Mahoney	Norton	Sailer	Wagenius
Hayden	Kalin	Mariani	Olin	Scalze	Ward
Hilstrom	Knuth	Marquart	Otremba	Sertich	Spk. Kelliher
Hilty	Koenen	Masin	Paymar	Simon	
Hornstein	Laine	Morgan	Pelowski	Slawik	
Hortman	Lenczewski	Morrow	Persell	Slocum	
Hosch	Lesch	Mullery	Peterson	Solberg	
Huntley	Liebling	Murphy, E.	Poppe	Swails	

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

Zellers moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 10, delete lines 29 to 31

Page 62, delete section 100

Page 63, delete section 101

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 Zellers amendment and the roll was called. There were 43 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Gottwalt	Mack	Sanders	Urdahl
Anderson, B.	Dettmer	Gunther	Magnus	Scott	Westrom
Anderson, P.	Doepke	Hackbarth	McFarlane	Seifert	Zellers
Anderson, S.	Downey	Holberg	McNamara	Severson	
Beard	Drazkowski	Hoppe	Murdock	Shimanski	
Buesgens	Eastlund	Kelly	Nornes	Smith	
Davids	Emmer	Kiffmeyer	Obermueller	Sterner	
Dean	Garofalo	Kohls	Peppin	Torkelson	

Those who voted in the negative were:

Anzelc	Bunn	Dittrich	Greiling	Hilty	Johnson
Benson	Carlson	Doty	Hamilton	Hornstein	Juhnke
Bigham	Champion	Eken	Hansen	Hortman	Kahn
Bly	Clark	Falk	Hausman	Hosch	Kalin
Brod	Cornish	Faust	Haws	Howes	Kath
Brown	Davnie	Fritz	Hayden	Huntley	Knuth
Brynaert	Dill	Gardner	Hilstrom	Jackson	Koenen

Laine	Loon	Murphy, E.	Pelowski	Sailer	Thao
Lanning	Mahoney	Murphy, M.	Persell	Scalze	Thissen
Lenczewski	Mariani	Nelson	Peterson	Sertich	Tillberry
Lesch	Marquart	Newton	Poppe	Simon	Wagenius
Liebling	Masin	Norton	Reinert	Slawik	Ward
Lieder	Morgan	Olin	Rosenthal	Slocum	Welti
Lillie	Morrow	Otremba	Rukavina	Solberg	Spk. Kelliher
Loeffler	Mullery	Paymar	Ruud	Swails	

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

Kelly, Buesgens, Emmer and Zellers moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 13, delete section 9

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Brod and Juhnke moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 69, after line 6, insert:

"Sec. 4. Minnesota Statutes 2008, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner is authorized to request proposals or to negotiate and to enter into contracts with parties which in the judgment of the commissioner are best qualified to provide service to the benefit plans. Contracts entered into are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. A carrier licensed under chapter 62A is exempt from the taxes imposed by chapter 297I on premiums paid to it by the state.

(b) All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

(c) Notwithstanding paragraph (b), a self-insured hospital and medical product offered under sections 43A.22 to 43A.30 is not required to extend dependent coverage to an eligible employee's unmarried child under the age of 25 to the full extent required under chapters 62A and 62L. Dependent coverage must, at a minimum, extend to an eligible employee's unmarried child who is under the age of 19 or an unmarried child under the age of 25 who is a full-time student. A person who is at least 19 years of age but who is under the age of 25 and who is not a full-time student must be permitted to be enrolled as a dependent of an eligible employee until age 25 if the person:

(1) was a full-time student immediately prior to being ordered into active military service, as defined in section 190.05, subdivision 5b or 5c;

(2) has been separated or discharged from active military service; and

(3) would be eligible to enroll as a dependent of an eligible employee, except that the person is not a full-time student.

The definition of "full-time student" for purposes of this paragraph includes any student who by reason of illness, injury, or physical or mental disability as documented by a physician is unable to carry what the educational institution considers a full-time course load so long as the student's course load is at least 60 percent of what otherwise is considered by the institution to be a full-time course load. Any notice regarding termination of coverage due to attainment of the limiting age must include information about this definition of "full-time student."

(d) Beginning January 1, 2010, the health insurance benefit plans offered in the commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under section 43A.18, subdivision 3, must include an option for a health plan that is compatible with the definition of a high-deductible health plan in section 223 of the United States Internal Revenue Code.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to persons separated or discharged from active military service before, on, or after that date."

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 Brod and Juhnke amendment and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Greiling	Juhnke	Magnus	Otremba
Anderson, B.	Dean	Gunther	Kahn	Mahoney	Paymar
Anderson, P.	Demmer	Hackbarth	Kalin	Mariani	Pelowski
Anderson, S.	Dettmer	Hamilton	Kath	Marquart	Peppin
Anzelc	Dill	Hansen	Kelly	Masin	Persell
Beard	Dittrich	Hausman	Kiffmeyer	McFarlane	Peterson
Benson	Doepke	Haws	Knuth	McNamara	Poppe
Bigham	Doty	Hayden	Koenen	Morgan	Reinert
Bly	Downey	Hilstrom	Kohls	Morrow	Rosenthal
Brod	Drazkowski	Hilty	Laine	Mullery	Rukavina
Brown	Eastlund	Holberg	Lanning	Murdock	Ruud
Brynaert	Eken	Hoppe	Lenczewski	Murphy, E.	Sailer
Buesgens	Emmer	Hornstein	Lesch	Murphy, M.	Sanders
Bunn	Falk	Hortman	Liebling	Nelson	Scalze
Carlson	Faust	Hosch	Lieder	Newton	Scott
Champion	Fritz	Howes	Lillie	Nornes	Seifert
Clark	Gardner	Huntley	Loeffler	Norton	Sertich
Cornish	Garofalo	Jackson	Loon	Obermueller	Severson
Davids	Gottwalt	Johnson	Mack	Olin	Shimanski

Simon	Solberg	Thissen	Wagenius	Zellers
Slawik	Sterner	Tillberry	Ward	Spk. Kelliher
Slocum	Swails	Torkelson	Welti	
Smith	Thao	Urdahl	Westrom	

The motion prevailed and the amendment was adopted.

Emmer moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 38, after line 17, insert:

"(c) Passengers on any commuter rail line operated or funded by the state must be notified by the commissioner of any pesticide use or application on the line or rolling stock within the preceding 48 hours."

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 38 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Abeler	Buesgens	Eastlund	Kelly	Murphy, M.	Smith
Anderson, B.	Dauids	Emmer	Kiffmeyer	Nornes	Urdahl
Anderson, P.	Dean	Garofalo	Kohls	Peppin	Zellers
Anderson, S.	Demmer	Gottwalt	Loon	Sanders	
Beard	Dettmer	Hackbarth	Mack	Seifert	
Bigham	Downey	Holberg	McNamara	Severson	
Brod	Drazkowski	Hoppe	Murdock	Shimanski	

Those who voted in the negative were:

Anzelc	Falk	Howes	Lillie	Olin	Slawik
Benson	Faust	Huntley	Loeffler	Otremba	Slocum
Bly	Fritz	Jackson	Magnus	Paymar	Solberg
Brown	Gardner	Johnson	Mahoney	Pelowski	Sterner
Brynaert	Greiling	Juhnke	Mariani	Persell	Swails
Bunn	Gunther	Kahn	Marquart	Peterson	Thao
Carlson	Hamilton	Kalin	Masin	Poppe	Thissen
Champion	Hansen	Kath	McFarlane	Reinert	Tillberry
Clark	Hausman	Knuth	Morgan	Rosenthal	Torkelson
Cornish	Haws	Koenen	Morrow	Rukavina	Wagenius
Davnie	Hayden	Laine	Mullery	Ruud	Ward
Dill	Hilstrom	Lanning	Murphy, E.	Sailer	Welti
Dittrich	Hilty	Lenczewski	Nelson	Scalze	Westrom
Doepke	Hornstein	Lesch	Newton	Scott	Spk. Kelliher
Doty	Hortman	Liebling	Norton	Sertich	
Eken	Hosch	Lieder	Obermueller	Simon	

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

McNamara moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 4, delete lines 6 to 18 and insert:

"\$100,000 each year is for enhanced monitoring, assessment, and increasing public awareness of emerald ash borer."

Brod offered an amendment to the McNamara amendment to H. F. No. 1122, the second engrossment, as amended.

POINT OF ORDER

Sertich raised a point of order pursuant to section 401, paragraph 2, of "Mason's Manual of Legislative Procedure," relating to Frivolous and Improper Amendments, that the Brod amendment to the McNamara amendment was not in order. The Speaker ruled the point of order well taken and the Brod amendment to the McNamara amendment out of order.

Magnus 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	Huntley	Loeffler	Olin	Slawik
Benson	Falk	Jackson	Loon	Otremba	Slocum
Bigham	Faust	Johnson	Mahoney	Paymar	Solberg
Bly	Fritz	Juhnke	Mariani	Pelowski	Sterner
Brown	Gardner	Kahn	Marquart	Persell	Swails
Brynaert	Greiling	Kalin	Masin	Peterson	Thao
Bunn	Hansen	Kath	Morgan	Poppe	Thissen
Carlson	Hausman	Knuth	Morrow	Reinert	Tillberry
Champion	Haws	Koenen	Mullery	Rosenthal	Wagenius
Clark	Hayden	Laine	Murphy, E.	Rukavina	Ward
Davnie	Hilstrom	Lenczewski	Murphy, M.	Ruud	Welti
Dill	Hilty	Lesch	Nelson	Sailer	Spk. Kelliher
Dittrich	Hornstein	Liebling	Newton	Scalze	
Doty	Hortman	Lieder	Norton	Sertich	
Downey	Hosch	Lillie	Obermueller	Simon	

Those who voted in the negative were:

Abeler	Brod	Demmer	Emmer	Hamilton	Kiffmeyer
Anderson, B.	Buesgens	Dettmer	Garofalo	Holberg	Kohls
Anderson, P.	Cornish	Doepke	Gottwalt	Hoppe	Lanning
Anderson, S.	Dauids	Drazkowski	Gunther	Howes	Mack
Beard	Dean	Eastlund	Hackbarth	Kelly	Magnus

McFarlane	Nornes	Scott	Shimanski	Urdahl
McNamara	Peppin	Seifert	Smith	Westrom
Murdock	Sanders	Severson	Torkelson	Zellers

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

McNamara withdrew his amendment to H. F. No. 1122, the second engrossment, as amended.

Emmer moved to amend H. F. No. 1122, the second engrossment, as amended, as follows:

Page 14, line 14, delete "Nonapplicability" and insert "Applicability" and delete "not"

Page 14, line 15, delete "chapter 273" and insert "section 273.13, subdivision 23, paragraph (i), clause (1)"

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called.

Pursuant to rule 2.05, Brown was excused from voting on the Emmer amendment to H. F. No. 1122, the second engrossment, as amended.

There were 57 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Garofalo	Kelly	Otremba	Slawik
Anderson, B.	Dean	Gottwalt	Kiffmeyer	Pelowski	Smith
Anderson, P.	Demmer	Gunther	Kohls	Peppin	Torkelson
Anderson, S.	Dettmer	Hackbarth	Loon	Poppe	Urdahl
Beard	Dittrich	Hamilton	Mack	Rosenthal	Welti
Benson	Doepke	Holberg	Magnus	Sanders	Westrom
Brod	Downey	Hoppe	McFarlane	Scott	Zellers
Buesgens	Drazkowski	Howes	McNamara	Seifert	
Bunn	Eastlund	Kalin	Murdock	Severson	
Cornish	Emmer	Kath	Nornes	Shimanski	

Those who voted in the negative were:

Anzelc	Fritz	Jackson	Loeffler	Obermueller	Solberg
Bigham	Gardner	Johnson	Mahoney	Olin	Sterner
Bly	Greiling	Juhnke	Mariani	Paymar	Swails
Brynaert	Hansen	Kahn	Marquart	Persell	Thao
Carlson	Hausman	Knuth	Masin	Peterson	Thissen
Champion	Haws	Koenen	Morgan	Reinert	Tillberry
Clark	Hayden	Laine	Morrow	Rukavina	Wagenius
Davnie	Hilstrom	Lanning	Mullery	Ruud	Ward
Dill	Hilty	Lenczewski	Murphy, E.	Sailer	Spk. Kelliher
Doty	Hornstein	Lesch	Murphy, M.	Scalze	
Eken	Hortman	Liebling	Nelson	Sertich	
Falk	Hosch	Lieder	Newton	Simon	
Faust	Huntley	Lillie	Norton	Slocum	

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

H. F. No. 1122, as amended, was read for the third time.

The Speaker called Thissen to the chair.

CALL OF THE HOUSE

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

Abeler	Demmer	Hausman	Laine	Murphy, M.	Severson
Anderson, B.	Dettmer	Haws	Lanning	Nelson	Shimanski
Anderson, P.	Dill	Hayden	Lenczewski	Norton	Simon
Anderson, S.	Dittrich	Hilstrom	Lesch	Obermueller	Slawik
Anzelc	Doepke	Hilty	Liebling	Olin	Slocum
Beard	Doty	Holberg	Lieder	Otremba	Smith
Benson	Downey	Hoppe	Lillie	Paymar	Solberg
Bigham	Drazkowski	Hornstein	Loeffler	Pelowski	Swails
Bly	Eastlund	Hortman	Loon	Peppin	Thao
Brod	Eken	Hosch	Mack	Persell	Thissen
Brown	Emmer	Howes	Magnus	Peterson	Tillberry
Brynaert	Falk	Huntley	Mahoney	Poppe	Torkelson
Buesgens	Fritz	Jackson	Mariani	Reinert	Urdahl
Bunn	Gardner	Johnson	Marquart	Rosenthal	Wagenius
Carlson	Garofalo	Kalin	Masin	Rukavina	Ward
Champion	Gottwalt	Kath	McFarlane	Ruud	Welti
Clark	Greiling	Kelly	McNamara	Sailer	Westrom
Cornish	Gunther	Kiffmeyer	Morgan	Sanders	Zellers
Davids	Hackbarth	Knuth	Morrow	Scott	Spk. Kelliher
Davnie	Hamilton	Koenen	Mullery	Seifert	
Dean	Hansen	Kohls	Murphy, E.	Sertich	

Sertich 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.

