

## STATE OF MINNESOTA

## EIGHTY-SEVENTH SESSION — 2012

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 EIGHTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 19, 2012

The House of Representatives convened at 3:00 p.m. and was called to order by Kurt Zellers, Speaker of the House.

Prayer was offered by the Reverend John Just, Timberwood Church, Nisswa, Minnesota.

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

The roll was called and the following members were present:

Abeler	Davids	Hamilton	Laine	Morrow	Scalze
Allen	Davnie	Hancock	Lanning	Mullery	Schomacker
Anderson, B.	Dean	Hansen	Leidiger	Murdock	Scott
Anderson, D.	Dettmer	Hausman	LeMieur	Murphy, E.	Shimanski
Anderson, P.	Dill	Hilstrom	Lenczewski	Murphy, M.	Simon
Anderson, S.	Dittrich	Hilty	Lesch	Murray	Slawik
Anzels	Doepke	Holberg	Liebling	Myhra	Slocum
Atkins	Downey	Hoppe	Lillie	Nelson	Stensrud
Banaian	Drazkowski	Hortman	Loeffler	Nornes	Swedzinski
Barrett	Eken	Hosch	Lohmer	Norton	Thissen
Beard	Erickson	Howes	Loon	O'Driscoll	Tillberry
Benson, J.	Fabian	Huntley	Mack	Paymar	Torkelson
Benson, M.	Falk	Johnson	Mahoney	Pelowski	Urdahl
Bills	Franson	Kahn	Mariani	Peppin	Vogel
Brynaert	Fritz	Kath	Marquart	Persell	Wagenius
Buesgens	Garofalo	Kelly	Mazorol	Petersen, B.	Ward
Carlson	Gauthier	Kieffer	McDonald	Peterson, S.	Wardlow
Champion	Gottwalt	Kiel	McElfrick	Poppe	Westrom
Clark	Greiling	Kiffmeyer	McFarlane	Quam	Winkler
Cornish	Gruenhagen	Knuth	McNamara	Rukavina	Woodard
Crawford	Gunther	Koenen	Melin	Runbeck	Spk. Zellers
Daudt	Hackbarth	Kriesel	Moran	Sanders	

A quorum was present.

Hornstein and Smith were excused.

Greene was excused until 4:55 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

## REPORTS OF CHIEF CLERK

S. F. No. 1542 and H. F. No. 2441, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Loon moved that S. F. No. 1542 be substituted for H. F. No. 2441 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1620 and H. F. No. 1833, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dittrich moved that S. F. No. 1620 be substituted for H. F. No. 1833 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1917 and H. F. No. 2293, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Davnie moved that the rules be so far suspended that S. F. No. 1917 be substituted for H. F. No. 2293 and that the House File be indefinitely postponed. The motion prevailed.

## PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2012 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2012</i>	<i>Date Filed 2012</i>
1183		131	10:08 a.m. March 15	March 15

Sincerely,

MARK RITCHIE  
Secretary of State

**REPORTS OF STANDING COMMITTEES AND DIVISIONS**

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 718, A bill for an act relating to civil rights; requiring notices of restoration of civil rights and of possible loss of civil rights; excluding incarcerated offenders from receiving absentee ballots; amending Minnesota Statutes 2010, section 203B.06, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 201; 243; 630.

Reported the same back with the following amendments:

Page 1, line 22, after "ballots" insert "issued under chapter 203B"

With the recommendation that when so amended the bill pass.

The report was adopted.

Westrom from the Committee on Civil Law to which was referred:

H. F. No. 1135, A bill for an act relating to marriage; requiring participation in a marriage dissolution education program in marriage dissolution or legal separation proceedings involving minor children; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 2010, sections 13.465, subdivision 9; 518.091, subdivision 2; 518.157.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 480.30, is amended by adding a subdivision to read:

Subd. 4. **Parenting plans.** The Supreme Court's judicial education program must include ongoing parenting plan training for district court judges.

Sec. 2. Minnesota Statutes 2010, section 518.091, subdivision 2, is amended to read:

Subd. 2. **Parent education program requirements.** Every summons involving custody or parenting time of a minor child in a marriage dissolution or legal separation proceeding must include the notice in this subdivision.

**NOTICE OF PARENT EDUCATION PROGRAM REQUIREMENTS**

UNDER MINNESOTA STATUTES, SECTION ~~518.157~~ 518.159, IN A ~~CONTESTED~~ PROCEEDING INVOLVING CUSTODY OR PARENTING TIME OF A MINOR CHILD, THE PARTIES MUST ~~BEGIN PARTICIPATION IN COMPLETE~~ A PARENT EDUCATION PROGRAM THAT MEETS MINIMUM STANDARDS ~~PROMULGATED BY THE MINNESOTA SUPREME COURT BEFORE THE FIRST COURT APPEARANCE OR HEARING OR WITHIN 30 DAYS AFTER THE FIRST FILING WITH THE COURT, WHICHEVER IS SOONER. IN SOME DISTRICTS, PARENTING EDUCATION MAY BE REQUIRED IN ALL CUSTODY OR PARENTING PROCEEDINGS.~~ YOU MAY CONTACT THE DISTRICT COURT ADMINISTRATOR FOR ADDITIONAL INFORMATION REGARDING THIS REQUIREMENT AND THE AVAILABILITY OF PARENT EDUCATION PROGRAMS.

Sec. 3. **[518.159] MARRIAGE DISSOLUTION AND LEGAL SEPARATION EDUCATION REQUIREMENTS.**

**Subdivision 1. Application.** This section applies to marriage dissolution and legal separation proceedings involving minor children.

**Subd. 2. Participation requirements.** (a) Parents shall attend a four-hour marriage dissolution education program. Unless otherwise ordered by the court, participation in the program must be completed before the first court appearance or hearing, or within 30 days of the first filing with the court, whichever is sooner. At the first court appearance or hearing, the court must verify course completion. If a party has not completed the course, the court must order a timetable for completion, or may exempt a party from completing the course requirement upon a showing of good cause. If a case is settled without a court hearing, each party shall submit a certificate of completion along with the marital termination agreement or stipulated judgment and decree. The court may exempt a party from completing the course requirement upon a showing of good cause. For purposes of this paragraph, good cause includes an inability to speak the language used in the program, a determination that taking the course is not in a child's best interests, or that the party cannot afford the course fee. Judges and referees may also order parent education in cases involving unmarried parents.

(b) The party must submit a certificate provided by the marriage dissolution education program verifying completion of the program. The certificate must be titled "Certificate of Completion of Education Requirement" and contain the following language:

"This certifies that .....(party's name) has successfully completed the course .....(course name), which qualifies as a marriage dissolution education program in accordance with Minnesota Statutes, section 518.159."

**Subd. 3. Program requirements.** (a) An education program under this section may be conducted in person or online if the program meets the criteria in this subdivision.

(b) A program must meet acceptable standards of scientific evidence for effectiveness in reducing parental conflict and improving children's adjustment in marriage dissolution situations. These standards may be met either by a listing on the National Registry of Evidence-Based Programs and Practices or approval by the Minnesota couples on the brink project created under section 137.32. Approved programs must submit a new or past empirical study, using an experimental or quasi-experimental research design, demonstrating reduced parental conflict and improved adjustment of children. A parent education program already implemented by the district courts in Minnesota as of January 1, 2012, is an eligible program under this subdivision until September 1, 2014, if the program includes the information required under paragraph (c). On and after September 1, 2014, those programs must also meet the scientific criteria specified in this paragraph.

(c) The program must provide information on:

(1) constructive parenting in the dissolution process, including risk factors for families, how marriage dissolution affects children of different ages, and skills parents can learn to increase cooperation and minimize conflict, particularly conflict that involves children in loyalty binds. This component of the program must be aimed at increasing the parents' sensitivity to children's needs and at giving them skills to improve their own and the children's adjustment to the breakup of the family. Information on constructive parenting must be the primary emphasis of the program. The program must also include information to help parents assess whether they are involved in domestic violence, information on local domestic violence resources, and information on situations when cooperation in coparenting may not be desirable because of safety risks;

(2) the legal process of marriage dissolution, including an overview of the adversarial litigation process; the nature and availability of alternative processes such as mediation, collaborative and cooperative law, and restorative circles; and the advantages and disadvantages of alternative processes, including available research on the satisfaction levels, reduced conflict, and better parenting cooperation by parties who avoid adversarial proceedings; and

(3) the option of reconciliation, including research on the interest in reconciliation among couples considering marriage dissolution, the potential benefits of avoiding marriage dissolution, resources to assist with reconciliation for interested couples, and information on the circumstances in which the risk of domestic violence should exclude consideration of reconciliation.

The components of the program under clauses (2) and (3) must each constitute no less than five percent of the program time.