H. F. No. 1122, A bill for an act relating to appropriations; appropriating money for agriculture, the Board of Animal Health, Rural Finance Authority, veterans, and the military; changing certain agricultural and animal health requirements and programs; establishing a program; eliminating a sunset; requiring certain studies and reports; amending Minnesota Statutes 2008, sections 3.737, subdivision 1; 3.7371, subdivision 3; 13.643, by adding a subdivision; 17.03, subdivision 12; 17.115, subdivision 2; 18.75; 18.76; 18.77, subdivisions 1, 3, 5, by adding subdivisions; 18.78, subdivision 1, by adding a subdivision; 18.79; 18.80, subdivision 1; 18.81, subdivision 3, by adding subdivisions; 18.82, subdivisions 1, 3; 18.83; 18.84, subdivisions 1, 2, 3; 18.86; 18.87; 18.88; 18B.01, subdivision 8, by adding subdivisions; 18B.065, subdivisions 1, 2, 2a, 3, 7, by adding subdivisions; 18B.26, subdivisions 1, 3; 18B.31, subdivisions 3, 4; 18B.37, subdivision 1; 18C.415, subdivision 3; 18C.421; 18C.425, subdivisions 4, 6; 18E.03, subdivisions 2, 4; 18E.06; 18H.02, subdivision 12a, by adding subdivisions; 18H.07, subdivisions 2, 3; 18H.09; 18H.10; 28A.085, subdivision 1; 28A.21, subdivision 5; 31.94; 32.394, subdivision 8; 41A.09, subdivisions 2a, 3a; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 43A.11, subdivision 7; 97A.045, subdivision 1; 171.06, subdivision 3; 171.07, by adding a subdivision; 171.12, by adding a subdivision; 197.455, subdivision 1; 197.46; 198.003, by adding subdivisions; 239.791, subdivisions 1, 1a; 336.9-601; 343.11; 550.365, subdivision 2; 559.209, subdivision 2; 582.039, subdivision 2; 583.215; 626.8517; Laws 2008, chapter 297, article 2, section 26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 17; 18; 18B; 31; 41A; 192; 198; repealing Minnesota

Statutes 2008, sections 17.49, subdivision 3; 18G.12, subdivision 5; 38.02, subdivisions 3, 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1, 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; 41.65; Minnesota Rules, part 1505.0820.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 83 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Hosch	Lillie	Obermueller	Simon
Benson	Falk	Huntley	Loeffler	Olin	Slawik
Bigham	Faust	Jackson	Mahoney	Otremba	Slocum
Bly	Fritz	Johnson	Mariani	Paymar	Solberg
Brown	Gardner	Juhnke	Marquart	Pelowski	Sterner
Brynaert	Greiling	Kahn	Masin	Persell	Swails
Bunn	Hansen	Kalin	Morgan	Peterson	Thao
Carlson	Hausman	Kath	Morrow	Poppe	Thissen
Champion	Haws	Knuth	Mullery	Reinert	Tillberry
Clark	Hayden	Koenen	Murphy, E.	Rosenthal	Wagenius
Davnie	Hilstrom	Laine	Murphy, M.	Rukavina	Ward
Dill	Hilty	Lenczewski	Nelson	Ruud	Welti
Dittrich	Hornstein	Lesch	Newton	Sailer	Spk. Kelliher
Doty	Hortman	Lieder	Norton	Sertich	

Those who voted in the negative were:

Abeler	Dean	Gottwalt	Kohls	Nornes	Torkelson
Anderson, B.	Demmer	Gunther	Lanning	Peppin	Urdahl
Anderson, P.	Dettmer	Hackbarth	Liebling	Sanders	Westrom
Anderson, S.	Doepke	Hamilton	Loon	Scalze	Zellers
Beard	Downey	Holberg	Mack	Scott	
Brod	Drazkowski	Hoppe	Magnus	Seifert	
Buesgens	Eastlund	Howes	McFarlane	Severson	
Cornish	Emmer	Kelly	McNamara	Shimanski	
Dauids	Garfalo	Kiffmeyer	Murdock	Smith	

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

CALL OF THE HOUSE LIFTED

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

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 2083.

S. F. No. 2083 was reported to the House.

Anderson, S., moved to amend S. F. No. 2083, the unofficial engrossment, as follows:

Page 10, line 24, delete "tuition increase" and insert "tuition and required fee increases"

Page 10, line 30, delete "tuition increase" and insert "tuition and required fee increases"

Page 17, line 17, delete "tuition increase" and insert "tuition and required fee increases"

A roll call was requested and properly seconded.

The question was taken on the Anderson, S., amendment and the roll was called. There were 52 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Kelly	Murdock	Smith
Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Newton	Sterner
Anderson, P.	Dettmer	Gunther	Kohls	Nornes	Torkelson
Anderson, S.	Doepke	Hackbarth	Lanning	Peppin	Urdahl
Beard	Downey	Hamilton	Loon	Sanders	Walti
Brod	Drazkowski	Holberg	Mack	Scott	Westrom
Buesgens	Eastlund	Hoppe	Magnus	Seifert	Zellers
Cornish	Emmer	Howes	McFarlane	Severson	
Davids	Faust	Kath	McNamara	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Huntley	Loeffler	Otremba	Slocum
Benson	Falk	Jackson	Mahoney	Paymar	Solberg
Bigham	Fritz	Johnson	Mariani	Persell	Swails
Bly	Gardner	Juhnke	Marquart	Peterson	Thao
Brown	Greiling	Kahn	Masin	Poppe	Thissen
Brynaert	Hansen	Kalin	Morgan	Reinert	Tillberry
Bunn	Hausman	Knuth	Morrow	Rosenthal	Wagenius
Carlson	Haws	Koenen	Mullery	Rukavina	Ward
Champion	Hayden	Laine	Murphy, E.	Ruud	Spk. Kelliher
Clark	Hilstrom	Lenczewski	Murphy, M.	Sailer	
Davnie	Hilty	Lesch	Nelson	Scalze	
Dill	Hornstein	Liebling	Norton	Sertich	
Dittrich	Hortman	Lieder	Obermueller	Simon	
Doty	Hosch	Lillie	Olin	Slawik	

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

Nornes moved to amend S. F. No. 2083, the unofficial engrossment, as follows:

Page 25, delete sections 14 and 15

Page 26, delete sections 16 and 17

Page 34, delete section 32 and insert:

"Sec. 32. **REPEALER.**

Minnesota Statutes 2008, sections 136A.127; and 137.0245, are repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker resumed the chair.

The question was taken on the Nornes amendment and the roll was called. There were 47 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Emmer	Huntley	McFarlane	Severson
Anderson, B.	Dean	Garofalo	Kelly	McNamara	Shimanski
Anderson, P.	Demmer	Gottwalt	Kiffmeyer	Murdock	Smith
Anderson, S.	Dettmer	Gunther	Kohls	Nornes	Torkelson
Beard	Doepke	Hackbarth	Lanning	Peppin	Urdahl
Brod	Downey	Hamilton	Loon	Sanders	Westrom
Buesgens	Drazkowski	Holberg	Mack	Scott	Zellers
Cornish	Eastlund	Hoppe	Magnus	Seifert	

Those who voted in the negative were:

Anzelc	Falk	Jackson	Mahoney	Paymar	Solberg
Benson	Faust	Johnson	Mariani	Pelowski	Sterner
Bigham	Fritz	Juhnke	Marquart	Persell	Swails
Bly	Gardner	Kahn	Masin	Peterson	Thao
Brown	Greiling	Kalin	Morgan	Poppe	Thissen
Brynaert	Hansen	Kath	Morrow	Reinert	Tillberry
Bunn	Hausman	Knuth	Mullery	Rosenthal	Wagenius
Carlson	Haws	Koenen	Murphy, E.	Rukavina	Ward
Champion	Hayden	Laine	Murphy, M.	Ruud	Welti
Clark	Hilstrom	Lenczewski	Nelson	Sailer	Spk. Kelliher
Davnie	Hilty	Lesch	Newton	Scalze	
Dill	Hornstein	Liebling	Norton	Sertich	
Dittrich	Hortman	Lieder	Obermueller	Simon	
Doty	Hosch	Lillie	Olin	Slawik	
Eken	Howes	Loeffler	Otremba	Slocum	

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

Seifert moved to amend S. F. No. 2083, the unofficial engrossment, as follows:

Page 20, delete section 3

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.

Lanning moved to amend S. F. No. 2083, the unofficial engrossment, as follows:

Page 3, line 7, delete "100,000" and insert "150,000" and delete "100,000" and insert "150,000"

Page 3, after line 15, insert:

"Any amount remaining at the end of each fiscal year, must be equally distributed to all recipients as a grant for the costs of textbooks, educational materials, transportation, and other related costs of attendance."

Page 21, line 28, delete "45" and insert "44"

Page 22, delete section 10

Adjust amounts accordingly

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

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

Downey moved to amend S. F. No. 2083, the unofficial engrossment, as follows:

Page 11, after line 22, insert:

"(b) The Board of Regents shall submit expenditure reduction plans by March 15, 2010, to the committees of the legislature with responsibility for higher education finance to achieve the 2012-2013 base established in this section. The plan must focus on protecting direct instruction while reducing peripheral programs and services that may benefit students and institutions but are not necessary to the education of students seeking certificates, diplomas, and degrees."

Re-letter the paragraphs in sequence

The motion prevailed and the amendment was adopted.

Buesgens moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 11, delete lines 23 to 27

Re-letter the paragraphs in sequence

Page 28, line 8, after the period, insert "No taxpayer dollars may be used for these scholarships."

A roll call was requested and properly seconded.

The question was taken on the Buesgens amendment and the roll was called. There were 27 yeas and 105 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Drazkowski	Gunther	Kohls	Peppin	Smith
Beard	Eastlund	Hackbarth	Lanning	Scott	Zellers
Buesgens	Emmer	Holberg	McFarlane	Seifert	
Davids	Garofalo	Hoppe	Murdock	Severson	
Dettmer	Gottwalt	Kiffmeyer	Nornes	Shimanski	

Those who voted in the negative were:

Abeler	Dill	Hornstein	Lieder	Norton	Slawik
Anderson, P.	Dittrich	Hortman	Lillie	Obermueller	Slocum
Anderson, S.	Doepke	Hosch	Loeffler	Olin	Solberg
Anzels	Doty	Howes	Loon	Otremba	Sterner
Benson	Downey	Huntley	Mack	Paymar	Swails
Bigham	Eken	Jackson	Magnus	Pelowski	Thao
Bly	Falk	Johnson	Mahoney	Persell	Thissen
Brod	Faust	Juhnke	Mariani	Peterson	Tillberry
Brown	Fritz	Kahn	Marquart	Poppe	Torkelson
Brynaert	Gardner	Kalin	Masin	Reinert	Urdahl
Bunn	Greiling	Kath	McNamara	Rosenthal	Wagenius
Carlson	Hamilton	Kelly	Morgan	Rukavina	Ward
Champion	Hansen	Knuth	Morrow	Ruud	Walti
Clark	Hausman	Koenen	Mullery	Sailer	Westrom
Cornish	Haws	Laine	Murphy, E.	Sanders	Spk. Kelliher
Davnie	Hayden	Lenczewski	Murphy, M.	Scalze	
Dean	Hilstrom	Lesch	Nelson	Sertich	
Demmer	Hilty	Liebling	Newton	Simon	

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

Haws and Seifert moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 20, line 3, delete "A" and insert "To the extent possible, a"

Page 20, line 5, after the period, insert "The college or university must make a report to the legislature on the results of efforts made to comply with this section."

The motion prevailed and the amendment was adopted.

Smith, Fritz, Olin, Dean and Peppin moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 18, after line 19, insert:

"Subd. 9. **Human Cloning Prohibited**

(a) No appropriations under this section may be used to directly or indirectly support human cloning.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Human cloning" means human asexual reproduction accomplished by introducing nuclear material from one or more human somatic cells into a fertilized or unfertilized oocyte whose nuclear material has been removed or inactivated so as to produce a living organism at any stage of development that is genetically virtually identical to an existing or previously existing human organism.

(2) "Somatic cell" means a diploid cell, having a complete set of chromosomes, obtained or derived from a living or deceased human body at any stage of development.

(c) Nothing in this subdivision shall restrict areas of scientific research not specifically prohibited by this section, including research in the use of nuclear transfer of other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, organs, plants, or animals other than humans."

A roll call was requested and properly seconded.

Kahn moved to amend the Smith et al amendment to S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 1, delete lines 8 to 25 and insert:

"(b) As used in this section, "human cloning" means the replication of a human individual by cultivating a cell with genetic material, other than the product of the fertilization of the egg of a human female by the sperm of a human male, through the egg, embryo, fetal, and newborn stages into a new human individual, and transferring the cloned embryo into a woman for gestation and birth."

Page 2, delete lines 1 to 5

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 64 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Benson	Brynaert	Davnie	Hansen	Hilty	Jackson
Bigham	Carlson	Dittrich	Hausman	Hornstein	Johnson
Bly	Champion	Gardner	Hayden	Hortman	Kahn
Brown	Clark	Greiling	Hilstrom	Huntley	Kalin

Knuth	Mahoney	Nelson	Poppe	Sertich	Thissen
Laine	Mariani	Newton	Reinert	Simon	Tillberry
Lesch	Masin	Norton	Rosenthal	Slawik	Wagenius
Liebling	Morgan	Obermueller	Rukavina	Slocum	Welti
Lieder	Morrow	Paymar	Ruud	Solberg	Spk. Kelliher
Lillie	Mullery	Persell	Sailer	Swails	
Loeffler	Murphy, E.	Peterson	Scalze	Thao	

Those who voted in the negative were:

Abeler	Demmer	Fritz	Kath	McNamara	Shimanski
Anderson, B.	Dettmer	Garofalo	Kelly	Murdock	Smith
Anderson, P.	Dill	Gottwalt	Kiffmeyer	Murphy, M.	Sterner
Anderson, S.	Doepke	Gunther	Koenen	Nornes	Torkelson
Anzelc	Doty	Hackbarth	Kohls	Olin	Urdahl
Beard	Downey	Hamilton	Lanning	Otremba	Ward
Brod	Drazkowski	Haws	Lenczewski	Pelowski	Westrom
Buesgens	Eastlund	Holberg	Loon	Peppin	Zellers
Bunn	Eken	Hoppe	Mack	Sanders	
Cornish	Emmer	Hosch	Magnus	Scott	
Davids	Falk	Howes	Marquart	Seifert	
Dean	Faust	Juhnke	McFarlane	Severson	

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

Huntley moved to amend the Smith et al amendment to S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 2, line 1, delete everything after "section" and insert a period

Page 2, delete lines 2 through 5

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 63 nays as follows:

Those who voted in the affirmative were:

Anzelc	Falk	Johnson	Mariani	Peterson	Solberg
Benson	Gardner	Kahn	Masin	Poppe	Thao
Bigham	Greiling	Kalin	Morgan	Reinert	Thissen
Bly	Hansen	Kath	Morrow	Rosenthal	Tillberry
Brown	Hausman	Knuth	Mullery	Rukavina	Wagenius
Brynaert	Hayden	Laine	Murphy, E.	Ruud	Welti
Bunn	Hilstrom	Lesch	Nelson	Sailer	Spk. Kelliher
Carlson	Hilty	Liebling	Newton	Scalze	
Champion	Hornstein	Lieder	Norton	Sertich	
Clark	Hortman	Lillie	Obermueller	Simon	
Davnie	Huntley	Loeffler	Paymar	Slawik	
Dittrich	Jackson	Mahoney	Persell	Slocum	

Those who voted in the negative were:

Abeler	Dettmer	Garofalo	Kelly	McNamara	Shimanski
Anderson, B.	Dill	Gottwalt	Kiffmeyer	Murdock	Smith
Anderson, P.	Doepke	Gunther	Koenen	Murphy, M.	Sterner
Anderson, S.	Doty	Hackbarth	Kohls	Nornes	Torkelson
Beard	Downey	Hamilton	Lanning	Olin	Urdahl
Brod	Drazkowski	Haws	Lenczewski	Otremba	Ward
Buesgens	Eastlund	Holberg	Loon	Peppin	Westrom
Cornish	Eken	Hoppe	Mack	Sanders	Zellers
Davids	Emmer	Hosch	Magnus	Scott	
Dean	Faust	Howes	Marquart	Seifert	
Demmer	Fritz	Juhnke	McFarlane	Severson	

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

The question recurred on the Smith et al amendment, as amended, and the roll was called. There were 71 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Garofalo	Kelly	McNamara	Seifert
Anderson, B.	Dill	Gottwalt	Kiffmeyer	Morrow	Severson
Anderson, P.	Dittrich	Gunther	Koenen	Murdock	Shimanski
Anderson, S.	Doepke	Hackbarth	Kohls	Murphy, M.	Smith
Beard	Doty	Hamilton	Lanning	Nornes	Solberg
Brod	Downey	Haws	Lenczewski	Obermueller	Sterner
Buesgens	Drazkowski	Holberg	Lieder	Olin	Torkelson
Bunn	Eastlund	Hoppe	Loon	Otremba	Urdahl
Cornish	Eken	Hosch	Mack	Pelowski	Ward
Davids	Emmer	Howes	Magnus	Peppin	Westrom
Dean	Faust	Juhnke	Marquart	Sanders	Zellers
Demmer	Fritz	Kath	McFarlane	Scott	

Those who voted in the negative were:

Anzelc	Gardner	Jackson	Mahoney	Persell	Simon
Benson	Greiling	Johnson	Mariani	Peterson	Slawik
Bigham	Hansen	Kahn	Masin	Poppe	Slocum
Bly	Hausman	Kalin	Morgan	Reinert	Swails
Brown	Hayden	Knuth	Mullery	Rosenthal	Thao
Brynaert	Hilstrom	Laine	Murphy, E.	Rukavina	Thissen
Carlson	Hilty	Lesch	Nelson	Ruud	Tillberry
Champion	Hornstein	Liebling	Newton	Sailer	Wagenius
Clark	Hortman	Lillie	Norton	Scalze	Welti
Davnie	Huntley	Loeffler	Paymar	Sertich	Spk. Kelliher

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

Anderson, S., moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 19, after line 8, insert:

"Section 1. **[135A.043] OPTIONAL STUDENT LIFE OR ACTIVITY FEES.**

Beginning in the 2010-2011 academic year, an increase in optional student life, student activity or special activity fees at a public postsecondary institution or campus over the amount of these fees charged to students at that institution or campus in the 2008-2009 academic year must be approved by a vote of the student body at that institution or campus. The governing board of the public postsecondary institution must not approve any increase in these fees until approved by a majority of students voting in a campus election. This section does not apply to fees paid by students if the fees are directly related to educational or health services, or to a specific fee that an individual student has the option of paying."