(d) An education program not listed on the National Registry of Evidence-Based Programs and Practices that is denied approval by the Minnesota couples on the brink project may appeal to the state court administrator for approval as a course meeting the requirements of this subdivision.

(e) A judicial district may request an exemption from the requirements of this section from the state court administrator for good cause if there are no available, appropriate, or affordable education programs in the district.

(f) A program that is conducted in person must not require the parties to attend the same parent education sessions.

(g) The couples on the brink project must disseminate to court administrators a list of programs that meet the requirements of the subdivision.

Subd. 4. **Costs and program providers.** Each education program must enable persons to have timely and reasonable access to education sessions. A party who qualifies for a waiver of filing fees under section 563.01 is exempt from paying the parent education program fee. Program providers must implement a sliding fee scale.

**EFFECTIVE DATE.** This section is effective January 1, 2013, and applies to proceedings in which the initial pleading is served or, in the case of a joint petition, signed by both parties, on or after that date.

Sec. 4. **REPEALER.**

Minnesota Statutes 2010, sections 13.465, subdivision 9; and 518.157, are repealed.

**EFFECTIVE DATE.** This section is effective January 1, 2013."

Delete the title and insert:

"A bill for an act relating to marriage; requiring participation in a marriage dissolution education program in marriage dissolution or legal separation proceedings involving minor children; amending Minnesota Statutes 2010, sections 480.30, by adding a subdivision; 518.091, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 2010, sections 13.465, subdivision 9; 518.157."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Judiciary Policy and Finance.

The report was adopted.

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 1838, A bill for an act relating to public safety; specifying that driving while impaired constitutes a breach of the peace for purposes of the Constitution; proposing coding for new law in Minnesota Statutes, chapter 169A.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hoppe from the Committee on Commerce and Regulatory Reform to which was referred:

H. F. No. 1998, A bill for an act relating to insurance; modifying the definition of a health plan company; proposing coding for new law in Minnesota Statutes, chapter 645.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Gottwalt from the Committee on Health and Human Services Reform to which was referred:

H. F. No. 2041, A bill for an act relating to health; making changes to dental licensing provisions; amending Minnesota Statutes 2010, sections 150A.06, subdivisions 1c, 3, 4, 6, by adding a subdivision; 150A.09, subdivision 3; 150A.091, subdivisions 2, 3, 4, 5, 8, by adding a subdivision; 150A.105, subdivision 7; 150A.106, subdivision 1; 150A.14.

Reported the same back with the following amendments:

Pages 6 to 8, delete sections 7 to 12

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

The report was adopted.

Beard from the Committee on Transportation Policy and Finance to which was referred:

H. F. No. 2051, A bill for an act relating to public safety; traffic regulations; amending regulations governing electric-assisted bicycles; amending Minnesota Statutes 2010, sections 85.015, by adding a subdivision; 85.018, subdivisions 2, 4; 160.263, subdivision 2; 168.002, subdivisions 19, 20; 168.012, by adding a subdivision; 168A.03, subdivision 1; 169.011, subdivisions 4, 27, 44, 45; 169.222, subdivisions 4, 6, 7, by adding subdivisions; 169.223, subdivisions 1, 5; 171.01, subdivision 41.

Reported the same back with the following amendments:

Page 1, delete lines 9 and 10

Page 3, delete section 9

Page 7, delete article 2

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

The report was adopted.

Westrom from the Committee on Civil Law to which was referred:

H. F. No. 2084, A bill for an act relating to eminent domain; authorizing inverse condemnation by a mixed municipal solid waste services business when a governmental entity occupies the market; proposing coding for new law in Minnesota Statutes, chapter 117.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**"Section 1. [471.3457] GOVERNMENT ENTRY INTO MIXED MUNICIPAL SOLID WASTE COLLECTION SERVICES BUSINESS.**

Subdivision 1. **Political subdivision must compensate.** A political subdivision must pay a person providing mixed municipal solid waste collection services the fair market value of the business lost if:

(1) the political subdivision determines to provide, directly or indirectly, mixed municipal solid waste collection services previously provided by the private person within the jurisdiction of the state or political subdivision or limits the number of private persons who are permitted to provide the mixed municipal solid waste collection services within the jurisdiction so as to exclude the private person then providing such services from continuing to do so;

(2) as a result of the political subdivision's actions, the person is not able to continue in business to provide substantially the same mixed municipal solid waste collection services as before; and

(3) but for the political subdivision's actions, the person would be able to continue to provide substantially the same mixed municipal solid waste collection services in substantially the same market as before the government's actions.

Subd. 2. **Exceptions.** Subdivision 1 does not apply if the person provides mixed municipal solid waste collection services to that political subdivision under a contract between the person or a corporation or association in which the person is a shareholder or member and the political subdivision that sets forth the terms and conditions under which the person or a corporation or association in which the person is a shareholder or member can provide the services in the political subdivision. Subdivision 1 does not apply if the political subdivision does not renew or terminates the contract for collection services.

Subd. 3. **Statute of limitations.** If the political subdivision and the person providing mixed municipal solid waste collection services do not reach an agreement on the fair market value of the lost business as required under subdivision 1, either party may bring an action in district court in the district in which the political subdivision is located for a determination of the amount of compensation. An action under this subdivision must be commenced within six months of the day the political subdivision makes a final decision to provide or regulate mixed municipal solid waste collection services that are the subject of the dispute.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies to mixed municipal solid waste collection service contracts entered into, or mixed municipal solid waste collection service ordinances enacted, by a political subdivision on or after that date."

Delete the title and insert:

"A bill for an act relating to local government; providing for compensation when a political subdivision enters into mixed municipal solid waste collection business; proposing coding for new law in Minnesota Statutes, chapter 471."

With the recommendation that when so amended the bill pass.

The report was adopted.

Garofalo from the Committee on Education Finance to which was referred:

H. F. No. 2127, A bill for an act relating to education; modifying online learning parameters; modifying graduation requirements; providing for digital learning; amending Minnesota Statutes 2010, sections 120B.024; 122A.18, by adding a subdivision; 122A.60, subdivisions 1a, 3; 124D.095, subdivisions 2, 4, 7; 126C.15, subdivision 1.

Reported the same back with the following amendments:

Pages 4 to 7, delete sections 5 to 7 and insert:

"Sec. 5. Minnesota Statutes 2010, section 124D.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Digital learning" is learning facilitated by technology that offers students an element of control over the time, place, path, or pace of their learning.

(b) "Blended learning" is a form of digital learning that occurs when: a student learns part time in a supervised physical setting and part time through digital delivery of instruction; or a student learns in a supervised physical setting where technology is used as a primary method to deliver instruction.

(c) "Online learning" is an interactive course or program that delivers instruction from a teacher to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards a form of digital learning delivered by an approved online learning provider under paragraph (d).



~~(b)~~ (d) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students and is approved by the department to provide online learning courses.

~~(e)~~ (e) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

~~(d)~~ (f) "Online learning student" is a student enrolled in an online learning course or program delivered by an online learning provider under paragraph ~~(b)~~ (d).

~~(e)~~ (g) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

~~(f)~~ (h) "Supplemental online learning" means an online learning course taken in place of a course period ~~during the regular school day~~ at a local district school.

~~(g)~~ (i) "Full-time online learning provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

~~(h)~~ (j) "Online learning course syllabus" is a written document that an online learning provider transmits to the enrolling district using a format prescribed by the commissioner to identify the state academic standards embedded in an online course, the course content outline, required course assessments, expectations for actual teacher contact time and other student-to-teacher communications, and the academic support available to the online learning student.

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

Sec. 6. Minnesota Statutes 2010, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student count toward the graduation and credit requirements of the enrolling district. The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or the grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses equal to a maximum of 50 percent of the student's full schedule of courses per term during a single school year and the student may exceed the supplemental online learning registration limit if the enrolling district permits supplemental online learning enrollment above the limit, or if the enrolling district and the online learning provider agree to the instructional services;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the online learning provider under a separate agreement that includes terms for paying any tuition or course fees.

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district may offer online digital learning to its enrolled students. Such online digital learning does not generate online learning funds under this section. An enrolling district that offers online digital learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7, unless the enrolling district is a full-time online learning provider. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher holding a Minnesota license.

(e) Both full-time and supplemental online learning providers are subject to the reporting requirements and review criteria under subdivision 7. A teacher holding a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher holding a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or apply to enroll in an approved full-time online learning program, consistent with subdivision 3, paragraph (a). Full-time online learning students may enroll in classes at a local school under a contract for instructional services between the online learning provider and the school district.

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

Sec. 7. Minnesota Statutes 2010, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and approve or disapprove online learning providers within 90 calendar days of receiving an online learning provider's completed application. The commissioner, using national standards of quality for online learning programs, must review all approved online learning providers on a cyclical three-year basis. The commissioner also may conduct an internal review of an online learning provider at an enrolling district's request. Approved online learning providers annually must submit program data to, confirm statements of assurances for, and provide program updates including a current course list to the commissioner.