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 Anderson, S., amendment and the roll was called. There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Emmer	Howes	McNamara	Smith
Anderson, B.	Dean	Garofalo	Kelly	Murdock	Torkelson
Anderson, P.	Demmer	Gottwalt	Kohls	Nornes	Urdahl
Anderson, S.	Dettmer	Gunther	Lanning	Peppin	Westrom
Beard	Doepke	Hackbarth	Loon	Sanders	Zellers
Brod	Downey	Hamilton	Mack	Scott	
Buesgens	Drazkowski	Holberg	Magnus	Seifert	
Cornish	Eastlund	Hoppe	McFarlane	Severson	

Those who voted in the negative were:

Anzelc	Falk	Jackson	Mahoney	Paymar	Solberg
Benson	Faust	Johnson	Mariani	Pelowski	Sterner
Bigham	Fritz	Juhnke	Marquart	Persell	Swails
Bly	Gardner	Kahn	Masin	Peterson	Thao
Brown	Greiling	Kalin	Morgan	Poppe	Thissen
Brynaert	Hansen	Kath	Morrow	Reinert	Tillberry
Bunn	Hausman	Knuth	Mullery	Rosenthal	Wagenius
Carlson	Haws	Koenen	Murphy, E.	Rukavina	Ward
Champion	Hayden	Laine	Murphy, M.	Ruud	Wolti
Clark	Hilstrom	Lenczewski	Nelson	Sailer	Spk. Kelliher
Davnie	Hilty	Lesch	Newton	Scalze	
Dill	Hornstein	Liebling	Norton	Sertich	
Dittrich	Hortman	Lieder	Obermueller	Simon	
Doty	Hosch	Lillie	Olin	Slawik	
Eken	Huntley	Loeffler	Otremba	Slocum	

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

Dettmer moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 19, after line 8, insert:

"Section 1. **[135A.043] APPROPRIATIONS FOR ATHLETIC SCHOLARSHIPS.**

An appropriation from the state of Minnesota to the governing boards of the University of Minnesota or to Minnesota State Colleges and Universities must not be used directly or indirectly for an athletic scholarship for a student who is not a citizen of the United States."

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 Dettmer amendment and the roll was called. There were 50 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Garofalo	Kohls	Peppin	Smith
Anderson, S.	Dettmer	Gottwalt	Loon	Peterson	Torkelson
Beard	Dill	Gunther	Mack	Poppe	Welti
Brod	Dittrich	Hackbarth	Magnus	Sanders	Westrom
Brown	Doepke	Holberg	McNamara	Scalze	Zellers
Buesgens	Downey	Hoppe	Murdock	Scott	
Cornish	Drazkowski	Howes	Newton	Seifert	
Davids	Eastlund	Kelly	Nornes	Severson	
Dean	Falk	Kiffmeyer	Olin	Shimanski	

Those who voted in the negative were:

Abeler	Emmer	Hosch	Liebling	Nelson	Slawik
Anderson, P.	Faust	Huntley	Lieder	Norton	Slocum
Anzelc	Fritz	Jackson	Lillie	Obermueller	Solberg
Benson	Gardner	Johnson	Loeffler	Otremba	Sterner
Bigham	Greiling	Juhnke	Mahoney	Paymar	Swails
Bly	Hamilton	Kahn	Mariani	Pelowski	Thao
Brynaert	Hansen	Kalin	Marquart	Persell	Thissen
Bunn	Hausman	Kath	Masin	Reinert	Tillberry
Carlson	Haws	Knuth	McFarlane	Rosenthal	Urdahl
Champion	Hayden	Koenen	Morgan	Rukavina	Wagenius
Clark	Hilstrom	Laine	Morrow	Ruud	Ward
Davnie	Hilty	Lanning	Mullery	Sailer	Spk. Kelliher
Doty	Hornstein	Lenczewski	Murphy, E.	Sertich	
Eken	Hortman	Lesch	Murphy, M.	Simon	

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

Kohls moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 34, after line 5, insert:

"Sec. 31. **OPTIONAL STUDENT FEES.**

The Board of Trustees of the Minnesota State Colleges and Universities must provide students with the opportunity to affirmatively choose to pay any optional student fee to fund student groups. These optional fees must not be assessed by requiring a student to opt out of the fee. A student must be provided with a description of the focus or mission of the student groups that are funded with the optional fee. The Board of Regents of the

University of Minnesota are requested to provide all students with opportunity to affirmatively choose to pay any optional student fee used to fund student groups and to not require students to opt out of these fees. For the purposes of this section, "optional student fee" means any fee to support one or more student-run organizations that operate with or without faculty advisement."

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 Kohls amendment and the roll was called. There were 49 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Kelly	Murdock	Torkelson
Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Nornes	Urdahl
Anderson, P.	Dettmer	Gunther	Kohls	Peppin	Westrom
Anderson, S.	Doepke	Hackbarth	Lanning	Sanders	Zellers
Beard	Downey	Hamilton	Loon	Scott	
Brod	Drazkowski	Holberg	Mack	Seifert	
Buesgens	Eastlund	Hoppe	Magnus	Severson	
Cornish	Emmer	Howes	McFarlane	Shimanski	
Davids	Faust	Kath	McNamara	Smith	

Those who voted in the negative were:

Anzelc	Eken	Huntley	Loeffler	Olin	Simon
Benson	Falk	Jackson	Mahoney	Otremba	Slawik
Bigham	Fritz	Johnson	Mariani	Paymar	Slocum
Bly	Gardner	Juhnke	Marquart	Pelowski	Solberg
Brown	Greiling	Kahn	Masin	Persell	Sterner
Brynaert	Hansen	Kalin	Morgan	Peterson	Swails
Bunn	Hausman	Knuth	Morrow	Poppe	Thao
Carlson	Haws	Koenen	Mullery	Reinert	Thissen
Champion	Hayden	Laine	Murphy, E.	Rosenthal	Tillberry
Clark	Hilstrom	Lenczewski	Murphy, M.	Rukavina	Wagenius
Davnie	Hilty	Lesch	Nelson	Ruud	Ward
Dill	Hornstein	Liebling	Newton	Sailer	Welti
Dittrich	Hortman	Lieder	Norton	Scalze	Spk. Kelliher
Doty	Hosch	Lillie	Obermueller	Sertich	

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

Buesgens moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 5, delete lines 11 and 12 and insert: "cancels to the budget reserve in Minnesota Statutes, section 16A.152."

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

Buesgens moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 21, line 7, after "director" insert ", after receiving approval from the Office of Immigration and Naturalization."

A roll call was requested and properly seconded.

The question was taken on the Buesgens amendment and the roll was called. There were 44 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dettmer	Gunther	Kohls	Peppin	Torkelson
Anderson, P.	Doepke	Hackbarth	Loon	Sanders	Urdahl
Anderson, S.	Downey	Hamilton	Mack	Scalze	Westrom
Beard	Drazkowski	Holberg	Magnus	Scott	Zellers
Brod	Eastlund	Hoppe	Masin	Seifert	
Buesgens	Emmer	Kath	McFarlane	Severson	
Davids	Garofalo	Kelly	Murdock	Shimanski	
Dean	Gottwalt	Kiffmeyer	Nornes	Smith	

Those who voted in the negative were:

Abeler	Dittrich	Hortman	Liebling	Norton	Simon
Anzelc	Doty	Hosch	Lieder	Obermueller	Slawik
Benson	Eken	Howes	Lillie	Olin	Slocum
Bigham	Falk	Huntley	Loeffler	Otremba	Solberg
Bly	Faust	Jackson	Mahoney	Paymar	Sterner
Brown	Fritz	Johnson	Mariani	Pelowski	Swails
Brynaert	Gardner	Juhnke	Marquart	Persell	Thao
Bunn	Greiling	Kahn	McNamara	Peterson	Thissen
Carlson	Hansen	Kalin	Morgan	Poppe	Tillberry
Champion	Hausman	Knuth	Morrow	Reinert	Wagenius
Clark	Haws	Koenen	Mullery	Rosenthal	Ward
Cornish	Hayden	Laine	Murphy, E.	Rukavina	Welti
Davnie	Hilstrom	Lanning	Murphy, M.	Ruud	Spk. Kelliher
Demmer	Hilty	Lenczewski	Nelson	Sailer	
Dill	Hornstein	Lesch	Newton	Sertich	

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

Drazkowski moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 19, after line 8, insert:

"Sec. 1. Minnesota Statutes 2008, section 16A.1283, is amended to read:

16A.1283 LEGISLATIVE APPROVAL REQUIRED.

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause ~~(3)~~ (2), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) ~~the Minnesota State Colleges and Universities system;~~

~~(3)~~ charges for goods and services provided for the direct and primary use of a private individual, business, or other entity;

~~(4)~~ (3) charges that authorize use of state-owned lands and minerals administered by the commissioner of natural resources by the issuance of leases, easements, cooperative farming agreements, and land and water crossing licenses and charges for sales of state-owned lands administered by the commissioner of natural resources; or

(5) state park fees and charges established by commissioner's order.

(c) An executive branch agency may reduce a fee that was set by rule before July 1, 2001, without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph."

Page 27, after line 17, insert:

"Sec. 19. Minnesota Statutes 2008, section 136F.70, subdivision 2, is amended to read:

Subd. 2. **Fees.** The board may prescribe fees to be charged students for student unions, state college and university activities, functions, and purposes. All mandatory student fees that are assessed as a condition of enrollment must be submitted to the legislature and approved by law. Tuition is not a mandatory fee under this subdivision."

Page 28, after line 2, insert:

"Sec. 20. Minnesota Statutes 2008, section 137.02, is amended by adding a subdivision to read:

Subd. 5. **Approval of student fees.** The Board of Regents must submit to the legislature all mandatory student fees that are assessed as a condition of enrollment. Mandatory student fees must be approved by law. Tuition is not a mandatory fee under this subdivision."

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 Drazkowski amendment and the roll was called. There were 43 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Buesgens	Dettmer	Gottwalt	Hoppe	Mack
Anderson, P.	Cornish	Drazkowski	Gunther	Kelly	Magnus
Anderson, S.	Dauids	Eastlund	Hackbarth	Kiffmeyer	McNamara
Beard	Dean	Emmer	Hamilton	Kohls	Murdock
Brod	Demmer	Garofalo	Holberg	Lanning	Nornes

Pelowski	Sanders	Severson	Torkelson	Zellers
Peppin	Scott	Shimanski	Urdahl	
Poppe	Seifert	Smith	Westrom	

Those who voted in the negative were:

Abeler	Doty	Hortman	Liebling	Nelson	Sertich
Anzelc	Downey	Hosch	Lieder	Newton	Simon
Benson	Eken	Howes	Lillie	Norton	Slawik
Bigham	Falk	Huntley	Loeffler	Obermueller	Slocum
Bly	Faust	Jackson	Loon	Olin	Solberg
Brown	Fritz	Johnson	Mahoney	Otremba	Sterner
Brynaert	Gardner	Juhnke	Mariani	Paymar	Swails
Bunn	Greiling	Kahn	Marquart	Persell	Thao
Carlson	Hansen	Kalin	Masin	Peterson	Thissen
Champion	Hausman	Kath	McFarlane	Reinert	Tillberry
Clark	Haws	Knuth	Morgan	Rosenthal	Wagenius
Davnie	Hayden	Koenen	Morrow	Rukavina	Ward
Dill	Hilstrom	Laine	Mullery	Ruud	Welti
Dittrich	Hilty	Lenczewski	Murphy, E.	Sailer	Spk. Kelliher
Doepke	Hornstein	Lesch	Murphy, M.	Scalze	

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

Drazkowski moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 6, line 34, delete "665,883,000" and insert "659,383,000" and delete "665,883,000" and insert "659,383,000"

Page 8, line 15, delete everything after the period

Page 8, delete lines 16 to 18

Page 8, line 19, delete "ending June 30, 2011."

Page 11, line 13, delete "709,079,000" and insert "666,079,000" and delete "709,079,000" and insert "666,079,000"

Page 11, line 21, delete "or to" and insert a period

Page 11, delete line 22

Page 19, after line 6, insert:

"Sec. 7. **LIMIT ON PUBLIC HIGHER EDUCATION EMPLOYEE SALARY.**

Subdivision 1. Salary reduction for certain public employees. (a) During the biennium beginning July 1, 2009, and ending June 30, 2011, an employee of a public higher education employer described in paragraph (b) who receives a salary with an annual rate of more than \$100,000 shall have that salary reduced by the lesser of ten percent or an amount that results in a salary with an annual rate of \$100,000.

(b) For purposes of this section, "public higher education employer" means:

(1) Minnesota State Colleges and Universities; and

(2) the University of Minnesota.

Subd. 2. **Contracts in effect.** (a) This section does not apply to an employee if an annual salary exceeding \$100,000 is required by a contract or collective bargaining agreement in effect before the effective date of this section. However, from the effective date of this section until June 30, 2011, for all contracts or collective bargaining agreements requiring an annual salary exceeding \$100,000, an employer may not:

(1) enter into a new contract or collective bargaining agreement that provides for an annual salary that exceeds the amount calculated by reducing the salary of the preceding contract or collective bargaining agreement pursuant to subdivision 1; or

(2) renew or otherwise extend in any manner that portion of a contract, collective bargaining agreement, or other arrangement that provides an annual salary of more than \$100,000 without reducing the salary provision of that contract, collective bargaining agreement, or other arrangement pursuant to the method described in subdivision 1.

(b) Notwithstanding any law to the contrary, if, as of the effective date of this section, a public higher education employer has agreed to or entered into a contract or collective bargaining agreement that is not scheduled to become effective until after the effective date of this section, any provision of the contract or collective bargaining agreement that violates subdivision 1, paragraph (a), is void. If this occurs, the exclusive representative may rescind the entire contract or collective bargaining agreement. To be effective, a request to rescind the contract or collective bargaining agreement must be made within 30 calendar days following the effective date of this section. Any subsequent contract or collective bargaining agreement must comply with the terms of this section.

Subd. 3. **Future contracts.** A contract, collective bargaining agreement, or compensation plan entered into after June 30, 2011, must not provide a retroactive salary or wage increase that applies to a period before June 30, 2011, if that increase would not comply with this section if granted before June 30, 2011.

Subd. 4. **Arbitration and strikes.** Notwithstanding any law to the contrary:

(1) employees of a public higher education employer may not legally strike due to a government employer's reduction of a salary if the reduction is required to comply with this section; and

(2) neither a higher education employer nor an exclusive representative may request interest arbitration in relation to a reduction in the rate of salary that is required by this section and an arbitrator may not issue an award that would increase or restore salary in a manner prohibited by this section.

Subd. 5. **Relation to other law.** This section supersedes Minnesota Statutes, chapter 179A, and any other law to the contrary. It is not an unfair labor practice under Minnesota Statutes, chapter 179A, for a public higher education employer to take any action required to comply with this section."

Renumber the sections in sequence and correct the internal references

Adjust the totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 2 yeas and 130 nays as follows:

Those who voted in the affirmative were:

Drazkowski Garofalo

Those who voted in the negative were:

Abeler	Dettmer	Hilstrom	Lenczewski	Newton	Severson
Anderson, B.	Dill	Hilty	Lesch	Nornes	Shimanski
Anderson, P.	Dittrich	Holberg	Liebling	Norton	Simon
Anderson, S.	Doepke	Hoppe	Lieder	Obermueller	Slawik
Anzelc	Doty	Hornstein	Lillie	Olin	Slocum
Beard	Downey	Hortman	Loeffler	Otremba	Smith
Benson	Eastlund	Hosch	Loon	Paymar	Solberg
Bigham	Eken	Howes	Mack	Pelowski	Sterner
Bly	Emmer	Huntley	Magnus	Peppin	Swails
Brod	Falk	Jackson	Mahoney	Persell	Thao
Brown	Faust	Johnson	Mariani	Peterson	Thissen
Brynaert	Fritz	Juhnke	Marquart	Poppe	Tillberry
Buesgens	Gardner	Kahn	Masin	Reinert	Torkelson
Bunn	Gottwalt	Kalin	McFarlane	Rosenthal	Urdahl
Carlson	Greiling	Kath	McNamara	Rukavina	Wagenius
Champion	Gunther	Kelly	Morgan	Ruud	Ward
Clark	Hackbarth	Kiffmeyer	Morrow	Sailer	Welti
Cornish	Hamilton	Knuth	Mullery	Sanders	Westrom
Davids	Hansen	Koenen	Murdock	Scalze	Zellers
Davnie	Hausman	Kohls	Murphy, E.	Scott	Spk. Kelliher
Dean	Haws	Laine	Murphy, M.	Seifert	
Demmer	Hayden	Lanning	Nelson	Sertich	

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

Zellers and Emmer moved to amend S. F. No. 2083, the unofficial engrossment, as amended, as follows:

Page 34, after line 22, insert:

"Sec. 32. **STUDENT RIGHT TO A REFUND.**

The Board of Trustees of the Minnesota State Colleges and Universities shall, and the Board of Regents of the University of Minnesota is requested to, adopt a policy to permit a student to appeal for a refund of tuition and fees paid for a course that the student enrolled in but does not believe was given full value for the course. Criteria that may entitle the student to receive a refund under this section include, but are not limited to, the following:

- (1) the professor teaching the course was inadequately versed in the subject area;
- (2) the primary professor and/or student teaching assistant was absent greater than 50 percent during student lectures;
- (3) student fees were increased at a level higher than the consumer price index from the previous calendar year and

(4) the student, after actively pursuing suitable employment in the area of the student's degree, is unable to gain employment in the area of degree within 12 months of graduation date and the course included a guarantee of postgraduate employment."

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.

S. F. No. 2083, A bill for an act relating to higher education; classifying data; amending postsecondary education provisions; setting deadlines; allowing certain advertising; establishing the Minnesota P-20 education partnership; regulating course equivalency guides; requiring notice to prospective students; requiring lists of enrolled students; amending Minnesota Office of Higher Education responsibilities; establishing programs; defining terms; regulating grants, scholarships, and work-study; requiring an annual certificate; regulating certain board membership provisions; requiring job placement impact reviews; regulating oral health care practitioner provisions; establishing fees; providing criminal penalties; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 13.3215; 124D.09, subdivision 9; 135A.08, subdivision 1; 135A.17, subdivision 2; 135A.25, subdivision 4; 136A.08, subdivision 1, by adding a subdivision; 136A.101, subdivision 5a; 136A.121, by adding subdivisions; 136A.127, subdivisions 2, 4, 9, 10, 12, 14, by adding a subdivision; 136A.1701, subdivision 10; 136A.87; 136F.02, subdivision 1; 136F.03, subdivision 4; 136F.04, subdivision 4; 136F.045; 136F.19, subdivision 1; 136F.31; 137.0245, subdivision 2; 137.0246, subdivision 2; 137.025, subdivision 1; 150A.01, by adding subdivisions; 150A.05, subdivision 2, by adding subdivisions; 150A.06, subdivisions 2d, 5, 6, by adding subdivisions; 150A.08, subdivisions 1, 3a, 5; 150A.09, subdivisions 1, 3; 150A.091, subdivisions 2, 3, 5, 8, 10; 150A.10, subdivisions 1, 2, 3, 4; 150A.11, subdivision 4; 150A.12; 150A.21, subdivisions 1, 4; 151.01, subdivision 23; 151.37, subdivision 2; 201.061, subdivision 3; 299A.45, subdivision 1; Laws 2007, chapter 144, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 127A; 135A; 136A; 136F; 150A; repealing Minnesota Statutes 2008, sections 136A.127, subdivisions 8, 13; 150A.061.

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 86 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anzelc	Falk	Huntley	Loeffler	Otremba	Slocum
Benson	Faust	Jackson	Mahoney	Paymar	Solberg
Bigham	Fritz	Johnson	Mariani	Pelowski	Sterner
Bly	Gardner	Juhnke	Marquart	Persell	Swails
Brown	Greiling	Kahn	Masin	Peterson	Thao
Brynaert	Hansen	Kalin	Morgan	Poppe	Thissen
Bunn	Hausman	Kath	Morrow	Reinert	Tillberry
Carlson	Haws	Knuth	Mullery	Rosenthal	Wagenius
Champion	Hayden	Koenen	Murphy, E.	Rukavina	Ward
Clark	Hilstrom	Laine	Murphy, M.	Ruud	Welti
Davnie	Hilty	Lenczewski	Nelson	Sailer	Spk. Kelliher
Dill	Hornstein	Lesch	Newton	Scalze	
Dittrich	Hortman	Liebling	Norton	Sertich	
Doty	Hosch	Lieder	Obermueller	Simon	
Eken	Howes	Lillie	Olin	Slawik	

Those who voted in the negative were:

Abeler	Davids	Emmer	Kelly	McNamara	Shimanski
Anderson, B.	Dean	Garofalo	Kiffmeyer	Murdock	Smith
Anderson, P.	Demmer	Gottwalt	Kohls	Nornes	Torkelson
Anderson, S.	Dettmer	Gunther	Lanning	Peppin	Urdahl
Beard	Doepke	Hackbarth	Loon	Sanders	Westrom
Brod	Downey	Hamilton	Mack	Scott	Zellers
Buesgens	Drazkowski	Holberg	Magnus	Seifert	
Cornish	Eastlund	Hoppe	McFarlane	Severson	

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

Sertich 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.

Mullery was excused for the remainder of today's session.

Kohls was excused between the hours of 7:00 p.m. and 8:05 p.m.

Brod was excused between the hours of 7:00 p.m. and 8:10 p.m.

FISCAL CALENDAR, Continued

Pursuant to rule 1.22, Solberg requested immediate consideration of H. F. No. 2123.

H. F. No. 2123 was reported to the House.

The Speaker called Juhnke to the chair.

Hackbarth moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 11, delete lines 4 to 15

Page 48, delete section 38

Page 49, delete section 39

Page 52, delete section 42

Page 54, delete section 43

Page 55, delete sections 44 and 45

Page 56, delete section 46

Page 57, delete section 47

Page 58, delete sections 48 and 49

Page 60, delete section 52

Page 62, delete sections 55 and 56

Page 66, delete section 60

Page 67, delete sections 61 and 62

Page 68, delete sections 64 to 66

ReNUMBER the sections in sequence and correct the internal references

Adjust amounts accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hackbarth amendment and the roll was called. There were 46 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Faust	Howes	McNamara	Shimanski
Anderson, B.	Demmer	Garofalo	Kelly	Murdock	Smith
Anderson, P.	Dettmer	Gottwalt	Kiffmeyer	Nornes	Torkelson
Anderson, S.	Doepke	Gunther	Lanning	Peppin	Urdahl
Beard	Downey	Hackbarth	Loon	Sanders	Westrom
Buesgens	Drazkowski	Hamilton	Mack	Scott	Zellers
Cornish	Eastlund	Holberg	Magnus	Seifert	
Davids	Emmer	Hoppe	McFarlane	Severson	

Those who voted in the negative were:

Anzelc	Brown	Champion	Dittrich	Fritz	Hausman
Benson	Brynaert	Clark	Doty	Gardner	Haws
Bigham	Bunn	Davnie	Eken	Greiling	Hayden
Bly	Carlson	Dill	Falk	Hansen	Hilstrom

Hilty	Kath	Mahoney	Norton	Rosenthal	Sterner
Hornstein	Knuth	Mariani	Obermueller	Rukavina	Swails
Hortman	Koenen	Marquart	Olin	Ruud	Thao
Hosch	Laine	Masin	Otremba	Sailer	Thissen
Huntley	Lenczewski	Morgan	Paymar	Scalze	Tillberry
Jackson	Lesch	Morrow	Pelowski	Sertich	Wagenius
Johnson	Liebling	Murphy, E.	Persell	Simon	Ward
Juhnke	Lieder	Murphy, M.	Peterson	Slawik	Winkler
Kahn	Lillie	Nelson	Poppe	Slocum	Spk. Kelliher
Kalin	Loeffler	Newton	Reinert	Solberg	

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

The Speaker resumed the chair.

Wagenius moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 7, line 35, after "are" insert "from the environmental fund"

Adjust amounts accordingly

Torkelson moved to amend the Wagenius amendment to H. F. No. 2123, the second engrossment, as follows:

Page 1, line 2, delete "environmental" and insert "clean water"

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 44 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Nornes	Torkelson
Anderson, P.	Dettmer	Gunther	Lanning	Peppin	Urdahl
Anderson, S.	Doepke	Hackbarth	Loon	Sanders	Westrom
Beard	Downey	Hamilton	Mack	Scott	Zellers
Buesgens	Drazkowski	Holberg	Magnus	Seifert	
Cornish	Eastlund	Hoppe	McFarlane	Severson	
Davids	Emmer	Howes	McNamara	Shimanski	
Dean	Garofalo	Kelly	Murdock	Smith	

Those who voted in the negative were:

Abeler	Brown	Clark	Eken	Greiling	Hilstrom
Anzelc	Brynaert	Davnie	Falk	Hansen	Hilty
Benson	Bunn	Dill	Faust	Hausman	Hornstein
Bigham	Carlson	Dittrich	Fritz	Haws	Hortman
Bly	Champion	Doty	Gardner	Hayden	Hosch

Huntley	Lenczewski	Morgan	Paymar	Scalze	Tillberry
Jackson	Lesch	Morrow	Pelowski	Sertich	Wagenius
Johnson	Liebling	Murphy, E.	Persell	Simon	Ward
Juhnke	Lieder	Murphy, M.	Peterson	Slawik	Welti
Kahn	Lillie	Nelson	Poppe	Slocum	Winkler
Kalin	Loeffler	Newton	Reinert	Solberg	Spk. Kelliher
Kath	Mahoney	Norton	Rosenthal	Sterner	
Knuth	Mariani	Obermueller	Rukavina	Swails	
Koenen	Marquart	Olin	Ruud	Thao	
Laine	Masin	Otremba	Sailer	Thissen	

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

The question recurred on the Wagenius amendment to H. F. No. 2123, the second engrossment. The motion prevailed and the amendment was adopted.

McNamara moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 49, delete section 39

Page 62, delete section 55

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 McNamara amendment and the roll was called. There were 44 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Garofalo	Kelly	Murdock	Torkelson
Anderson, P.	Dettmer	Gottwalt	Kiffmeyer	Nornes	Urdahl
Anderson, S.	Doepke	Gunther	Lanning	Peppin	Westrom
Beard	Downey	Hackbarth	Loon	Sanders	Zellers
Buesgens	Drazkowski	Hamilton	Mack	Scott	
Cornish	Eastlund	Holberg	Magnus	Seifert	
Davids	Emmer	Hoppe	McFarlane	Severson	
Dean	Faust	Howes	McNamara	Shimanski	

Those who voted in the negative were:

Abeler	Brown	Clark	Eken	Hansen	Hilty
Anzelc	Brynaert	Davnie	Falk	Hausman	Hornstein
Benson	Bunn	Dill	Fritz	Haws	Hortman
Bigham	Carlson	Dittrich	Gardner	Hayden	Hosch
Bly	Champion	Doty	Greiling	Hilstrom	Huntley

Jackson	Lesch	Morrow	Pelowski	Sertich	Tillberry
Johnson	Liebling	Murphy, E.	Persell	Simon	Wagenius
Juhnke	Lieder	Murphy, M.	Peterson	Slawik	Ward
Kahn	Lillie	Nelson	Poppe	Slocum	Welti
Kalin	Loeffler	Newton	Reinert	Smith	Winkler
Kath	Mahoney	Norton	Rosenthal	Solberg	Spk. Kelliher
Knuth	Mariani	Obermueller	Rukavina	Sterner	
Koenen	Marquart	Olin	Ruud	Swails	
Laine	Masin	Otremba	Sailer	Thao	
Lenczewski	Morgan	Paymar	Scalze	Thissen	

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

McNamara, Davids and Hamilton moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 69, after line 9, insert:

"Sec. 67. **ENCOURAGE PRIVATE SECTOR COMPETITION AND PHASE OUT STATE PRODUCTION.**

Subdivision 1. State tree planting stock nurseries. (a) The commissioner of natural resources shall cease plantings at one of the two state tree planting stock nurseries and, within two years of the effective date of this section, dispose of the state nursery according to subdivision 3.

(b) At the remaining state nursery, the commissioner shall decrease production of tree planting stock by 20 percent of the 2008 production level for each of the years 2010, 2011, 2012, and 2013. Within five years of the effective date of this section, the commissioner shall dispose of the remaining state nursery according to subdivision 3.

Subd. 2. Production reduction schedule. The commissioner of natural resources shall make a schedule available on the department's Web site that shows the annual production reductions for each year, including the availability of specific species.

Subd. 3. Sale of state nurseries. (a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner may sell by public or private sale the real property, improvements, and all other business assets of state nurseries as authorized under this section. The nurseries shall be appraised according to Minnesota Statutes, section 94.10, subdivision 1, paragraph (b). A sale under this section must be in a form approved by the attorney general. If a nursery is sold as a going concern, the terms of sale must require the buyer to assume any contractual obligations of the state related to the operation of the nursery and must specify any conditions the commissioner requires to minimize disruption to ongoing plantings or sales.

(b) Unless otherwise specified by law, proceeds from the sale of state nurseries under this section shall be deposited in the state treasury and credited to the general fund.

Subd. 4. Report required. On or before January 15, 2010, the commissioner of natural resources shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources on the following:

(1) how future nursery stock demands can be met when the state tree planting stock nurseries close; and

(2) how operations, modernization, and pricing structure can be adjusted for more consistent compliance with the self-supporting requirement in Minnesota Statutes, section 89.06.

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

Sec. 68. **FOREST HEALTH APPROPRIATION.**

\$550,000 in fiscal year 2010 and \$250,000 in fiscal year 2011 are appropriated from the forest nursery account to the commissioner of agriculture to establish a statewide early detection system for invasive tree pests that threaten the health of Minnesota's community and natural forests. The early detection system shall include increasing public awareness for purposes of preventing introduction and promoting detection through the training and coordination of volunteers throughout the state to be early detectors of invasive tree pests. This section shall be implemented in partnership with the Department of Natural Resources. The unencumbered balance in the first year does not cancel but is available for the second year. If the appropriation in either year is insufficient, the appropriation for the other year is available for it. Of this amount:

(1) \$100,000 each year is to hire two full-time equivalent positions for enhanced monitoring and assessment of emerald ash borer and enhanced regulatory inspection of nursery stock or ash products entering the state to ensure emerald ash borer is not transported to other areas. The commissioner shall consider for employment under this clause temporary or permanent staff whose positions were eliminated due to the closing of a state nursery under section 67;

(2) \$150,000 each year is for employment of approximately ten temporary or seasonal staff members specializing in early detection and increasing public awareness for preventing introduction of invasive tree pests. The commissioner may contract with the Minnesota Conservation Corps to fulfill this clause. The commissioner shall consider for employment under this clause temporary or permanent staff whose positions were eliminated due to the closing of a state nursery under section 67;

(3) \$250,000 is available as needed by the commissioner of agriculture to fund emergency response to a tree pest invasion that exceeds general agency resources; and

(4) \$50,000 in fiscal year 2010 is available for costs related to the report required under section 67, subdivision 4."