(b) The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. The online learning provider, other than a digital learning provider offering digital learning to its enrolled students only under subdivision 4, paragraph (d), must give the commissioner written assurance that: (1) all courses meet state academic standards; and (2) the online learning curriculum, instruction, and assessment, expectations for actual teacher-contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are described as such in an online learning course syllabus that meets the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph ~~(b)~~ (c).

~~(b)~~ (c) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the certification procedures under paragraph ~~(a)~~ (b). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

~~(e)~~ (d) The department may collect a fee not to exceed \$250 for ~~certifying~~ approving online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

~~(d)~~ (e) The department must develop, publish, and maintain a list of ~~approved~~ online learning providers ~~and online learning courses and programs~~ that it has reviewed and ~~certified~~ approved.

(f) The department may review a complaint about an online learning provider, or a complaint about a provider based on the provider's response to notice of a violation. If the department determines that an online learning provider violated a law or rule, the department may:

(1) create a compliance plan for the provider; or

(2) withhold funds from the provider under sections 124D.095, 124D.10, subdivision 8, and 127A.42. The department must notify an online learning provider in writing about withholding funds and provide detailed calculations.

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

Page 8, delete section 9

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

The report was adopted.

Hoppe from the Committee on Commerce and Regulatory Reform to which was referred:

H. F. No. 2136, A bill for an act relating to motor vehicles; regulating salvage titles; modifying the disclosure of motor vehicle damage; amending Minnesota Statutes 2010, sections 168A.01, subdivisions 6a, 8a, 12a; 168A.151, subdivision 1; 325F.6641; 325F.6644, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2010, section 65B.482, subdivision 1, is amended to read:

Subdivision 1. **Issuance of card.** Every obligor transacting business in this state shall provide an insurance identification card for each vehicle covered at the time of initiating each policy of automobile insurance, as defined in section 65B.14, subdivision 2, and at the time of policy renewal. The insurance identification card may be provided in an electronic format if the insured agrees. When an insured has five or more vehicles registered in this state, the obligor may use the designation "all owned vehicles" on each identification card in lieu of a specified description. The card must state:

- (1) the insured's name;
- (2) the policy number;
- (3) the policy dates of coverage;
- (4) the make, model, and year of the vehicle being covered;
- (5) the vehicle identification number or at least the last three digits of that number; and
- (6) the name of the obligor providing coverage."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, before "regulating" insert "providing for electronic insurance identification cards;"

Correct the title numbers accordingly

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

The report was adopted.

Shimanski from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2188, A bill for an act relating to elections; conforming certain voter eligibility provisions for individuals under guardianship to constitutional requirements; modifying other related procedures; requiring reports; amending Minnesota Statutes 2010, sections 201.014, subdivision 2; 201.071, subdivision 1; 201.091, subdivision 9; 201.15, subdivision 1; 204C.10; 524.5-120; 524.5-310; 524.5-313; 524.5-316; proposing coding for new law in Minnesota Statutes, chapter 524.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 201.014, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** The following individuals are not eligible to vote. Any individual:

- (a) convicted of treason or any felony whose civil rights have not been restored;
- (b) under a guardianship ~~in which the court order revokes the ward's right to vote;~~ or
- (c) found by a court of law to be legally incompetent.

Sec. 2. Minnesota Statutes 2010, section 201.091, subdivision 9, is amended to read:

Subd. 9. **Restricted data.** A list provided for public inspection or purchase, ~~for jury selection,~~ or in response to a law enforcement inquiry, must not include a voter's date of birth or any part of a voter's Social Security number, driver's license number, identification card number, military identification card number, or passport number.

Sec. 3. Minnesota Statutes 2010, section 201.15, subdivision 1, is amended to read:

Subdivision 1. **Guardianships and incompetents.** Pursuant to the Help America Vote Act of 2002, Public Law 107-252, the state court administrator shall report regularly by electronic means to the secretary of state the name, address, date of birth, and, if available, driver's license or state identification card number of each individual 18 years of age or over, who since the last report:

- (1) was placed under a guardianship ~~in which the court order revokes the ward's right to vote;~~ or
- (2) was adjudged legally incompetent.

The court administrator shall also report the same information for each individual transferred to the jurisdiction of the court who meets a condition specified in clause (1) or (2). The secretary of state shall determine if any of the persons in the report is registered to vote and shall prepare a list of those registrants for the county auditor. The county auditor shall change the status on the record in the statewide registration system of any individual named in the report to indicate that the individual is not eligible to reregister or vote.

Sec. 4. Minnesota Statutes 2010, section 204C.10, is amended to read:

**204C.10 PERMANENT REGISTRATION; VERIFICATION OF REGISTRATION.**

(a) An individual seeking to vote shall sign a polling place roster which states that the individual is at least 18 years of age, a citizen of the United States, has resided in Minnesota for 20 days immediately preceding the election, maintains residence at the address shown, is not under a guardianship ~~in which the court order revokes the individual's right to vote,~~ has not been found by a court of law to be legally incompetent to vote or has the right to vote because, if the individual was convicted of a felony, the felony sentence has expired or been completed or the individual has been discharged from the sentence, is registered and has not already voted in the election. The roster must also state: "I understand that deliberately providing false information is a felony punishable by not more than five years imprisonment and a fine of not more than \$10,000, or both."

(b) A judge may, before the applicant signs the roster, confirm the applicant's name, address, and date of birth.

(c) After the applicant signs the roster, the judge shall give the applicant a voter's receipt. The voter shall deliver the voter's receipt to the judge in charge of ballots as proof of the voter's right to vote, and thereupon the judge shall hand to the voter the ballot. The voters' receipts must be maintained during the time for notice of filing an election contest.

Sec. 5. Minnesota Statutes 2010, section 524.5-102, is amended by adding a subdivision to read:

Subd. 5a. **Guardianship.** "Guardianship" means that a ward is under a court order that restricts the right to vote due to the ward lacking sufficient understanding or capacity to vote.

Sec. 6. Minnesota Statutes 2010, section 524.5-102, is amended by adding a subdivision to read:

Subd. 9a. **Limited guardianship.** "Limited guardianship" means that a ward is under a court order that restricts some rights due to the ward lacking sufficient understanding or capacity but does not restrict the right to vote.

Sec. 7. Minnesota Statutes 2010, section 524.5-120, is amended to read:

**524.5-120 BILL OF RIGHTS FOR WARDS AND PROTECTED PERSONS.**

The ward or protected person retains all rights not restricted by court order and these rights must be enforced by the court. These rights include the right to:

- (1) treatment with dignity and respect;
- (2) due consideration of current and previously stated personal desires, medical treatment preferences, religious beliefs, and other preferences and opinions in decisions made by the guardian or conservator;
- (3) receive timely and appropriate health care and medical treatment that does not violate known conscientious, religious, or moral beliefs of the ward or protected person;
- (4) exercise control of all aspects of life not delegated specifically by court order to the guardian or conservator;
- (5) guardianship, limited guardianship, or conservatorship services individually suited to the ward's or protected person's conditions and needs;
- (6) petition the court to prevent or initiate a change in abode;
- (7) care, comfort, social and recreational needs, training, education, habilitation, and rehabilitation care and services, within available resources;
- (8) be consulted concerning, and to decide to the extent possible, the reasonable care and disposition of the ward's or protected person's clothing, furniture, vehicles, and other personal effects, to object to the disposition of personal property and effects, and to petition the court for a review of the guardian's or conservator's proposed disposition;
- (9) personal privacy;
- (10) communication and visitation with persons of the ward's or protected person's choice, provided that if the guardian has found that certain communication or visitation may result in harm to the ward's or protected person's health, safety, or well-being, that communication or visitation may be restricted but only to the extent necessary to prevent the harm;
- (11) marry and procreate, unless court approval is required, and to consent or object to sterilization as provided in section 524.5-313, paragraph (c), clause (4), item (iv);
- (12) petition the court for termination or modification of the guardianship or conservatorship or for other appropriate relief;
- (13) be represented by an attorney in any proceeding or for the purpose of petitioning the court; and
- ~~(14) vote, unless restricted by the court; and~~
- ~~(15)~~ (14) execute a health care directive, including both health care instructions and the appointment of a health care agent, if the court has not granted a guardian any of the powers or duties under section 524.5-313, paragraph (c), clause (1), (2), or (4).

Pursuant to the Minnesota Constitution, article VII, an individual placed under a guardianship shall not be entitled or permitted to vote at any election in this state.

Sec. 8. Minnesota Statutes 2010, section 524.5-310, is amended to read:

**524.5-310 FINDINGS; ORDER OF APPOINTMENT.**

(a) The court may appoint a limited or unlimited guardian for a respondent only if it finds by clear and convincing evidence that:

(1) the respondent is an incapacitated person; and

(2) the respondent's identified needs cannot be met by less restrictive means, including use of appropriate technological assistance.