Adjust amounts accordingly

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 McNamara et al amendment and the roll was called. There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Beard	Dean	Doepke	Eastlund	Garofalo
Anderson, P.	Buesgens	Demmer	Downey	Emmer	Gottwalt
Anderson, S.	Davids	Dettmer	Drazkowski	Faust	Gunther

Hackbarth	Kiffmeyer	McFarlane	Peppin	Severson	Westrom
Hamilton	Lanning	McNamara	Poppe	Shimanski	Zellers
Holberg	Loon	Murdock	Sanders	Swails	
Hoppe	Mack	Nornes	Scott	Torkelson	
Kelly	Magnus	Pelowski	Seifert	Urdahl	

Those who voted in the negative were:

Abeler	Doty	Howes	Lillie	Otremba	Solberg
Anzelc	Eken	Huntley	Loeffler	Paymar	Sterner
Benson	Falk	Jackson	Mahoney	Persell	Thao
Bigham	Fritz	Johnson	Mariani	Peterson	Thissen
Bly	Gardner	Juhnke	Marquart	Reinert	Tillberry
Brown	Greiling	Kahn	Masin	Rosenthal	Wagenius
Brynaert	Hansen	Kalin	Morgan	Rukavina	Ward
Bunn	Hausman	Kath	Morrow	Ruud	Walti
Carlson	Haws	Knuth	Murphy, E.	Sailer	Winkler
Champion	Hayden	Koenen	Murphy, M.	Scalze	Spk. Kelliher
Clark	Hilstrom	Laine	Nelson	Sertich	
Cornish	Hilty	Lenczewski	Newton	Simon	
Davnie	Hornstein	Lesch	Norton	Slawik	
Dill	Hortman	Liebling	Obermueller	Slocum	
Dittrich	Hosch	Lieder	Olin	Smith	

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

Hackbarth moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 32, line 1, after "sections" insert "85.0175 (state trail pass)."

Page 38, after line 34, insert:

"Sec. 20. **85.0175] STATE TRAIL PASS.**

Subdivision 1. Definitions. For purposes of this section:

(1) "bicycle" has the meaning given in section 169.01; and

(2) "skating" means using roller skates or in-line skates.

Subd. 2. Pass in possession. While riding a bicycle or skating on state trails, a person 16 years of age or over shall carry in immediate possession a valid state trail pass. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835.

Subd. 3. License agents. (a) The commissioner of natural resources may appoint agents to issue and sell trail passes. The commissioner may revoke the appointment of an agent at any time.

(b) The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for the accounting and handling of passes according to section 97A.485, subdivision 11.

(c) An agent must promptly deposit and remit all money received from the sale of passes, except issuing fees, to the commissioner.

Subd. 4. **Issuance.** The commissioner of natural resources and agents shall issue and sell state trail passes. The pass shall include the applicant's signature and other information deemed necessary by the commissioner.

Subd. 5. **Pass fees.** (a) The fee for an annual state trail pass is \$20 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. Annual passes are valid for one year beginning January 1 and ending December 31.

(b) The fee for a daily state trail pass is \$4 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

Subd. 6. **Issuing fee.** In addition to the fee for a state trail pass, an issuing fee of \$1 per pass shall be charged. The issuing fee shall be retained by the seller of the pass. Issuing fees for passes sold by the commissioner of natural resources shall be deposited in the state treasury and credited to the state trails account in the natural resources fund and are appropriated to the commissioner for the operation of the electronic licensing system. A pass shall indicate the amount of the fee that is retained by the seller.

Subd. 7. **Disposition of receipts.** Fees collected under this section, except for the issuing fee, shall be deposited in the state treasury and credited to the state trails account in the natural resources fund. Except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, the fees are appropriated to the commissioner of natural resources for maintenance and repair of state trail surfaces and state trail bridges.

Subd. 8. **Duplicate passes.** The commissioner of natural resources and agents shall issue a duplicate pass to a person whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate state trail pass is \$2, with an issuing fee of 50 cents."

Adjust amounts accordingly

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 Hackbarth amendment and the roll was called. There were 16 yeas and 114 nays as follows:

Those who voted in the affirmative were:

Anzelc	Demmer	Gottwalt	Hamilton	McFarlane	Shimanski
Cornish	Dill	Gunther	Hoppe	Olin	
Davids	Garofalo	Hackbarth	Magnus	Peppin	

Those who voted in the negative were:

Abeler	Anderson, S.	Bigham	Brynaert	Carlson	Davnie
Anderson, B.	Beard	Bly	Buesgens	Champion	Dean
Anderson, P.	Benson	Brown	Bunn	Clark	Dettmer

Dittrich	Hayden	Kiffmeyer	Masin	Peterson	Smith
Doepke	Hilstrom	Knuth	McNamara	Poppe	Solberg
Doty	Hilty	Koenen	Morgan	Reinert	Sterner
Downey	Holberg	Laine	Morrow	Rosenthal	Swails
Drazkowski	Hornstein	Lanning	Murdock	Rukavina	Thao
Eastlund	Hortman	Lenczewski	Murphy, E.	Ruud	Thissen
Eken	Hosch	Lesch	Murphy, M.	Sailer	Tillberry
Emmer	Howes	Liebling	Nelson	Sanders	Torkelson
Falk	Huntley	Lieder	Newton	Scalze	Urdahl
Faust	Jackson	Lillie	Nornes	Scott	Wagenius
Fritz	Johnson	Loeffler	Norton	Seifert	Ward
Gardner	Juhnke	Loon	Obermueller	Sertich	Welti
Greiling	Kahn	Mack	Otremba	Severson	Westrom
Hansen	Kalin	Mahoney	Paymar	Simon	Winkler
Hausman	Kath	Mariani	Pelowski	Slawik	Zellers
Haws	Kelly	Marquart	Persell	Slocum	Spk. Kelliher

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

Torkelson moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 5, line 1, delete "must" and insert "may"

Page 12, line 31, delete "must" and insert "may"

Page 29, line 30, delete "must" and insert "may"

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

Zellers moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 10, after line 30, insert:

"\$745,000 the first year and \$745,000 the second year from the environmental fund are transferred to the remediation fund for the closed landfill program."

Page 11, delete lines 4 to 15

Page 48, delete section 38

Page 67, delete section 61

Renumber the sections in sequence and correct the internal references

Adjust amounts accordingly

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 50 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Davids	Faust	Kelly	Murdock	Swails
Anderson, P.	Dean	Garofalo	Kiffmeyer	Nornes	Torkelson
Anderson, S.	Demmer	Gottwalt	Kohls	Peppin	Urdahl
Beard	Dettmer	Gunther	Lanning	Sanders	Westrom
Brod	Doepke	Hackbarth	Loon	Scott	Zellers
Brown	Downey	Hamilton	Mack	Seifert	
Buesgens	Drazkowski	Holberg	Magnus	Severson	
Bunn	Eastlund	Hoppe	McFarlane	Shimanski	
Cornish	Emmer	Howes	McNamara	Smith	

Those who voted in the negative were:

Abeler	Falk	Jackson	Loeffler	Otremba	Slawik
Anzelc	Fritz	Johnson	Mahoney	Paymar	Slocum
Benson	Gardner	Juhnke	Mariani	Pelowski	Solberg
Bigham	Greiling	Kahn	Marquart	Persell	Sterner
Bly	Hansen	Kalin	Masin	Peterson	Thao
Brynaert	Hausman	Kath	Morgan	Poppe	Thissen
Carlson	Haws	Knuth	Morrow	Reinert	Tillberry
Champion	Hayden	Koenen	Murphy, E.	Rosenthal	Wagenius
Clark	Hilstrom	Laine	Murphy, M.	Rukavina	Ward
Davnie	Hilty	Lenczewski	Nelson	Ruud	Walti
Dill	Hornstein	Lesch	Newton	Sailer	Winkler
Dittrich	Hortman	Liebling	Norton	Scalze	Spk. Kelliher
Doty	Hosch	Lieder	Obermueller	Sertich	
Eken	Huntley	Lillie	Olin	Simon	

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

McNamara moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 50, delete lines 5 to 8

A roll call was requested and properly seconded.

The question was taken on the McNamara amendment and the roll was called. There were 51 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	Buesgens	Doepke	Garofalo	Hoppe	Loon
Anderson, B.	Cornish	Downey	Gottwalt	Howes	Mack
Anderson, P.	Davids	Drazkowski	Gunther	Kelly	Magnus
Anderson, S.	Dean	Eastlund	Hackbarth	Kiffmeyer	McFarlane
Beard	Demmer	Emmer	Hamilton	Kohls	McNamara
Brod	Dettmer	Faust	Holberg	Lanning	Morgan

Murdock	Rosenthal	Seifert	Smith	Urdahl
Nornes	Sanders	Severson	Sterner	Westrom
Peppin	Scott	Shimanski	Torkelson	Zellers

Those who voted in the negative were:

Anzelc	Eken	Huntley	Lillie	Otremba	Slocum
Benson	Falk	Jackson	Loeffler	Paymar	Solberg
Bigham	Fritz	Johnson	Mahoney	Pelowski	Swails
Bly	Gardner	Juhnke	Mariani	Persell	Thao
Brown	Greiling	Kahn	Marquart	Peterson	Thissen
Brynaert	Hansen	Kalin	Masin	Poppe	Tillberry
Bunn	Hausman	Kath	Morrow	Reinert	Wagenius
Carlson	Haws	Knuth	Murphy, E.	Rukavina	Ward
Champion	Hayden	Koenen	Murphy, M.	Ruud	Welti
Clark	Hilstrom	Laine	Nelson	Sailer	Winkler
Davnie	Hilty	Lenczewski	Newton	Scalze	Spk. Kelliher
Dill	Hornstein	Lesch	Norton	Sertich	
Dittrich	Hortman	Liebling	Obermueller	Simon	
Doty	Hosch	Lieder	Olin	Slawik	

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

Buesgens, Hayden, Bly, Lesch, Hackbarth, Hausman, Anzelc, Falk, Howes; Torkelson, Hamilton; Morrow and Clark offered an amendment to H. F. No. 2123, the second engrossment, as amended.

POINT OF ORDER

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

Hamilton moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 59, line 18, delete "local unit of government" and insert "proposer of a specific action"

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

Torkelson moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 4, line 35, after the period, insert "To the extent possible,"

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Zellers moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 11, delete lines 10 to 15

Page 52, delete section 42

Page 54, delete section 43

Page 55, delete sections 44 and 45

Page 56, delete section 46

Page 57, delete section 47

Page 58, delete sections 48 and 49

Page 62, after line 26, insert:

"Sec. 56. **[325F.172] DEFINITIONS.**

(a) For the purposes of sections 325F.172 to 325F.173, the following terms have the meanings given them.

(b) "Alternative" means a substitute process, product, material, chemical, strategy, or combination of these that serves a functionally equivalent purpose to a chemical in a children's product.

(c) "Chemical" means a substance with a distinct molecular composition or a group of structurally related substances and includes the breakdown products of the substance or substances that form through decomposition, degradation, or metabolism.

(d) "Child" means a person under 12 years of age.

(e) "Children's product" means a children's product primarily intended for use by a child, such as baby products, toys, car seats, personal care products, and clothing. Children's product does not mean medication, drug, or food products, or the packaging of these products.

(f) "Commissioner" means commissioner of the Pollution Control Agency.

(g) "Department" means the Pollution Control Agency.

(h) "Green chemistry" means chemistry and chemical engineering that promotes products and processes that appropriately manage, reduce, or eliminate the use or generation of priority chemicals of high concern.

Sec. 57. **[325F.1721] CHEMICALS IN CHILDREN'S PRODUCTS.**

(a) The department shall monitor on an ongoing basis current state and federal regulatory and nonregulatory mechanisms, and all proposals for new regulations originating in Minnesota or in other states, designed to mitigate risk or prevent exposure to chemicals in children's products. The department shall compile a report starting September 1, 2010, and each September 1 thereafter about all regulations and proposals adopted or issued within the prior 12 months.

(b) The department is authorized to participate in an interstate clearinghouse to promote safer chemicals in consumer products in cooperation with other states and governmental entities. The department may cooperate with the interstate clearinghouse to classify existing chemicals in commerce into categories of concern. The department may also cooperate with the interstate clearinghouse in order to organize and manage available data on chemicals, including information on uses, hazards, and environmental concerns; to produce and inventory information on safer alternatives to specific uses of chemicals of concern and on model policies and programs; to provide technical assistance to businesses and consumers related to safer chemicals; and to undertake other activities in support of state programs to promote safer chemicals.

(c) By December 15, 2010, and each December 15 thereafter, the department shall share the report issued under paragraph (a) with an external scientific peer review panel convened by the department. By January 15, 2011, and each January 15 thereafter, the department shall make recommendations to the legislature:

(1) to adopt regulations or proposals (i) identified under paragraph (a), including any modifications of the regulations or proposals or (ii) any regulations or proposals initiated by the department itself, by another state agency, or by legislation; and

(2) to reject regulations or proposals identified in paragraph (a).

The department's external scientific peer review panel shall consider in making its recommendations whether the regulation or proposal is supported by peer-reviewed scientific evidence that the chemical in the children's product is known to (i) harm the normal development of a fetus or child or cause other developmental toxicity, (ii) cause cancer, genetic damage, or reproductive harm, (iii) disrupt the endocrine or hormone system, (iv) damage the nervous system, immune system, or organs, or cause other systemic toxicity, or (v) be persistent, bioaccumulative, and toxic.

(d) The department shall report on the regulations and proposals for which no recommendation was made by the external scientific peer review panel."

Page 67, delete section 62

Renumber the sections in sequence and correct the internal references

Adjust amounts accordingly

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:

Anderson, B.	Dean	Garofalo	Kelly	McNamara	Shimanski
Anderson, P.	Demmer	Gottwalt	Kiffmeyer	Murdock	Smith
Anderson, S.	Dettmer	Gunther	Kohls	Nornes	Thissen
Beard	Doepke	Hackbarth	Lanning	Peppin	Torkelson
Brod	Downey	Hamilton	Loon	Sanders	Urdahl
Buesgens	Drazkowski	Holberg	Mack	Scott	Westrom
Cornish	Eastlund	Hoppe	Magnus	Seifert	Zellers
Dauids	Emmer	Howes	McFarlane	Severson	

Those who voted in the negative were:

Abeler	Eken	Huntley	Loeffler	Paymar	Solberg
Anzelc	Falk	Jackson	Mahoney	Pelowski	Sterner
Benson	Faust	Johnson	Mariani	Persell	Swails
Bigham	Fritz	Juhnke	Marquart	Peterson	Thao
Bly	Gardner	Kahn	Masin	Poppe	Tillberry
Brown	Greiling	Kalin	Morgan	Reinert	Wagenius
Brynaert	Hansen	Kath	Morrow	Rosenthal	Ward
Bunn	Hausman	Knuth	Murphy, E.	Rukavina	Welti
Carlson	Haws	Koenen	Murphy, M.	Ruud	Winkler
Champion	Hayden	Laine	Nelson	Sailer	Spk. Kelliher
Clark	Hilstrom	Lenczewski	Newton	Scalze	
Davnie	Hilty	Lesch	Norton	Sertich	
Dill	Hornstein	Liebling	Obermueller	Simon	
Dittrich	Hortman	Lieder	Olin	Slawik	
Doty	Hosch	Lillie	Otremba	Slocum	

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

Zellers moved that H. F. No. 2123, as amended, be re-referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

A roll call was requested and properly seconded.

The question was taken on the Zellers motion and the roll was called. There were 44 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Gottwalt	Kohls	Nornes	Torkelson
Anderson, P.	Dettmer	Gunther	Lanning	Peppin	Urdahl
Anderson, S.	Doepke	Hackbarth	Loon	Sanders	Westrom
Brod	Downey	Hamilton	Mack	Scott	Zellers
Buesgens	Drazkowski	Holberg	Magnus	Seifert	
Cornish	Eastlund	Hoppe	McFarlane	Severson	
Davids	Emmer	Kelly	McNamara	Shimanski	
Dean	Garofalo	Kiffmeyer	Murdock	Smith	

Those who voted in the negative were:

Abeler	Champion	Gardner	Hosch	Koenen	Masin
Anzelc	Clark	Greiling	Howes	Laine	Morgan
Beard	Davnie	Hansen	Huntley	Lenczewski	Morrow
Benson	Dill	Hausman	Jackson	Lesch	Murphy, E.
Bigham	Dittrich	Haws	Johnson	Liebling	Murphy, M.
Bly	Doty	Hayden	Juhnke	Lieder	Nelson
Brown	Eken	Hilstrom	Kahn	Lillie	Newton
Brynaert	Falk	Hilty	Kalin	Loeffler	Norton
Bunn	Faust	Hornstein	Kath	Mahoney	Obermueller
Carlson	Fritz	Hortman	Knuth	Marquart	Olin

Otremba	Poppe	Sailer	Slocum	Thissen	Winkler
Paymar	Reinert	Scalze	Solberg	Tillberry	Spk. Kelliher
Pelowski	Rosenthal	Sertich	Sterner	Wagenius	
Persell	Rukavina	Simon	Swails	Ward	
Peterson	Ruud	Slawik	Thao	Welti	

The motion did not prevail.