(b) Alternatively, the court, with appropriate findings, may treat the petition as one for a protective order under section 524.5-401, enter any other appropriate order, or dismiss the proceeding.

(c) The court shall grant to a guardian only those powers necessitated by the ward's limitations and demonstrated needs and, whenever feasible, make appointive and other orders that will encourage the development of the ward's maximum self-reliance and independence. Any power not specifically granted to the guardian, following a written finding by the court of a demonstrated need for that power, is retained by the ward. In making an order, the court shall explicitly declare whether the order establishes a guardianship or a limited guardianship, and the effect of the order on the ward's right to vote.

(d) If the court grants the guardian any of the powers or duties under section 524.5-313, paragraph (c), clause (1), (2), or (4), the authority of a previously appointed health care agent to make health care decisions, as defined in section 145C.01, subdivision 5, is suspended until further order of the court or as otherwise provided by this section. The court may declare a health care directive unenforceable as provided in section 145C.09, subdivision 3. The court may declare that a health care directive has been revoked by the ward if the court finds, by clear and convincing evidence, that the ward has revoked the health care directive as provided in section 145C.09, subdivision 1.

(e) A health care agent or other person legally appointed by the ward to control final disposition of the ward's remains under section 145C.05, subdivision 2, clause (7), or 149A.80, or a health care agent authorized to make organ or tissue donations under section 525A.04 or 525A.09, may make health care decisions as defined in section 145C.01, subdivision 5, on behalf of the ward for the purpose of preparing the ward's body for organ or tissue donation or final disposition of the ward's remains, as applicable.

(f) Within 14 days after an appointment, a guardian shall send or deliver to the ward, and counsel if represented at the hearing, a copy of the order of appointment accompanied by a notice which advises the ward of the right to appeal the guardianship appointment in the time and manner provided by the Rules of Appellate Procedure.

(g) Each year, within 30 days after the anniversary date of an appointment, a guardian shall send or deliver to the ward and to interested persons of record with the court a notice of the right to request termination or modification of the guardianship or to request an order that is in the best interests of the ward or for other appropriate relief, and notice of the status of the ward's right to vote.

(h) Within 14 days after an appointment, a guardian shall send, by certified mail, a copy of the order of appointment to the ward's current residential address. The mailing must be addressed to the ward and, if applicable, the administrator or other responsible person at the facility in which the ward resides. If a ward's residential address changes, the guardian must send a new copy of the original order of appointment and, if applicable, any

modification to the order made by the court to the new residential address by certified mail within 30 days of the change of address. The requirements of this paragraph do not apply if the guardian resides at the same address as the ward.

Sec. 9. Minnesota Statutes 2010, section 524.5-313, is amended to read:

**524.5-313 POWERS AND DUTIES OF GUARDIAN.**

(a) A guardian shall be subject to the control and direction of the court at all times and in all things.

(b) The court shall grant to a guardian only those powers necessary to provide for the demonstrated needs of the ward.

(c) The court may appoint a guardian if it determines that all the powers and duties listed in this section are needed to provide for the needs of the incapacitated person. The court may also appoint a guardian if it determines that a guardian is needed to provide for the needs of the incapacitated person through the exercise of some, but not all, of the powers and duties listed in this section. The duties and powers of a guardian or those which the court may grant to a guardian include, but are not limited to:

(1) the power to have custody of the ward and the power to establish a place of abode within or outside the state, except as otherwise provided in this clause. The ward or any interested person may petition the court to prevent or to initiate a change in abode. A ward may not be admitted to a regional treatment center by the guardian except:

(i) after a hearing under chapter 253B;

(ii) for outpatient services; or

(iii) for the purpose of receiving temporary care for a specific period of time not to exceed 90 days in any calendar year;

(2) the duty to provide for the ward's care, comfort, and maintenance needs, including food, clothing, shelter, health care, social and recreational requirements, and, whenever appropriate, training, education, and habilitation or rehabilitation. The guardian has no duty to pay for these requirements out of personal funds. Whenever possible and appropriate, the guardian should meet these requirements through governmental benefits or services to which the ward is entitled, rather than from the ward's estate. Failure to satisfy the needs and requirements of this clause shall be grounds for removal of a private guardian, but the guardian shall have no personal or monetary liability;

(3) the duty to take reasonable care of the ward's clothing, furniture, vehicles, and other personal effects, and, if other property requires protection, the power to seek appointment of a conservator of the estate. The guardian must give notice by mail to interested persons prior to the disposition of the ward's clothing, furniture, vehicles, or other personal effects. The notice must inform the person of the right to object to the disposition of the property within ten days of the date of mailing and to petition the court for a review of the guardian's proposed actions. Notice of the objection must be served by mail or personal service on the guardian and the ward unless the ward is the objector. The guardian served with notice of an objection to the disposition of the property may not dispose of the property unless the court approves the disposition after a hearing;

(4)(i) the power to give any necessary consent to enable the ward to receive necessary medical or other professional care, counsel, treatment, or service, except that no guardian may give consent for psychosurgery, electroshock, sterilization, or experimental treatment of any kind unless the procedure is first approved by order of the court as provided in this clause. The guardian shall not consent to any medical care for the ward which violates the known conscientious, religious, or moral belief of the ward;



(ii) a guardian who believes a procedure described in item (i) requiring prior court approval to be necessary for the proper care of the ward, shall petition the court for an order and, in the case of a public guardianship under chapter 252A, obtain the written recommendation of the commissioner of human services. The court shall fix the time and place for the hearing and shall give notice to the ward in such manner as specified in section 524.5-308 and to interested persons. The court shall appoint an attorney to represent the ward who is not represented by counsel, provided that such appointment shall expire upon the expiration of the appeal time for the order issued by the court under this section or the order dismissing a petition, or upon such other time or event as the court may direct. In every case the court shall determine if the procedure is in the best interest of the ward. In making its determination, the court shall consider a written medical report which specifically considers the medical risks of the procedure, whether alternative, less restrictive methods of treatment could be used to protect the best interest of the ward, and any recommendation of the commissioner of human services for a public ward. The standard of proof is that of clear and convincing evidence;

(iii) in the case of a petition for sterilization of a developmentally disabled ward, the court shall appoint a licensed physician, a psychologist who is qualified in the diagnosis and treatment of developmental disability, and a social worker who is familiar with the ward's social history and adjustment or the case manager for the ward to examine or evaluate the ward and to provide written reports to the court. The reports shall indicate why sterilization is being proposed, whether sterilization is necessary and is the least intrusive method for alleviating the problem presented, and whether it is in the best interest of the ward. The medical report shall specifically consider the medical risks of sterilization, the consequences of not performing the sterilization, and whether alternative methods of contraception could be used to protect the best interest of the ward;

(iv) any ward whose right to consent to a sterilization has not been restricted under this section or section 252A.101 may be sterilized only if the ward consents in writing or there is a sworn acknowledgment by an interested person of a nonwritten consent by the ward. The consent must certify that the ward has received a full explanation from a physician or registered nurse of the nature and irreversible consequences of the sterilization;

(v) a guardian or the public guardian's designee who acts within the scope of authority conferred by letters of guardianship under section 252A.101, subdivision 7, and according to the standards established in this chapter or in chapter 252A shall not be civilly or criminally liable for the provision of any necessary medical care, including, but not limited to, the administration of psychotropic medication or the implementation of aversive and deprivation procedures to which the guardian or the public guardian's designee has consented;

(5) in the event there is no duly appointed conservator of the ward's estate, the guardian shall have the power to approve or withhold approval of any contract, except for necessities, which the ward may make or wish to make;

(6) the duty and power to exercise supervisory authority over the ward in a manner which limits civil rights and restricts personal freedom only to the extent necessary to provide needed care and services;

(7) if there is no acting conservator of the estate for the ward, the guardian has the power to apply on behalf of the ward for any assistance, services, or benefits available to the ward through any unit of government;

~~(8) unless otherwise ordered by the court, the ward retains the right to vote.~~

Pursuant to the Minnesota Constitution, article VII, an individual placed under a guardianship shall not be entitled or permitted to vote at any election in this state.

Sec. 10. Minnesota Statutes 2010, section 524.5-316, is amended to read:

**524.5-316 REPORTS; MONITORING OF GUARDIANSHIP; COURT ORDERS.**

Subdivision 1. Annual report of guardian. (a) A guardian shall report to the court in writing on the condition of the ward at least annually and whenever ordered by the court. A copy of the report must be provided to the ward and to interested persons of record with the court. A report must state or contain:

- (1) the current mental, physical, and social condition of the ward;
  - (2) the living arrangements for all addresses of the ward during the reporting period;
  - (3) any restrictions placed on the ward's right to communication and visitation with persons of the ward's choice and the factual bases for those restrictions;
  - (4) the medical, educational, vocational, and other services provided to the ward and the guardian's opinion as to the adequacy of the ward's care;
  - (5) a recommendation as to the need for continued guardianship and any recommended changes in the scope of the guardianship, including whether, in the view of the guardian, the ward's eligibility to vote should be restored or continue unchanged;
  - (6) an address and telephone number where the guardian can be contacted;
  - (7) whether the guardian has ever been removed for cause from serving as a guardian or conservator and, if so, the case number and court location;
  - (8) any changes occurring that would affect the accuracy of information contained in the most recent criminal background study of the guardian conducted under section 524.5-118; and
  - (9) if applicable, the amount of reimbursement for services rendered to the ward that the guardian received during the previous year that were not reimbursed by county contract.
- (b) A ward or interested person of record with the court may submit to the court a written statement disputing statements or conclusions regarding the condition of the ward that are contained in the report and may petition the court for an order that is in the best interests of the ward or for other appropriate relief.
- (c) An interested person may notify the court in writing that the interested person does not wish to receive copies of reports required under this section.
- (d) The court may appoint a visitor to review a report, interview the ward or guardian, and make any other investigation the court directs.
- (e) The court shall establish a system for monitoring guardianships, including the filing and review of annual reports. If an annual report is not filed within 60 days of the required date, the court shall issue an order to show cause.

Subd. 2. Annual review; ward's capacity to vote. (a) If the well-being report of a limited guardian under subdivision 1 indicates a change in conditions affecting a ward's capacity to make independent voting decisions at an election, the court may issue a written order as to the ward's eligibility to vote. If the court makes a determination regarding a ward's capacity or incapacity to vote, the court must consider the limited guardian's recommendation, any documents submitted in the annual well-being report, and previous court orders and records related to the ward's

capacity as evidence of the ward's capacity or incapacity to make independent voting decisions, and must affirmatively order that the ward's eligibility to vote is rescinded or continues unchanged, provided that the right to vote may not be rescinded without a hearing. An order by the court under this paragraph may be modified by the court at any time. A copy of the written order shall be sent to the guardian by standard United States mail within 30 days of the date it is issued.

(b) The limited guardian shall send, by certified mail, a copy of the court order or notification made by the court under this subdivision to the ward's current residential address within 30 days after it is made or the order is received. The mailing must be addressed to the ward and, if applicable, the administrator or other responsible person at the facility in which the ward resides. If a ward's residential address changes, the guardian shall send a new copy of the court's most recent order by certified mail to the new residential address within 30 days of the change of address. The requirements of this paragraph do not apply if the guardian resides at the same address as the ward.

Sec. 11. **[524.5-318] DUTIES OF FACILITIES PROVIDING HOUSING TO A WARD.**

(a) The administrator or other responsible person overseeing a residential facility housing one or more wards must:

(1) maintain all documents submitted to the facility by a guardian related to a ward's guardianship status and eligibility to vote;

(2) maintain a written list of wards who reside in the facility and the current voting eligibility status of each, as stated in the court order of appointment provided under section 524.5-310 or a review determination provided under section 524.5-316, subdivision 2; and

(3) ensure that staff directly assisting wards in the voting process only assist those who are eligible to vote.

(b) As used in this section, "residential facility" has the meaning provided in section 201.061, subdivision 3, paragraph (c).

**EFFECTIVE DATE.** This section is effective June 1, 2012. The initial list required by paragraph (a), clause (2), may be compiled on an ongoing basis as documentation is received from guardians as required by law.

Sec. 12. **NOTIFICATION OF VOTING ELIGIBILITY STATUS; CURRENT GUARDIANS.**

No later than August 1, 2012, the state court administrator shall provide to each guardian, by standard United States mail, a notice restating the current voting eligibility status of any ward subject to the guardian's supervision. A ward's voting eligibility status for purposes of the notice shall be based on the order of the court establishing the guardianship or any subsequent order of the court affecting the ward's right to vote, provided that nothing in this section requires the court to reconsider a previous order or issue a new order related to the ward's right to vote for the sole purpose of providing the notice required under this section.

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

Sec. 13. **ELECTION MATERIALS; USE OF EXISTING SUPPLY.**

The secretary of state, county auditors, and municipal clerks may exhaust existing supplies of voter registration applications and any other affected election materials before producing materials with the modifications required by this act. Necessary updates to any informational guide prepared by the secretary of state shall be published as an addendum and distributed by the secretary of state by electronic means.

Sec. 14. **APPROPRIATIONS.**

(a) \$13,600 is appropriated from the general fund to the secretary of state for costs associated with this act.

(b) \$...... is appropriated from the general fund to the supreme court for the cost of providing notifications under section 12.

**EFFECTIVE DATE.** This section is effective June 1, 2012.

Sec. 15. **EFFECTIVE DATE.**

Except where otherwise provided, this act is effective August 1, 2012, and applies to eligibility to vote in elections occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to elections; conforming certain voter eligibility provisions for individuals under guardianship to constitutional requirements; modifying other related procedures; appropriating money; amending Minnesota Statutes 2010, sections 201.014, subdivision 2; 201.091, subdivision 9; 201.15, subdivision 1; 204C.10; 524.5-102, by adding subdivisions; 524.5-120; 524.5-310; 524.5-313; 524.5-316; proposing coding for new law in Minnesota Statutes, chapter 524."

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

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2212, A bill for an act relating to state government; repealing provisions relating to appropriations for works of art in state buildings; amending Minnesota Statutes 2010, section 85A.02, subdivision 5b; repealing Minnesota Statutes 2010, section 16B.35.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 16B.35, subdivision 1, is amended to read:

Subdivision 1. **Percent of appropriations for art.** An appropriation for the construction or alteration of any state building may contain an amount not to exceed the lesser of \$100,000 or one percent of the total appropriation for the building for the acquisition of works of art, excluding landscaping, which may be an integral part of the building or its grounds, attached to the building or grounds or capable of being displayed in other state buildings. The cost of artistic features that improve the safety of the building are not included in the \$100,000 limit. The \$100,000 limit does not apply to the State Capitol Building. Money used for this purpose is available only for the acquisition of works of art to be exhibited in areas of a building or its grounds accessible, on a regular basis, to members of the public. No more than ten percent of the total amount available each fiscal year under this subdivision may be used for administrative expenses, either by the commissioner of administration or by any other entity to whom the commissioner delegates administrative authority. For the purposes of this section "state building" means a building the construction or alteration of which is paid for wholly or in part by the state."

Delete the title and insert:

"A bill for an act relating to state government; setting amount that may be spent on acquisition of works of art from an appropriation for construction or alteration of state building; amending Minnesota Statutes 2010, section 16B.35, subdivision 1."

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

The report was adopted.

Shimanski from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2220, A bill for an act relating to crime; changing level of harm to demonstrable bodily harm for felony unreasonable restraint of a child; amending Minnesota Statutes 2010, section 609.255, subdivision 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

The report was adopted.

Davids from the Committee on Taxes to which was referred:

H. F. No. 2337, A bill for an act relating to property taxes; reducing and eliminating the state general levy; modifying the additional property tax refund; appropriating money; amending Minnesota Statutes 2010, sections 275.025, subdivision 1, by adding a subdivision; 290A.04, subdivision 2h; repealing Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, 4; Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
PROPERTY TAXES

Section 1. Minnesota Statutes 2010, section 273.113, is amended to read:

**273.113 TAX CREDIT FOR PROPERTY IN ~~PROPOSED~~ BOVINE TUBERCULOSIS ~~MODIFIED ACCREDITED~~ MANAGEMENT ZONE.**

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

(1) "bovine tuberculosis ~~modified-accredited~~ management zone" means the ~~modified-accredited~~ management zone designated by the Board of Animal Health under section 35.244;

(2) "located within" means that the herd is kept in the area for at least a part of calendar year 2006, 2007, or 2008; and

(3) "animal" means cattle, bison, goats, and farmed cervidae.

Subd. 2. **Eligibility; amount of credit.** Agricultural and rural vacant land classified under section 273.13, subdivision 23, located within a bovine tuberculosis ~~modified accredited~~ management zone is eligible for a property tax credit equal to ~~the greater of: (1) \$5 per acre on the first 160 acres of the property where the herd had been located; or (2) an amount equal to \$5 per acre times five acres times the highest number of animals tested on the property for bovine tuberculosis in a whole herd test as reported by the Board of Animal Health in 2006, 2007, or 2008~~ the amount of credit received under this section for taxes payable in 2011. The amount of the credit cannot exceed the property tax payable on the property where the herd had been located, excluding any tax attributable to residential structures. To ~~begin to~~ qualify for the tax credit for taxes payable in 2012, the owner shall file an application with the county by ~~December 1 of the levy year~~ July 1, 2012. For taxes payable in 2012, the credit shall be paid as a direct payment to the property owner, issued by the county within 30 days of receipt of the application, provided that there are no delinquent taxes on the property. The credit must be given for each subsequent taxes payable year until the credit terminates under subdivision 4. For taxes payable in 2013 and thereafter, the assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. For taxes payable in 2013 and thereafter, the credit paid pursuant to this section shall be deducted from the tax due on the property as provided in section 273.1393.