Zellers; Sanders; Davids; Anderson, S.; Emmer and Hoppe moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 57, after line 15, insert:

"Subd. 3. **Trade secret.** Any person providing information under this section may, at the time of submission, identify a portion of the information submitted to the agency as trade secret information, pursuant to Minnesota Statutes, chapter 13. Information supplied that is a trade secret, and that is so marked at the time of submission, shall not be released to any member of the public. This section does not prohibit the exchange of properly designated trade secrets between public agencies when those trade secrets are relevant and necessary to the exercise of their jurisdiction if the public agencies exchanging those trade secrets preserve the protections afforded that information by this subdivision."

A roll call was requested and properly seconded.

The question was taken on the Zellers et al amendment and the roll was called. There were 48 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Davids	Emmer	Howes	McFarlane	Seifert
Anderson, P.	Dean	Garofalo	Kelly	McNamara	Severson
Anderson, S.	Demmer	Gottwalt	Kiffmeyer	Murdock	Shimanski
Beard	Dettmer	Gunther	Kohls	Nornes	Smith
Brod	Doepke	Hackbarth	Lanning	Peppin	Torkelson
Buesgens	Downey	Hamilton	Loon	Rosenthal	Urdahl
Bunn	Drazkowski	Holberg	Mack	Sanders	Westrom
Cornish	Eastlund	Hoppe	Magnus	Scott	Zellers

Those who voted in the negative were:

Abeler	Dill	Haws	Kahn	Mahoney	Obermueller
Anzelc	Dittrich	Hayden	Kalin	Mariani	Olin
Benson	Doty	Hilstrom	Kath	Marquart	Otremba
Bigham	Eken	Hilty	Knuth	Masin	Paymar
Bly	Falk	Hornstein	Koenen	Morgan	Pelowski
Brown	Faust	Hortman	Laine	Morrow	Persell
Brynaert	Fritz	Hosch	Lenczewski	Murphy, E.	Peterson
Carlson	Gardner	Huntley	Liebling	Murphy, M.	Poppe
Champion	Greiling	Jackson	Lieder	Nelson	Reinert
Clark	Hansen	Johnson	Lillie	Newton	Rukavina
Davnie	Hausman	Juhnke	Loeffler	Norton	Ruud

Sailer	Simon	Solberg	Thao	Ward	Spk. Kelliher
Scalze	Slawik	Stern	Tillberry	Walti	
Sertich	Slocum	Swails	Wagenius	Winkler	

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

Zellers, Sanders, Davids, Emmer and Hoppe offered an amendment to H. F. No. 2123, the second engrossment, as amended.

POINT OF ORDER

Solberg 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 Zellers et al amendment was not in order. The Speaker ruled the point of order well taken and the Zellers et al amendment out of order.

Zellers; Hoppe; Sanders; Davids; Anderson, S., and Emmer moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 55, line 26, after "technically" insert "and economically"

A roll call was requested and properly seconded.

The question was taken on the Zellers et al amendment and the roll was called. There were 44 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Nornes	Torkelson
Anderson, P.	Dettmer	Gunther	Kohls	Peppin	Urdahl
Anderson, S.	Doepke	Hackbarth	Lanning	Sanders	Westrom
Beard	Downey	Hamilton	Loon	Scott	Zellers
Brod	Drazkowski	Holberg	Mack	Seifert	
Buesgens	Eastlund	Hoppe	Magnus	Severson	
Davids	Emmer	Howes	McNamara	Shimanski	
Dean	Garfalo	Kelly	Murdock	Smith	

Those who voted in the negative were:

Abeler	Clark	Gardner	Hosch	Laine	Masin
Anzelc	Cornish	Greiling	Huntley	Lenczewski	Morgan
Benson	Davnie	Hansen	Jackson	Lesch	Morrow
Bigham	Dill	Hausman	Johnson	Liebling	Murphy, E.
Bly	Dittrich	Haws	Juhnke	Lieder	Murphy, M.
Brown	Doty	Hayden	Kahn	Lillie	Nelson
Brynaert	Eken	Hilstrom	Kalin	Loeffler	Newton
Bunn	Falk	Hilty	Kath	Mahoney	Norton
Carlson	Faust	Hornstein	Knuth	Mariani	Obermueller
Champion	Fritz	Hortman	Koenen	Marquart	Olin

Otremba	Poppe	Sailer	Slocum	Thissen	Winkler
Paymar	Reinert	Scalze	Solberg	Tillberry	Spk. Kelliher
Pelowski	Rosenthal	Sertich	Sterner	Wagenius	
Persell	Rukavina	Simon	Swails	Ward	
Peterson	Ruud	Slawik	Thao	Walti	

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

Brod moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 53, line 17, after "products." insert "vaccines."

A roll call was requested and properly seconded.

The question was taken on the Brod amendment and the roll was called. There were 50 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Gunther	Kiffmeyer	Murdock	Smith
Anderson, B.	Doepke	Hackbarth	Kohls	Nornes	Torkelson
Anderson, P.	Downey	Hamilton	Lanning	Obermueller	Urdahl
Anderson, S.	Drazkowski	Hilty	Lillie	Peppin	Westrom
Brod	Eastlund	Holberg	Loon	Sanders	Zellers
Buesgens	Emmer	Hoppe	Mack	Scott	
Cornish	Faust	Howes	Magnus	Seifert	
Davids	Garfalo	Kath	McFarlane	Severson	
Demmer	Gottwalt	Kelly	McNamara	Shimanski	

Those who voted in the negative were:

Anzelc	Doty	Huntley	Mahoney	Pelowski	Solberg
Beard	Eken	Jackson	Mariani	Persell	Sterner
Benson	Falk	Johnson	Marquart	Peterson	Swails
Bigham	Fritz	Juhnke	Masin	Poppe	Thao
Bly	Gardner	Kahn	Morgan	Reinert	Thissen
Brown	Greiling	Kalin	Morrow	Rosenthal	Tillberry
Brynaert	Hansen	Knuth	Murphy, E.	Rukavina	Wagenius
Bunn	Hausman	Koenen	Murphy, M.	Ruud	Ward
Carlson	Haws	Laine	Nelson	Sailer	Walti
Champion	Hayden	Lenczewski	Newton	Scalze	Winkler
Clark	Hilstrom	Lesch	Norton	Sertich	Spk. Kelliher
Davnie	Hornstein	Liebling	Olin	Simon	
Dill	Hortman	Lieder	Otremba	Slawik	
Dittrich	Hosch	Loeffler	Paymar	Slocum	

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

Hackbarth moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 68, line 28, before "The" insert "(a)"

Page 68, line 29, after "health" insert "and the commissioner of the Pollution Control Agency"

Page 68, after line 30, insert:

"(b) A Fish Advisory Language Council of 12 members is established in the Executive branch. The council shall include:

(1) three members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) three members appointed by the speaker of the house; and

(3) six members appointed by the governor.

(c) Members appointed under paragraph (b) must not be registered lobbyists or elected public officials. In making appointments, the governor, senate Subcommittee on Committees of the Committee on Rules and Administration, and the speaker of the house shall consider geographic balance, gender, age, ethnicity, and varying interests including hunting and fishing. The governor's appointments to the council are subject to the advice and consent of the senate.

(d) Members appointed under paragraph (b) shall have practical experience or expertise or demonstrated knowledge in medicine, anthropology, or language arts, including translation and interpretation.

(e) Members serve four-year terms and shall be initially appointed according to the following schedule of terms:

(1) three members appointed by the governor for a term ending the first Monday in January 2012;

(2) two members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2012;

(3) two members appointed by the speaker of the house for a term ending the first Monday in January 2012;

(4) three members appointed by the governor for a term ending the first Monday in January 2014;

(5) one member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2014; and

(6) one member appointed by the speaker of the house for a term ending the first Monday in January 2014.

(f) The commissioner of natural resources, the commissioner of the Pollution Control Agency and the commissioner of health, or their designees shall serve in an advisory role on the council. The Ethnic Heritage and New Americans Working Group, the Council on Black Minnesotans and the Council on Asian Pacific Americans may each designate one person to serve in an advisory role on the council.

(g) Members will serve without compensation. A vacancy on the council may be filled by the appointing authority for the remainder of the unexpired term.

(h) The first meeting of the council shall be convened by the commissioner of natural resources no later than August 1, 2008. Members shall elect a chair, vice-chair, secretary, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

(i) The Department of Natural Resources shall provide administrative support for the council.

(j) On or before January 15, 2010, the council shall make recommendations to the commissioner of natural resources on languages that shall be used when communicating fish consumption advisories. The council shall continue to meet quarterly for the following purposes:

(1) to receive reports from the commissioner of natural resources, the commissioner of health and the commissioner of the Pollution Control Agency on the effectiveness of fish consumption advisories;

(2) to study populations trends and common language use in Minnesota; and

(3) to prepare recommendations on languages to be used in fish consumption advisories to be made to the legislature by January 15 of each year.

(k) Individuals or groups that deem themselves to be underrepresented or disenfranchised by decisions of the council may make a formal appeal to the council. Within 30 days of receipt of the formal appeal, the council must meet monthly until the issue is resolved to the satisfaction of the person making the appeal, or until the council makes its annual recommendation to the commissioner of natural resources.

(l) Meetings of the council and other groups the council may establish are subject to chapter 13D. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations, including recording meetings, video conferencing, and publishing minutes. For the purposes of this subdivision, a meeting occurs when a quorum is present and the members receive information or take action on any matter relating to the duties of the council. The quorum requirement for the council shall be seven members."

A roll call was requested and properly seconded.

The question was taken on the Hackbarth amendment and the roll was called. There were 0 yeas and 132 nays as follows:

Those who voted in the negative were:

Abeler	Davnie	Greiling	Juhnke	Magnus	Paymar
Anderson, B.	Dean	Gunther	Kahn	Mahoney	Pelowski
Anderson, P.	Demmer	Hackbarth	Kalin	Mariani	Peppin
Anderson, S.	Dettmer	Hamilton	Kath	Marquart	Persell
Anzelc	Dill	Hansen	Kelly	Masin	Peterson
Beard	Dittrich	Hausman	Kiffmeyer	McFarlane	Poppe
Benson	Doepke	Haws	Knuth	McNamara	Reinert
Bigham	Doty	Hayden	Koenen	Morgan	Rosenthal
Bly	Downey	Hilstrom	Kohls	Morrow	Rukavina
Brod	Drazkowski	Hilty	Laine	Murdock	Ruud
Brown	Eastlund	Holberg	Lanning	Murphy, E.	Sailer
Brynaert	Eken	Hoppe	Lenczewski	Murphy, M.	Sanders
Buesgens	Emmer	Hornstein	Lesch	Nelson	Scalze
Bunn	Falk	Hortman	Liebling	Newton	Scott
Carlson	Faust	Hosch	Lieder	Nornes	Seifert
Champion	Fritz	Howes	Lillie	Norton	Sertich
Clark	Gardner	Huntley	Loeffler	Obermueller	Severson
Cornish	Garofalo	Jackson	Loon	Olin	Shimanski
Davids	Gottwalt	Johnson	Mack	Otremba	Simon

Slawik	Solberg	Thao	Torkelson	Ward	Winkler
Slocum	Sternner	Thissen	Urdahl	Welti	Zellers
Smith	Swails	Tillberry	Wagenius	Westrom	Spk. Kelliher

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

The Speaker called Juhnke to the chair.

Drazkowski moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 69, after line 9, insert:

"Sec. 67. **EFFICIENCY REPORTS.**

By January 15, 2010, the commissioners of natural resources and the Pollution Control Agency and the Board of Water and Soil Resources shall jointly submit a report to the legislative committees having jurisdiction over environment and natural resources on how to combine the three agencies into one agency that regulates environment and natural resources. The report shall address strategies for government reform, including downsizing, eliminating redundancies, and optimizing efficiencies within the new agency. The report shall be paid for from within the existing agency budgets."

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.

Kohls and Drazkowski moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 68, delete section 65

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 Kohls and Drazkowski amendment and the roll was called. There were 38 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Beard	Demmer	Drazkowski	Garofalo	Hackbarth
Anderson, P.	Buesgens	Dettmer	Eastlund	Gottwalt	Holberg
Anderson, S.	Davids	Doepke	Emmer	Gunther	Hoppe

Howes	Lanning	Nornes	Scott	Smith
Kelly	McFarlane	Olin	Seifert	Urdahl
Kiffmeyer	McNamara	Peppin	Severson	Westrom
Kohls	Murdock	Sanders	Shimanski	Zellers

Those who voted in the negative were:

Abeler	Dittrich	Hornstein	Lieder	Norton	Slawik
Anzelc	Doty	Hortman	Lillie	Obermueller	Slocum
Benson	Downey	Hosch	Loeffler	Otremba	Solberg
Bigham	Eken	Huntley	Loon	Paymar	Sterner
Bly	Falk	Jackson	Mack	Pelowski	Swails
Brod	Faust	Johnson	Magnus	Persell	Thao
Brown	Fritz	Juhnke	Mahoney	Peterson	Thissen
Brynaert	Gardner	Kahn	Mariani	Poppe	Tillberry
Bunn	Greiling	Kalin	Marquart	Reinert	Torkelson
Carlson	Hamilton	Kath	Masin	Rosenthal	Wagenius
Champion	Hansen	Knuth	Morgan	Rukavina	Ward
Clark	Hausman	Koenen	Morrow	Ruud	Walti
Cornish	Haws	Laine	Murphy, E.	Sailer	Winkler
Davnie	Hayden	Lenczewski	Murphy, M.	Scalze	Spk. Kelliher
Dean	Hilstrom	Lesch	Nelson	Sertich	
Dill	Hilty	Liebling	Newton	Simon	

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

The Speaker resumed the chair.

Hoppe and Drazkowski moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 68, line 30, after "languages" insert ", one of which must be English."

The motion prevailed and the amendment was adopted.

Buesgens moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 40, after line 10, insert:

"Sec. 24. Minnesota Statutes 2008, section 86B.313, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** (a) In addition to requirements of other laws relating to watercraft, a person may not operate or permit the operation of a personal watercraft:

(1) without each person on board the personal watercraft wearing a United States Coast Guard approved Type I, II, III, or V personal flotation device;

(2) between one hour before sunset and 9:30 a.m., unless the personal watercraft is equipped with proper navigational lights as prescribed by the commissioner;

(3) at greater than slow-no wake speed within 150 feet of:

(i) a shoreline;

(ii) a dock;

(iii) a swimmer;

(iv) a raft used for swimming or diving; or

(v) a moored, anchored, or nonmotorized watercraft;

(4) while towing a person on water skis, a kneeboard, an inflatable craft, or any other device unless:

(i) an observer is on board; or

(ii) the personal watercraft is equipped with factory-installed or factory-specified accessory mirrors that give the operator a wide field of vision to the rear;

(5) without the lanyard-type engine cutoff switch being attached to the person, clothing, or personal flotation device of the operator, if the personal watercraft is equipped by the manufacturer with such a device;

(6) if any part of the spring-loaded throttle mechanism has been removed, altered, or tampered with so as to interfere with the return-to-idle system;

(7) to chase or harass wildlife;

(8) through emergent or floating vegetation at other than a slow-no wake speed;

(9) in a manner that unreasonably or unnecessarily endangers life, limb, or property, including weaving through congested watercraft traffic, jumping the wake of another watercraft within 150 feet of the other watercraft, or operating the watercraft while facing backwards;

(10) in any other manner that is not reasonable and prudent; or

(11) without a personal watercraft rules decal, issued by the commissioner, attached to the personal watercraft so as to be in full view of the operator.