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 2, except that for taxes payable in 2012 only, the county shall submit the credit amounts to the commissioner of revenue in a separate report, in a form prescribed by the commissioner, prior to August 15, 2012. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed, except that for taxes payable in 2012 the entire reimbursement must be made to the county. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

Subd. 4. **Termination of credit.** The credits provided under this section cease to be available beginning with taxes payable in the year following the date when the Board of Animal Health notifies the commissioner of revenue in writing that the board has certified that the state is free of discontinued all required bovine tuberculosis related activities within the bovine tuberculosis management zone.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 2. Minnesota Statutes 2010, 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.

(b) The state general levy base amount for commercial-industrial property is \$721,752,000. For taxes payable in 2013, the state general levy for commercial-industrial property is equal to the base amount. For taxes payable in 2014 to taxes payable in 2024, the levy is reduced each year from the previous year's levy amount by 8.33 percent of the base amount. For taxes payable in 2025 and thereafter, the state general levy for commercial-industrial property is \$0.

(c) The state general levy base amount for seasonal recreational property is \$592,000,000 for taxes payable in 2002 \$40,871,000. For taxes payable in subsequent years, the levy 2013, the state general levy for seasonal-recreational property is equal to the 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. For taxes payable in 2014 to taxes payable in 2024, the levy is reduced each year from the previous year's levy amount by 8.33 percent of the base amount. For taxes payable in 2025 and thereafter, the state general levy for seasonal-recreational property is \$0.~~

(d) 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.

(e) The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates 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.

(f) 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.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and thereafter.

Sec. 3. Minnesota Statutes 2010, 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 excluding~~ electric generation attached machinery under class 3 and property described in section 473.625, ~~and provided that property in the first tier of value as defined in section 273.13, subdivision 24, has a tax capacity for this purpose equal to 30 percent of its tax capacity under section 273.13.~~ 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 for taxes payable in 2013 and thereafter.

Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. ~~**Apportionment and Levy of state general tax.** Ninety five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, ~~1991, 2013, shall be payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than four percent, the rate of interest shall be four percent. The maximum per annum rate shall be seven percent if the rate specified under section 270C.40, subdivision 5, exceeds seven percent. The rate is subject to change on January 1 of each year.~~

(b) Except as provided in paragraph (c), interest on delinquent taxes, penalties, and costs unpaid on or after January 1, 1991, and before January 1, 2013, shall be payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.

~~(b)~~ (c) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

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

Sec. 6. Minnesota Statutes 2010, section 279.03, subdivision 2, is amended to read:

Subd. 2. **Composite judgment.** Amounts included in composite judgments authorized by section 279.37, subdivision 1, ~~and are subject to the following interest rates:~~

(a) Amounts confessed on or after July 1, 1982, and before January 1, 1991, are subject to interest at the rate determined pursuant to section 549.09.

(b) Amounts confessed ~~under this authority~~ on or after December 31, 1990, and before January 1, 2013, are subject to interest at the rate calculated under subdivision 1a, paragraph (b).

(c) Amounts confessed on or after January 1, 2013, are subject to interest at the rate calculated under subdivision 1a, paragraph (a).

(d) During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner ~~that~~ as section 549.09 or subdivision 1a, whichever is applicable, for rate changes. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed.

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

Sec. 7. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means ~~47~~ 15 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2011 and thereafter.



Sec. 8. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~47~~ 15 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

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

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2011 and thereafter.

Sec. 9. Minnesota Statutes 2010, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **Renters; senior or disabled.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must 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 rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below. This subdivision applies only if the claimant or the claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the rent was paid.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 3,589	1.0 percent	5 percent	\$1,190
3,590 to 4,779	1.0 percent	10 percent	\$1,190
4,780 to 5,969	1.1 percent	10 percent	\$1,190
5,970 to 8,369	1.2 percent	10 percent	\$1,190
8,370 to 10,759	1.3 percent	15 percent	\$1,190
10,760 to 11,949	1.4 percent	15 percent	\$1,190
11,950 to 13,139	1.4 percent	20 percent	\$1,190
13,140 to 15,539	1.5 percent	20 percent	\$1,190
15,540 to 16,729	1.6 percent	20 percent	\$1,190
16,730 to 17,919	1.7 percent	25 percent	\$1,190
17,920 to 20,319	1.8 percent	25 percent	\$1,190
20,320 to 21,509	1.9 percent	30 percent	\$1,190

21,510 to 22,699	2.0 percent	30 percent	\$1,190
22,700 to 23,899	2.2 percent	30 percent	\$1,190
23,900 to 25,089	2.4 percent	30 percent	\$1,190
25,090 to 26,289	2.6 percent	35 percent	\$1,190
26,290 to 27,489	2.7 percent	35 percent	\$1,190
27,490 to 28,679	2.8 percent	35 percent	\$1,190
28,680 to 29,869	2.9 percent	40 percent	\$1,190
29,870 to 31,079	3.0 percent	40 percent	\$1,190
31,080 to 32,269	3.1 percent	40 percent	\$1,190
32,270 to 33,459	3.2 percent	40 percent	\$1,190
33,460 to 34,649	3.3 percent	45 percent	\$1,080
34,650 to 35,849	3.4 percent	45 percent	\$960
35,850 to 37,049	3.5 percent	45 percent	\$830
37,050 to 38,239	3.5 percent	50 percent	\$720
38,240 to 39,439	3.5 percent	50 percent	\$600
38,440 to 40,629	3.5 percent	50 percent	\$360
40,630 to 41,819	3.5 percent	50 percent	\$120

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
<u>\$0 to 4,689</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$1,550</u>
<u>4,690 to 6,239</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$1,550</u>
<u>6,240 to 7,799</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$1,550</u>
<u>7,800 to 10,929</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$1,550</u>
<u>10,930 to 14,049</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$1,550</u>
<u>14,050 to 15,609</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$1,550</u>
<u>15,610 to 17,159</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$1,550</u>
<u>17,160 to 20,289</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$1,550</u>
<u>20,290 to 21,849</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$1,550</u>
<u>21,850 to 23,399</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$1,550</u>
<u>23,400 to 26,539</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$1,500</u>
<u>26,540 to 28,089</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$1,400</u>
<u>28,090 to 29,649</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$1,300</u>
<u>29,650 to 31,209</u>	<u>2.2 percent</u>	<u>30 percent</u>	<u>\$1,200</u>
<u>31,210 to 32,769</u>	<u>2.4 percent</u>	<u>30 percent</u>	<u>\$1,100</u>
<u>32,770 to 34,329</u>	<u>2.6 percent</u>	<u>35 percent</u>	<u>\$1,000</u>
<u>34,330 to 35,899</u>	<u>2.7 percent</u>	<u>35 percent</u>	<u>\$1,000</u>
<u>35,900 to 37,449</u>	<u>2.8 percent</u>	<u>35 percent</u>	<u>\$750</u>
<u>37,450 to 39,009</u>	<u>2.9 percent</u>	<u>40 percent</u>	<u>\$500</u>
<u>39,010 to 39,999</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$250</u>

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$41,820~~ \$40,000 or more.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2011 and thereafter.

Sec. 10. Minnesota Statutes 2010, section 290A.04, is amended by adding a subdivision to read:

**Subd. 2k. Renters; nonsenior nondisabled.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must 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 rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below. This subdivision applies only if the claimant or the claimant's spouse is not eligible for a refund under subdivision 2a.

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
\$0 to 6,239	1.0 percent	15 percent	\$1,000
6,240 to 7,799	1.1 percent	20 percent	\$1,000
7,800 to 10,929	1.2 percent	20 percent	\$900
10,930 to 14,049	1.3 percent	25 percent	\$800
14,050 to 15,609	1.4 percent	25 percent	\$800
15,610 to 17,159	1.4 percent	30 percent	\$600
17,160 to 20,289	1.5 percent	30 percent	\$600
20,290 to 21,849	1.6 percent	35 percent	\$400
21,850 to 23,399	1.7 percent	35 percent	\$400
23,400 to 24,999	1.8 percent	40 percent	\$200

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$25,000 or more.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2011 and thereafter.

Sec. 11. Minnesota Statutes 2011 Supplement, section 290A.04, subdivision 4, is amended to read:

**Subd. 4. Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2 for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined as provided in this subdivision.

(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2 for inflation, the percentage increase shall be determined from the year ending on June 30, 2011, to the year ending on June 30 of the year preceding that in which the refund is payable.