(b) Paragraph (a), clause (3), does not apply to a person operating a personal watercraft to launch or land a person on water skis, a kneeboard, or similar device by the most direct route to open water."

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 Buesgens amendment and the roll was called. There were 33 yeas and 99 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Garofalo	Hoppe	Peppin	Urdahl
Anderson, B.	Dean	Gottwalt	Hosch	Sanders	Westrom
Anderson, S.	Demmer	Gunther	Kelly	Seifert	Zellers
Beard	Dettmer	Hackbarth	Kohls	Severson	
Brod	Drazkowski	Hamilton	Magnus	Shimanski	
Buesgens	Emmer	Holberg	Nornes	Torkelson	

Those who voted in the negative were:

Anderson, P.	Downey	Huntley	Loeffler	Obermueller	Slawik
Anzelc	Eastlund	Jackson	Loon	Olin	Slocum
Benson	Eken	Johnson	Mack	Otremba	Smith
Bigham	Falk	Juhnke	Mahoney	Paymar	Solberg
Bly	Faust	Kahn	Mariani	Pelowski	Sterner
Brown	Fritz	Kalin	Marquart	Persell	Swails
Brynaert	Gardner	Kath	Masin	Peterson	Thao
Bunn	Greiling	Kiffmeyer	McFarlane	Poppe	Thissen
Carlson	Hansen	Knuth	McNamara	Reinert	Tillberry
Champion	Hausman	Koenen	Morgan	Rosenthal	Wagenius
Clark	Haws	Laine	Morrow	Rukavina	Ward
Cornish	Hayden	Lanning	Murdock	Ruud	Welti
Davnie	Hilstrom	Lenczewski	Murphy, E.	Sailer	Winkler
Dill	Hilty	Lesch	Murphy, M.	Scalze	Spk. Kelliher
Dittrich	Hornstein	Liebling	Nelson	Scott	
Doepke	Hortman	Lieder	Newton	Sertich	
Doty	Howes	Lillie	Norton	Simon	

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

Buesgens moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 36, line 23, delete "not" and delete the comma

Page 36, line 24, delete "even"

A roll call was requested and properly seconded.

The question was taken on the Buesgens amendment and the roll was called. There were 42 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, S.	Buesgens	Demmer	Drazkowski	Fritz
Anderson, B.	Beard	Davids	Dettmer	Eastlund	Garofalo
Anderson, P.	Brod	Dean	Downey	Emmer	Gottwalt

Gunther	Hoppe	Kohls	Murdock	Seifert	Torkelson
Hackbarth	Howes	Loon	Nornes	Severson	Urdahl
Hamilton	Kelly	Mack	Peppin	Shimanski	Westrom
Holberg	Kiffmeyer	Magnus	Sanders	Smith	Zellers

Those who voted in the negative were:

Anzelc	Doty	Huntley	Lillie	Obermueller	Sertich
Benson	Eken	Jackson	Loeffler	Olin	Simon
Bigham	Falk	Johnson	Mahoney	Otremba	Slawik
Bly	Faust	Juhnke	Mariani	Paymar	Slocum
Brown	Gardner	Kahn	Marquart	Pelowski	Solberg
Brynaert	Greiling	Kalin	Masin	Persell	Sterner
Bunn	Hansen	Kath	McFarlane	Peterson	Swails
Carlson	Hausman	Knuth	McNamara	Poppe	Thao
Champion	Haws	Koenen	Morgan	Reinert	Thissen
Clark	Hayden	Laine	Morrow	Rosenthal	Tillberry
Cornish	Hilstrom	Lanning	Murphy, E.	Rukavina	Wagenius
Davnie	Hilty	Lenczewski	Murphy, M.	Ruud	Ward
Dill	Hornstein	Lesch	Nelson	Sailer	Walti
Dittrich	Hortman	Liebling	Newton	Scalze	Winkler
Doepke	Hosch	Lieder	Norton	Scott	Spk. Kelliher

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

Emmer moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 16, line 29, after "Council" insert ", the Department of Homeland Security"

The motion prevailed and the amendment was adopted.

Peppin, Nornes, Severson and Westrom moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Pages 2 to 69, delete article 1

Renumber the articles 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 Peppin et al amendment and the roll was called. There were 46 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Beard	Cornish	Demmer	Downey	Emmer
Anderson, P.	Brod	Davids	Dettmer	Drazkowski	Garofalo
Anderson, S.	Buesgens	Dean	Doepke	Eastlund	Gottwalt

Gunther	Howes	Loon	Murdock	Seifert	Urdahl
Hackbarth	Kelly	Mack	Nornes	Severson	Westrom
Hamilton	Kiffmeyer	Magnus	Peppin	Shimanski	Zellers
Holberg	Kohls	McFarlane	Sanders	Smith	
Hoppe	Lanning	McNamara	Scott	Torkelson	

Those who voted in the negative were:

Abeler	Eken	Huntley	Loeffler	Paymar	Solberg
Anzelc	Falk	Jackson	Mahoney	Pelowski	Sterner
Benson	Faust	Johnson	Mariani	Persell	Swails
Bigham	Fritz	Juhnke	Marquart	Peterson	Thao
Bly	Gardner	Kahn	Masin	Poppe	Thissen
Brown	Greiling	Kalin	Morgan	Reinert	Tillberry
Brynaert	Hansen	Kath	Morrow	Rosenthal	Wagenius
Bunn	Hausman	Knuth	Murphy, E.	Rukavina	Ward
Carlson	Haws	Koenen	Murphy, M.	Ruud	Wolti
Champion	Hayden	Laine	Nelson	Sailer	Winkler
Clark	Hilstrom	Lenczewski	Newton	Scalze	Spk. Kelliher
Davnie	Hilty	Lesch	Norton	Sertich	
Dill	Hornstein	Liebling	Obermueller	Simon	
Dittrich	Hortman	Lieder	Olin	Slawik	
Doty	Hosch	Lillie	Otremba	Slocum	

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

Peppin moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 76, line 5, delete "and"

Page 76, line 7, before the period insert ": and

(8) ensuring that projects are cost-effective and maximize energy savings per dollar of stimulus funding expended"

The motion prevailed and the amendment was adopted.

Hoppe moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 76, line 27, delete "Existing"

Page 76, delete lines 28 and 29

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

Westrom moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 71, after line 15, insert:

"Sec. 5. **[45.0113] LICENSE DURATION EXTENSION.**

(a) Notwithstanding any other law to the contrary, each license issued by the commissioner of commerce to an individual shall have a duration that is twice the length of time otherwise provided by law. The fee charged for the license shall not be adjusted as a result of this provision.

(b) The commissioner of commerce shall, no later than December 1, 2011, provide a written report to the legislature recommending legislative changes by which the legislature may reduce sources of funds other than individual licensing fees by which the commissioner of commerce receives payments from individuals and business entities that the commissioner regulates, to achieve equivalency with paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2011."

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 Westrom amendment and the roll was called. There were 44 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Gunther	Kohls	Nornes	Torkelson
Anderson, B.	Dettmer	Hackbarth	Lanning	Peppin	Urdahl
Anderson, P.	Doepke	Hamilton	Loon	Sanders	Westrom
Anderson, S.	Downey	Holberg	Mack	Scott	Zellers
Beard	Drazkowski	Hoppe	Magnus	Seifert	
Brod	Eastlund	Howes	McFarlane	Severson	
Buesgens	Emmer	Kath	McNamara	Shimanski	
Dean	Gottwalt	Kelly	Murdock	Smith	

Those who voted in the negative were:

Anzelc	Doty	Hortman	Lieder	Olin	Slawik
Benson	Eken	Hosch	Lillie	Otremba	Slocum
Bigham	Falk	Huntley	Loeffler	Paymar	Solberg
Bly	Faust	Jackson	Mahoney	Pelowski	Sterner
Brown	Fritz	Johnson	Mariani	Persell	Swails
Brynaert	Gardner	Juhnke	Marquart	Peterson	Thao
Bunn	Garofalo	Kahn	Masin	Poppe	Thissen
Carlson	Greiling	Kalin	Morgan	Reinert	Tillberry
Champion	Hansen	Kiffmeyer	Morrow	Rosenthal	Wagenius
Clark	Hausman	Knuth	Murphy, E.	Rukavina	Ward
Cornish	Haws	Koenen	Murphy, M.	Ruud	Welti
Davids	Hayden	Laine	Nelson	Sailer	Winkler
Davnie	Hilstrom	Lenczewski	Newton	Scalze	Spk. Kelliher
Dill	Hilty	Lesch	Norton	Sertich	
Dittrich	Hornstein	Liebling	Obermueller	Simon	

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

Hackbarth moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 41, after line 10, insert:

"EFFECTIVE DATE. The application fees within this section are effective upon approval by the Iron Range Resources and Rehabilitation Board."

Page 43, delete line 22, and insert:

"EFFECTIVE DATE. The reclamation fees within this section are effective upon approval by the Iron Range Resources and Rehabilitation Board."

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

Those who voted in the affirmative were:

Abeler	Davids	Emmer	Howes	McFarlane	Severson
Anderson, B.	Dean	Garofalo	Kelly	McNamara	Shimanski
Anderson, P.	Demmer	Gottwalt	Kiffmeyer	Murdock	Smith
Anderson, S.	Dettmer	Gunther	Kohls	Nornes	Torkelson
Beard	Doepke	Hackbarth	Lanning	Peppin	Urdahl
Brod	Downey	Hamilton	Loon	Sanders	Westrom
Buesgens	Drazkowski	Holberg	Mack	Scott	Zellers
Cornish	Eastlund	Hoppe	Magnus	Seifert	

Those who voted in the negative were:

Anzelc	Falk	Jackson	Mahoney	Pelowski	Sterner
Benson	Faust	Johnson	Mariani	Persell	Swails
Bigham	Fritz	Juhnke	Marquart	Peterson	Thao
Bly	Gardner	Kahn	Masin	Poppe	Thissen
Brown	Greiling	Kalin	Morgan	Reinert	Tillberry
Brynaert	Hansen	Kath	Morrow	Rosenthal	Wagenius
Bunn	Hausman	Knuth	Murphy, E.	Rukavina	Ward
Carlson	Haws	Koenen	Murphy, M.	Ruud	Welti
Champion	Hayden	Laine	Nelson	Sailer	Winkler
Clark	Hilstrom	Lenczewski	Newton	Scalze	Spk. Kelliher
Davnie	Hilty	Lesch	Norton	Sertich	
Dill	Hornstein	Liebling	Obermueller	Simon	
Dittrich	Hortman	Lieder	Olin	Slawik	
Doty	Hosch	Lillie	Otremba	Slocum	
Eken	Huntley	Loeffler	Paymar	Solberg	

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

Seifert moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 76, after line 33, insert:

"Subd. 3. **Background check.** Any person offering employment to an individual to conduct weatherization activities under this section shall request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on that individual. In order for an individual to be eligible for employment, the individual must provide an executed criminal history consent form and a money order or check payable to the Bureau of Criminal Apprehension in an amount equal to the actual cost to the Bureau of Criminal Apprehension of conducting the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system computers.

Subd. 4. **Employment prohibited.** An individual convicted of a violent crime, as defined in section 611A.08, subdivision 6, or a crime against property may not be hired to conduct weatherization activities under this section."

A roll call was requested and properly seconded.

The question was taken on the Seifert amendment and the roll was called. There were 107 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Lenczewski	Olin	Simon
Anderson, B.	Dittrich	Haws	Lillie	Otremba	Slawik
Anderson, P.	Doepke	Hilstrom	Loeffler	Pelowski	Slocum
Anderson, S.	Doty	Holberg	Loon	Peppin	Smith
Beard	Downey	Hoppe	Mack	Persell	Sterner
Benson	Drazkowski	Hornstein	Magnus	Peterson	Swails
Bigham	Eastlund	Hortman	Mahoney	Poppe	Thissen
Bly	Eken	Hosch	Marquart	Reinert	Tillberry
Brod	Emmer	Howes	Masin	Rosenthal	Torkelson
Brown	Falk	Huntley	McFarlane	Ruud	Urdahl
Buesgens	Faust	Jackson	McNamara	Sailer	Wagenius
Bunn	Fritz	Kath	Morgan	Sanders	Ward
Carlson	Gardner	Kelly	Morrow	Scalze	Welti
Cornish	Garofalo	Kiffmeyer	Murdock	Scott	Westrom
Davids	Gottwalt	Knuth	Newton	Seifert	Winkler
Davnie	Gunther	Koenen	Nornes	Sertich	Zellers
Dean	Hackbarth	Kohls	Norton	Severson	Spk. Kelliher
Demmer	Hamilton	Lanning	Obermueller	Shimanski	

Those who voted in the negative were:

Anzelc	Greiling	Juhnke	Liebling	Nelson
Brynaert	Hausman	Kahn	Lieder	Paymar
Champion	Hayden	Kalin	Mariani	Rukavina
Clark	Hilty	Laine	Murphy, E.	Solberg
Dill	Johnson	Lesch	Murphy, M.	Thao

The motion prevailed and the amendment was adopted.

Hoppe moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 78, line 23, delete everything after "unemployed" and insert "U.S. citizens; and"

Page 78, delete lines 24 and 25

A roll call was requested and properly seconded.

The question was taken on the Hoppe amendment and the roll was called. There were 54 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Davids	Faust	Howes	McFarlane	Seifert
Anderson, P.	Dean	Garofalo	Kath	McNamara	Severson
Anderson, S.	Demmer	Gottwalt	Kelly	Morgan	Shimanski
Bigham	Dettmer	Gunther	Kiffmeyer	Murdock	Smith
Brod	Doepke	Hackbarth	Kohls	Nornes	Swails
Brown	Downey	Hamilton	Lanning	Peppin	Torkelson
Buesgens	Drazkowski	Holberg	Loon	Poppe	Welti
Bunn	Eastlund	Hoppe	Mack	Sanders	Westrom
Cornish	Emmer	Hosch	Magnus	Scott	Zellers

Those who voted in the negative were:

Abeler	Eken	Huntley	Lillie	Olin	Simon
Anzelc	Falk	Jackson	Loeffler	Otremba	Slawik
Beard	Fritz	Johnson	Mahoney	Paymar	Slocum
Benson	Gardner	Juhnke	Mariani	Pelowski	Solberg
Bly	Greiling	Kahn	Marquart	Persell	Sterner
Brynaert	Hansen	Kalin	Masin	Peterson	Thao
Carlson	Hausman	Knuth	Morrow	Reinert	Thissen
Champion	Haws	Koenen	Murphy, E.	Rosenthal	Tillberry
Clark	Hayden	Laine	Murphy, M.	Rukavina	Urdahl
Davnie	Hilstrom	Lenczewski	Nelson	Ruud	Wagenius
Dill	Hilty	Lesch	Newton	Sailer	Ward
Dittrich	Hornstein	Liebling	Norton	Scalze	Winkler
Doty	Hortman	Lieder	Obermueller	Sertich	Spk. Kelliher

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

Peppin moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 78, line 21, after the semicolon insert "and"

Page 78, delete lines 22 to 25

Page 78, line 26, delete "(3)" and insert "(2)"

A roll call was requested and properly seconded.

The question was taken on the Peppin amendment and the roll was called. There were 45 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Gottwalt	Kelly	McNamara	Shimanski
Anderson, P.	Dettmer	Gunther	Kiffmeyer	Murdock	Smith
Anderson, S.	Doepke	Hackbarth	Kohls	Nornes	Torkelson
Brod	Downey	Hamilton	Lanning	Peppin	Westrom
Buesgens	Drazkowski	Holberg	Loon	Sanders	Zellers
Cornish	Eastlund	Hoppe	Mack	Scott	
Davids	Emmer	Howes	Magnus	Seifert	
Dean	Garofalo	Kath	McFarlane	Severson	

Those who voted in the negative were:

Abeler	Doty	Hosch	Loeffler	Pelowski	Sterner
Anzelc	Eken	Huntley	Mahoney	Persell	Swails
Beard	Falk	Jackson	Mariani	Peterson	Thao
Benson	Faust	Johnson	Marquart	Poppe	Thissen
Bigham	Fritz	Juhnke	Masin	Reinert	Tillberry
Bly	Gardner	Kahn	Morgan	Rosenthal	Urdahl
Brown	Greiling	Kalin	Morrow	Rukavina	Wagenius
Brynaert	Hansen	Knuth	Murphy, E.	Ruud	Ward
Bunn	Hausman	Koenen	Murphy, M.	Sailer	Welti
Carlson	Haws	Laine	Nelson	Scalze	Winkler
Champion	Hayden	Lenczewski	Norton	Sertich	Spk. Kelliher
Clark	Hilstrom	Lesch	Obermueller	Simon	
Davnie	Hilty	Liebling	Olin	Slawik	
Dill	Hornstein	Lieder	Otremba	Slocum	
Dittrich	Hortman	Lillie	Paymar	Solberg	

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

Pursuant to rule 1.50, Garofalo moved that the House be allowed to continue in session after 12:00 midnight. The motion did not prevail.

Emmer moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 76, after line 33, insert:

"Subd. 3. **Drug testing.** (a) A person offering employment to individuals to conduct weatherization activities under this section must comply with the requirements of section 181.951.

(b) A person offered employment to conduct weatherization activities under this section must undergo drug testing that complies with the provisions of section 181.953. For purposes of this subdivision, "drug testing" means analysis of a body component sample according to the standards established under one of the programs listed in section 181.953, subdivision 1, for the purpose of measuring the presence or absence of drugs or their metabolites in the sample tested."

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 50 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dean	Gottwalt	Kiffmeyer	Nornes	Sterner
Anderson, P.	Demmer	Gunther	Kohls	Peppin	Torkelson
Anderson, S.	Dettmer	Hackbarth	Lanning	Poppe	Urdahl
Beard	Doepke	Hamilton	Loon	Sanders	Westrom
Brod	Downey	Holberg	Mack	Scott	Zellers
Brown	Drazkowski	Hoppe	Magnus	Seifert	
Buesgens	Eastlund	Howes	McFarlane	Severson	
Cornish	Emmer	Kath	McNamara	Shimanski	
Davids	Garofalo	Kelly	Murdock	Smith	

Those who voted in the negative were:

Abeler	Eken	Hosch	Lillie	Olin	Slawik
Anzelc	Falk	Huntley	Loeffler	Otremba	Slocum
Benson	Faust	Jackson	Mahoney	Paymar	Solberg
Bigham	Fritz	Johnson	Mariani	Pelowski	Swails
Bly	Gardner	Juhnke	Marquart	Persell	Thao
Brynaert	Greiling	Kahn	Masin	Peterson	Thissen
Bunn	Hansen	Kalin	Morgan	Reinert	Tillberry
Carlson	Hausman	Knuth	Morrow	Rosenthal	Wagenius
Champion	Haws	Koenen	Murphy, E.	Rukavina	Ward
Clark	Hayden	Laine	Murphy, M.	Ruud	Walti
Davnie	Hilstrom	Lenczewski	Nelson	Sailer	Winkler
Dill	Hilty	Lesch	Newton	Scalze	Spk. Kelliher
Dittrich	Hornstein	Liebling	Norton	Sertich	
Doty	Hortman	Lieder	Obermueller	Simon	

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

Peppin moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 84, line 21, delete "\$12,000,000" and insert "\$13,500,000"

Page 84, line 25, after the semicolon insert "and"

Page 84, line 27, delete "and"

Page 84, delete lines 28 to 33

A roll call was requested and properly seconded.

The question was taken on the Peppin amendment and the roll was called. There were 48 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Beard	Cornish	Demmer	Downey	Emmer
Anderson, P.	Brod	Davids	Dettmer	Drazkowski	Garofalo
Anderson, S.	Buesgens	Dean	Doepke	Eastlund	Gottwalt

Gunther	Howes	Loon	Murdock	Sanders	Smith
Hackbarth	Kelly	Mack	Nornes	Scott	Torkelson
Hamilton	Kiffmeyer	Magnus	Olin	Seifert	Urdahl
Holberg	Kohls	McFarlane	Peppin	Severson	Westrom
Hoppe	Lanning	McNamara	Reinert	Shimanski	Zellers

Those who voted in the negative were:

Abeler	Doty	Hortman	Liebling	Norton	Simon
Anzelc	Eken	Hosch	Lieder	Obermueller	Slawik
Benson	Falk	Huntley	Lillie	Otremba	Slocum
Bigham	Faust	Jackson	Loeffler	Paymar	Solberg
Bly	Fritz	Johnson	Mahoney	Pelowski	Sterner
Brown	Gardner	Juhnke	Mariani	Persell	Swails
Brynaert	Greiling	Kahn	Marquart	Peterson	Thao
Bunn	Hansen	Kalin	Masin	Poppe	Thissen
Carlson	Hausman	Kath	Morgan	Rosenthal	Tillberry
Champion	Haws	Knuth	Morrow	Rukavina	Wagenius
Clark	Hayden	Koenen	Murphy, E.	Ruud	Ward
Davnie	Hilstrom	Laine	Murphy, M.	Sailer	Welti
Dill	Hilty	Lenczewski	Nelson	Scalze	Winkler
Dittrich	Hornstein	Lesch	Newton	Sertich	Spk. Kelliher

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

Pursuant to rule 1.50, Sertich moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

Beard was excused for the remainder of today's session.

Westrom moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 82, after line 15, insert:

"Sec. 4. Minnesota Statutes 2008, section 216B.241, is amended by adding a subdivision to read:

Subd. 2d. **Renewable residential heating.** The commissioner of commerce shall provide rebates to homeowners who install the following types of projects to heat the homeowner's primary residence in this state:

(1) a solar thermal project, as defined in section 216B.2411, subdivision 2, paragraph (e);

(2) a geothermal project; and

(3) a heating unit that burns exclusively either biodiesel, shelled corn, or wood chips or wood pellets, provided that the heating unit is listed by Underwriters Laboratories. A rebate awarded under this subdivision must not exceed the lesser of 25 percent of the purchase and installation costs of the project or \$500.

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

Page 84, delete lines 19 and 20 and insert:

"(2) \$9.5 million is for rebates to homeowners under article 5, section 4."

Page 84, delete lines 28 to 33

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 Westrom amendment and the roll was called. There were 44 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Garofalo	Kelly	Nornes	Torkelson
Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Peppin	Urdahl
Anderson, P.	Dettmer	Gunther	Kohls	Sanders	Westrom
Anderson, S.	Doepke	Hackbarth	Lanning	Scott	Zellers
Brod	Drazkowski	Hamilton	Magnus	Seifert	
Buesgens	Eastlund	Holberg	McFarlane	Severson	
Cornish	Emmer	Hoppe	McNamara	Shimanski	
Davids	Faust	Howes	Murdock	Smith	

Those who voted in the negative were:

Anzelc	Eken	Jackson	Loon	Otremba	Slocum
Benson	Falk	Johnson	Mack	Paymar	Solberg
Bigham	Fritz	Juhnke	Mahoney	Pelowski	Sterner
Bly	Gardner	Kahn	Mariani	Persell	Swails
Brown	Greiling	Kalin	Marquart	Peterson	Thao
Brynaert	Hansen	Kath	Masin	Poppe	Thissen
Bunn	Hausman	Knuth	Morgan	Reinert	Tillberry
Carlson	Haws	Koenen	Morrow	Rosenthal	Wagenius
Champion	Hayden	Laine	Murphy, E.	Rukavina	Ward
Clark	Hilstrom	Lenczewski	Murphy, M.	Ruud	Walti
Davnie	Hilty	Lesch	Nelson	Sailer	Winkler
Dill	Hornstein	Liebling	Newton	Scalze	Spk. Kelliher
Dittrich	Hortman	Lieder	Norton	Sertich	
Doty	Hosch	Lillie	Obermueller	Simon	
Downey	Huntley	Loeffler	Olin	Slawik	

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

Emmer moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 6, line 26, after the period, insert:

"A direct inspection shall not be conducted without written permission from the property owner."

The motion prevailed and the amendment was adopted.

Howes moved to amend H. F. No. 2123, the second engrossment, as amended, as follows:

Page 37, after line 10, insert:

"Sec. 18. Minnesota Statutes 2008, section 84.788, subdivision 3, is amended to read:

Subd. 3. **Application; issuance; reports.** (a) Application for registration or continued registration must be made to the commissioner or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the off-highway motorcycle.

(b) A person who purchases from a retail dealer an off-highway motorcycle shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary 21-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration applications and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary 21-day permit. Once issued, the registration number must be affixed to the motorcycle according to paragraph (f). A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the 21-day temporary permit period.

(d) The commissioner shall develop a registration system to register vehicles under this section. A deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of off-highway motorcycles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) In addition to other fees prescribed by law, a filing fee of \$4.50 is charged for each off-highway motorcycle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each off-highway motorcycle registration and registration transfer issued by:

(1) a deputy registrar and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or kept if the deputy is not a public official; or

(2) the commissioner and must be deposited in the state treasury and credited to the off-highway motorcycle account.

(f) Unless exempted in paragraph (g), the owner of an off-highway motorcycle must display a registration decal issued by the commissioner. If the motorcycle is licensed as a motor vehicle, a registration decal must be affixed on the upper left corner of the rear license plate. If the motorcycle is not licensed as a motor vehicle, the decal must be attached on the side of the motorcycle and may be attached to the fork tube. The decal must be attached in a manner so that it is visible while a rider is on the motorcycle. The issued decals must be of a size to work within the constraints of the electronic licensing system, not to exceed three inches high and three inches wide.

(g) Display of a registration decal is not required for an off-highway motorcycle:

(1) while being operated on private property; or

(2) while competing in a closed-course competition event.

(h) Registration decals for vehicles under this section or any other vehicle registered by the Department of Natural Resources must be manufactured in Minnesota."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2123, A bill for an act relating to state government; environment, natural resources, and energy finance; appropriating money for environment and natural resources; authorizing sale of gift cards and certificates; establishing composting competitive grant program; modifying regulation of storm water discharges; modifying waste management reporting requirements and creating a work group; requiring nonresident all-terrain vehicle state trail pass; modifying horse trail and state park pass requirements; requiring disclosure of certain chemicals in children's products by manufacturers; requiring plastic yard waste bags to be compostable and establishing labeling standards; authorizing uses of the Hennepin County solid and hazardous waste fund; modifying greenhouse gas emissions provisions and requiring a registry; establishing and authorizing fees; providing for disposition of certain fees; modifying and establishing assessments for certain regulatory expenses; providing for fish consumption advisories in different languages; limiting use of certain funds; requiring reports; appropriating money to Department of Commerce and Public Utilities Commission to finance activities related to commerce and energy; modifying provisions related to Telecommunications Access Minnesota assessments, insurance audits, insurers and insurance products, certain financial institutions, regulated activities related to certain mortgage transactions and professionals, and debt management and debt settlement services; providing penalties and remedies; appropriating and allocating federal stimulus money for various energy programs; amending Minnesota Statutes 2008, sections 45.011, subdivision 1; 45.027, subdivision 1; 46.04, subdivision 1; 46.05; 46.131, subdivision 2; 47.58, subdivision 1; 47.60, subdivisions 1, 3, 6; 48.21; 58.05, subdivision 3; 58.06, subdivision 2; 58.126; 58.13, subdivision 1; 60A.124; 60A.14, subdivision 1; 60B.03, subdivision 15; 60L.02, subdivision 3; 61B.19, subdivision 4; 61B.28, subdivisions 4, 8; 67A.01; 67A.06; 67A.07; 67A.14, subdivisions 1, 7; 67A.18, subdivision 1; 84.0835, subdivision 3; 84.415, subdivision 5, by adding a subdivision; 84.63; 84.631; 84.632; 84.922, subdivision 1a; 85.015, subdivision 1b; 85.053, subdivision 10; 85.46, subdivisions 3, 4, 7; 93.481, subdivisions 1, 3, 5, 7; 97A.075, subdivision 1; 103G.301, subdivisions 2, 3; 115.03, subdivision 5c; 115.073; 115.56, subdivision 4; 115.77, subdivision 1; 115A.1314, subdivision 2; 115A.557, subdivision 3; 115A.931; 116.07, subdivision 4d; 116.41, subdivision 2; 116C.834, subdivision 1; 116D.045; 216B.62, subdivisions 3, 4, 5, by adding a subdivision; 216H.10, subdivision 7; 216H.11; 325E.311, subdivision 6; 332A.02, subdivisions 5, 8, 9, 10, 13, by adding a subdivision; 332A.04, subdivision 6; 332A.08; 332A.10; 332A.11, subdivision 2; 332A.14; Laws 2002, chapter 220, article 8, section 15; Laws 2007, chapter 57, article 1, section 4, subdivision 2; Laws 2008, chapter 363, article 5, section 4, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 60A; 61A; 67A; 84; 93; 115A; 116; 216H; 325E; 383B; proposing coding for new law as Minnesota Statutes, chapter 332B; repealing Minnesota Statutes 2008, sections 60A.129; 61B.19, subdivision 6; 67A.14, subdivision 5; 67A.17; 67A.19; Laws 2008, chapter 363, article 5, section 30; Minnesota Rules, parts 2675.2180; 2675.7100; 2675.7110; 2675.7120; 2675.7130; 2675.7140.

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 85 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anzelc	Falk	Jackson	Mahoney	Pelowski	Sterner
Benson	Faust	Johnson	Mariani	Persell	Swails
Bigham	Fritz	Juhnke	Marquart	Peterson	Thao
Bly	Gardner	Kahn	Masin	Poppe	Thissen
Brown	Greiling	Kalin	Morgan	Reinert	Tillberry
Brynaert	Hansen	Kath	Morrow	Rosenthal	Wagenius
Bunn	Hausman	Knuth	Murphy, E.	Rukavina	Ward
Carlson	Haws	Koenen	Murphy, M.	Ruud	Welti
Champion	Hayden	Laine	Nelson	Sailer	Winkler
Clark	Hilstrom	Lenczewski	Newton	Scalze	Spk. Kelliher
Davnie	Hilty	Lesch	Norton	Sertich	
Dill	Hornstein	Liebling	Obermueller	Simon	
Dittrich	Hortman	Lieder	Olin	Slawik	
Doty	Hosch	Lillie	Otremba	Slocum	
Eken	Huntley	Loeffler	Paymar	Solberg	

Those who voted in the negative were:

Abeler	Dean	Garofalo	Kelly	McNamara	Shimanski
Anderson, B.	Demmer	Gottwalt	Kiffmeyer	Murdock	Smith
Anderson, P.	Dettmer	Gunther	Kohls	Nornes	Torkelson
Anderson, S.	Doepke	Hackbarth	Lanning	Peppin	Urdahl
Brod	Downey	Hamilton	Loon	Sanders	Westrom
Buesgens	Drazkowski	Holberg	Mack	Scott	Zellers
Cornish	Eastlund	Hoppe	Magnus	Seifert	
Dauids	Emmer	Howes	McFarlane	Severson	

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

CALENDAR FOR THE DAY

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

MOTIONS AND RESOLUTIONS

Rukavina moved that the name of Greiling be added as an author on H. F. No. 2079. The motion prevailed.

Downey moved that the name of Obermueller be added as an author on H. F. No. 2270. The motion prevailed.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Solberg announced his intention to place H. F. No. 2; S. F. No. 2082; and H. F. No. 2088 on the Fiscal Calendar for Thursday, April 23, 2009.

ANNOUNCEMENT FROM THE COMMITTEE ON
RULES AND LEGISLATIVE ADMINISTRATION

Pursuant to rules 1.21 and 1.22, the Committee on Rules and Legislative Administration specified Wednesday, April 22, 2009, as the date after which the 5:00 p.m. deadline no longer applies to the designation of bills to be placed on the Calendar for the Day and to the announcement of the intention to request that bills be placed on the Fiscal Calendar.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 9:30 a.m., Thursday, April 23, 2009. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:30 a.m., Thursday, April 23, 2009.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