~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation, the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable.~~

~~(d)~~ (c) The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

~~(e)~~ (d) The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2012 and thereafter.

Sec. 12. Minnesota Statutes 2010, section 290A.23, subdivision 1, is amended to read:

Subdivision 1. **Renters credit.** There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, ~~subdivision 2a subdivisions 2a and 2k.~~

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2011 and thereafter.

Sec. 13. Minnesota Statutes 2010, section 290B.07, is amended to read:

**290B.07 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 must ~~compute the interest as provided in section 270C.40, subdivision 5, but not to exceed five percent, and~~ maintain records of the total deferred amount and interest, if any, for each participant. ~~Interest shall accrue beginning September 1 of the payable year for which the taxes are deferred.~~ Any deferral made under this chapter shall not be construed as delinquent property taxes.

(b) 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 290B.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 homeowner 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 290B.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 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 owing at the time specified in section 290B.08. Upon receipt of the payment, the commissioner shall issue a receipt for it 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 revenue of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

~~(b)~~ (c) If 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 290B.08, 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 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 property or any costs directly related to preparing the 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 of revenue 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.

**EFFECTIVE DATE.** This section is effective July 1, 2013.

Sec. 14. Minnesota Statutes 2010, section 290B.08, subdivision 2, is amended to read:

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 both section 290B.04, subdivision 2, and this subdivision 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 section 290B.04, subdivision 2, and this subdivision 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 290B.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 290B.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 290B.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.

**EFFECTIVE DATE.** This section is effective July 1, 2013.

Sec. 15. Minnesota Statutes 2011 Supplement, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining, refining, or producing ores, metals, or minerals in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of ~~2.45~~ 1.45 percent. A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

(1) 75 percent 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) 12.5 percent 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) 12.5 percent 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.

The tax is in addition to all other taxes.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 16. Minnesota Statutes 2011 Supplement, section 298.015, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to ~~two~~ three percent of the net proceeds from mining in Minnesota. The tax applies to all ores, metals, and minerals mined, extracted, produced, or refined within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 17. Minnesota Statutes 2010, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite 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 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 or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, 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 the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 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;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, the commissioner shall apportion equitably the proceeds among the counties upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, 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 the respective operations performed in each county, provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(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~~ three percent to the Douglas J. Johnson economic protection trust fund; and

(9) ~~five~~ seven percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 18. Minnesota Statutes 2011 Supplement, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount provided in paragraph (c), 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 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~~ Nine 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.~~

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution.

**EFFECTIVE DATE.** This section is effective beginning with the 2013 distribution.

Sec. 19. Minnesota Statutes 2010, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) ~~23.15~~ 26.15 cents per taxable ton, plus the increase provided in paragraph (d), less the amount that would have been computed under Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, 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~~ Seven 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;

(i) three-sevenths each to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; and

(ii) one-seventh to Independent School District No. 696, Ely; 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). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(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 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 beginning with the 2013 distribution.

Sec. 20. Minnesota Statutes 2010, 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) 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.0134 or any future unallotment of the city aid under section 16A.152.

~~(z) The city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:~~

~~(1) the city is a first class city in the seven county metropolitan area with a population below 300,000; and~~

~~(2) the city has made an equivalent grant to its local growers' association to reimburse up to \$1,000 each for membership fees and retail leases for members of the association who farm in and around Dakota County and who incurred crop damage as a result of the hail storm in that area on July 10, 2008.~~

~~The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.~~

~~(aa) The city aid base for a city is increased by \$106,964 in 2011 only and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$106,964 in calendar year 2011 only, if the city had a population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in excess of 1,000 in 2007 and that was less than 1,000 in 2008.~~

(z) In calendar year 2013 only, the city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by \$12,000 if:

(1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and

(2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 21. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2009~~ 2013 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in 2013 and 2014 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in 2012 under this section. For aids payable in ~~2014~~ 2015 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable 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 for aids payable in calendar year 2013 and thereafter.

Sec. 22. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

**Subd. 12. Aid payments in 2013.** (a) Notwithstanding aids calculated for 2013 under subdivision 9, for 2013, each city with a population of 5,000 or more shall receive an aid distribution under this section equal to its aid distribution under this section in 2012.

(b) Notwithstanding aids calculated for 2013 under subdivision 9, each city with a population under 5,000 shall receive an aid distribution under this section equal to any additional city aid base authorized in calendar year 2013 under section 477A.011, subdivision 36, paragraph (z), plus the greater of (1) its aid distribution under this section in 2012 or (2) its amount that it is calculated to receive under subdivision 9.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2013.

Sec. 23. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243, article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter 154, article 2, section 30, is amended to read:

Sec. 3. **TAX; PAYMENT OF EXPENSES.**

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds the amount authorized to be levied under that section. The proceeds of the tax may be used for all purposes of the hospital district, except as provided in paragraph (b).

(b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used ~~solely by the Cook ambulance service and the Orr ambulance service~~ for the purpose of ~~capital expenditures as it relates to:~~

(1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance service ~~and not;~~

(2) attached and portable equipment for use in and for the ambulances; and

(3) parts and replacement parts for maintenance and repair of the ambulances.

The money may not be used for administrative, operation, or salary expenses.

(c) The part of the levy referred to in paragraph (b) must be administered by the Cook Hospital and passed on in equal amounts directly to the Cook area ambulance service board and the city of Orr to be held in trust until funding for a new ambulance is needed by either the Cook ambulance service or the Orr ambulance service used for the purposes in paragraph (b).

Sec. 24. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective for assessment years year 2010 and 2011, for taxes payable in 2011 and 2012 thereafter.

**EFFECTIVE DATE.** This section is effective for assessment year 2012 and thereafter.

Sec. 25. **ADDITIONAL AID PAYMENT IN 2012 FOR CERTAIN CITIES.**

For calendar year 2012 only, a city shall receive a onetime payment of \$12,000 if: (1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and (2) its commercial industrial percentage as defined in Minnesota Statutes, section 477A.011, subdivision 32, based on assessments for calendar year 2010, payable 2011, is greater than 15 percent. The aid paid under this section shall be paid on the same schedule as aid paid under Minnesota Statutes, sections 477A.011 to 477A.03. The amount necessary to make the payment under this section shall be appropriated from the general fund in fiscal year 2013.

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

Sec. 26. **SUPPLEMENTAL TARGETING REFUND FOR TAXES PAYABLE IN 2012 ONLY.**

Subdivision 1. **Determination of supplemental refund.** (a) For property tax refund claims under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2012, the state must pay a supplemental refund such that the combined amount of the regular refund under Minnesota Statutes, section 290A.04, subdivision 2h, and the supplemental refund is equal to 90 percent of the increase over the greater of (1) 12 percent of the payable 2011 property taxes, or (2) \$100. The maximum combined refund under Minnesota Statutes, section 290A.04, subdivision 2h, and this section is \$1,000.

(b) The supplemental refund amount must be determined by the commissioner of revenue based upon the information submitted with the claim for the regular refund and must be combined with the regular refund for payment.

(c) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2, based upon property taxes payable in 2012.

(d) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for taxes payable in 2012 for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2013.

Subd. 2. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of revenue from the general fund for fiscal years 2013 and 2014.

**EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable in 2012 only.



Sec. 27. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2012.**

In administering this act for claims for refunds submitted using 17 percent of gross rent as rent constituting property taxes under prior law, the commissioner shall recalculate and pay the refund amounts using 15 percent of gross rent, subject to the reduced maximum income limits, maximum refunds, and increased co-payment percentages in this bill. The commissioner shall notify the claimant that the recalculation was mandated by action of the 2012 legislature.

Sec. 28. **HOLDING OF PROPERTY FOR ECONOMIC DEVELOPMENT; TEMPORARY EXTENSION.**

(a) For purposes of Minnesota Statutes, section 272.02, subdivision 39, a political subdivision's holding for resale for economic development of a property that is located in a city with a population of more than 5,000 outside of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, for up to 11 years, is a public purpose.

(b) The authority under this section expires on December 31, 2015.

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

Sec. 29. **TRUTH IN TAXATION TASK FORCE.**

Subdivision 1. **Established; duties.** (a) A task force is established to study and make recommendations to the legislature on the design and content of the truth in taxation statement required under Minnesota Statutes, section 275.065.

(b) The task force shall:

(1) identify issues that have arisen with differences among local governments' truth in taxation mailings and statements;

(2) determine what executive or legislative direction is needed to provide a more informative statement to property owners and provide policy makers easily comparable information statewide;

(3) consider whether statements should be uniform statewide;

(4) consider whether statements should be able to be distributed electronically; and

(5) consider what is the most effective way to provide information to taxpayers regarding levies made by special taxing districts.

Subd. 2. **Membership; co-chairs.** The task force members are:

(1) two members of the house of representatives Committee on Taxes, appointed by the speaker of the house, one member of the majority caucus and one member of the minority caucus;

(2) two members of the senate Committee on Taxes, appointed by the senate Subcommittee on Committees of the Committee on Rules and Legislative Administration, one member of the majority caucus and one member of the minority caucus;

(3) one member appointed by the League of Minnesota Cities;

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

(5) one member appointed by the Minnesota Association of Townships;

(6) one member appointed by the Minnesota Association of Small Cities;

(7) one member appointed by the Minnesota Association of County Auditors, Treasurers and Financial Officers;

(8) the chair of the property and local tax division of the house of representatives Committee on Taxes and the chair of the senate Committee on Taxes, who shall serve as co-chairs.

The appointments to the task force shall be made as soon as practicable after the effective date of this section.

Subd. 3. **Meetings.** The legislative Open Meeting Law in Minnesota Statutes, section 3.055, applies to the task force. A meeting may be conducted by any electronic means that meets the criteria in Minnesota Statutes, section 3.055, subdivision 1a. Task force meetings may be conducted following Mason's Manual of Legislative Procedure unless the task force chooses otherwise.

Subd. 4. **Compensation; expenses; administrative and technical assistance.** Members of the task force serve without compensation or reimbursement for expenses. The committee staff of the Property and Local Tax Division of the house of representatives Committee on Taxes and the senate Committee on Taxes shall provide administrative assistance to the task force. Any administrative costs of the task force shall be shared equally between the house of representatives and the senate. The commissioner of revenue shall provide technical assistance to the task force.

Subd. 5. **Report.** The task force shall report to the legislative committees with jurisdiction over property taxes, and submit the report as provided in Minnesota Statutes, section 3.195. The report is due by December 15, 2012.

Subd. 6. **Expiration.** The task force expires June 30, 2013.

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

Sec. 30. **TAX EXEMPTION; NEW RESIDENTIAL CONSTRUCTION IN FLOOD-DAMAGED CITIES.**

Subdivision 1. **Eligible area.** (a) A residential structure may qualify for an exemption under this section if it is:

(1) located in a city that is eligible to designate a development zone under Minnesota Statutes, section 469.1731;

(2) located in a county designated as an emergency area under presidential declaration FEMA-DR-1830, FEMA-DR-1900, or FEMA-DR-1982; and

(3) classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or 4d under Minnesota Statutes, section 273.13.

Subd. 2. **Tax exemption; new residential structures.** (a) The market value of new residential structures is exempt from property taxation for two taxes payable years, corresponding to the two assessment years after construction has begun, provided that (1) no part of the structure was in existence prior to January 1, 2012, and (2) construction of the structure is commenced prior to December 31, 2013. For the purposes of this paragraph, construction is deemed to have been commenced if a proper building permit has been issued and the mandatory footing or foundation inspection has been completed. The exemption shall not apply to any special assessments that are levied against the property.

(b) For a property classified as either 1a, 1b, 2a, 4b, or 4bb, the exemption is limited to \$200,000 or the entire market value of the structure, whichever is less. For a property classified as class 4a or 4d, the exemption is limited to \$20,000 times the number of residential units in the structure or the entire market value of the structure, whichever is less.

(c) A city resolution to participate in the new residential structure exemption program must be adopted prior to July 1, 2012, in order for the program to be in effect within the city.

Subd. 3. **Tax exemption; improvements to existing residential structures.** (a) The market value attributable to new improvements on existing properties classified as 1a, 1b, 2a, 4a, 4b, 4bb, or 4d shall be exempt from property taxation for two taxes payable years, corresponding to the two assessment years after completion of the improvement, provided that the improvement is made after January 1, 2012, and prior to December 31, 2013. An improvement is eligible for exemption under this subdivision if (1) a proper building permit has been issued and the improvement has been inspected by city staff, and (2) the improvement adds at least \$10,000 to the value of the property. The exemption shall not apply to any special assessments that have been levied against the property. For class 2a property, only improvements to the house or garage are eligible for an exemption under this subdivision.

(b) For a property classified as either 1a, 1b, 2a, 4b, or 4bb, the total exempted value for all eligible improvements under this subdivision is limited to \$200,000. For a property classified as class 4a or 4d, the total value exempted for all eligible improvements under this subdivision is limited to \$20,000 times the number of residential units in the structure.

(c) A city resolution to participate in the residential property improvement exemption program must be adopted prior to July 1, 2012, in order for the program to be in effect within the city.

Subd. 4. **Application.** Application for an exemption authorized under this section must be filed by January 2 of the year following the year in which (1) construction began, in the case of property qualifying under subdivision 2, or (2) the improvement was completed, in the case of property qualifying under subdivision 3. The application must be filed with the assessor of the county or city in which the property is located on a form prescribed by the commissioner of revenue.

Subd. 5. **Report to commissioner.** The total amount of market value exempted under each program must be reported each year to the commissioner of revenue, on a form prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2014 to 2016.

## ARTICLE 2 INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; or

(2) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

**EFFECTIVE DATE.** This section is effective for qualified small businesses certified after June 30, 2012.

Sec. 2. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field; or

(iii) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has not been in operation for more than ten years, except as provided in clause (8);

(8) the business has not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which U.S. Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

~~(8)~~ (9) the business has not previously received private equity investments of more than \$4,000,000; and

~~(9)~~ (10) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(11) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days subsequent to the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days subsequent to the date on which the qualified investment was made.

(f) The commissioner must maintain a list of businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields; and

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

**EFFECTIVE DATE.** This section is effective for qualified small businesses certified after June 30, 2012, except the amendments to paragraph (c), clause (7), and paragraph (c), adding clause (8), are effective the day following final enactment.

Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2009, and before January 1, 2011, ~~and~~ must not allocate more than \$12,000,000 in credits per year for taxable years beginning after December 31, 2010, and before January 1, ~~2015~~ 2012, and must not allocate more than \$17,000,000 in credits per year for taxable years beginning after December 31, 2011, and before January 1, 2015. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if the investor receives more than 50 percent of the investor's gross annual income from the qualified small business in which the qualified investment is proposed. A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's Web site by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period; or

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 4. Minnesota Statutes 2010, section 116J.8737, is amended by adding a subdivision to read:

**Subd. 5a. Promotion of credit in greater Minnesota.** (a) By July 1, 2012, the commissioner shall develop a plan to increase awareness of and use of the credit for investments in greater Minnesota businesses with a target goal that a minimum of 30 percent of the credit will be awarded for those investments during the second half of calendar year 2013 and for each full calendar year thereafter. Beginning with the legislative report due on March 15, 2013, under subdivision 9, the commissioner shall report on its plan under this subdivision and the results achieved.

(b) If the target goal of 30 percent under paragraph (a) is not achieved for the six-month period ending on December 31, 2013, the credit percentage under subdivision 5, paragraph (a), is increased to 40 percent for a qualified investment made after December 31, 2013, in a greater Minnesota business. This paragraph does not apply and the credit percentage for all qualified investments is the rate provided under subdivision 5 for any calendar year beginning after a calendar year for which the commissioner determines the 30 percent target has been satisfied. The commissioner shall timely post notification of changes in the credit rate under this paragraph on the department's website.

(c) For purposes of this section, a "greater Minnesota business" means a qualified small business with its headquarters and 51 percent or more of its employees employed at Minnesota locations outside of the metropolitan area as defined in section 473.121, subdivision 2.

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

Sec. 5. Minnesota Statutes 2010, section 116J.8737, subdivision 8, is amended to read:

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name, mailing address, telephone number, e-mail address, contact person's name, and industry type of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualifying investment, the name of the qualifying investor or qualifying fund that received the certificate, and the name of the qualifying small business in which the qualifying investment was made;

(5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and the name of the qualified investor or qualified fund; and

(6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount revoked and the name of the qualified small business.

(b) The following data, including data classified as nonpublic or private, must be provided to the consultant for use in conducting the program evaluation under subdivision 10:

(1) the commissioner of employment and economic development shall provide data contained in an application for certification received from a qualified small business, qualified investor, or qualified fund, and any annual reporting information received on a qualified small business, qualified investor, or qualified fund; and

(2) the commissioner of revenue shall provide data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund.

**EFFECTIVE DATE.** This section is effective for businesses requesting certification starting on the day following final enactment.



Sec. 6. **[116J.8738] TECHNOLOGY CORPORATE FRANCHISE TAX CERTIFICATE TRANSFER PROGRAM.**

Subdivision 1. Program established. The commissioner shall establish a corporate franchise tax benefit certificate transfer program to allow new or expanding biotechnology companies in this state with unused net operating loss carryovers under section 290.095 to surrender those tax benefits for use by other corporate franchise taxpayers in this state. The tax benefits may be used on the corporate franchise tax returns to be filed by those taxpayers in exchange for private financial assistance to be provided by the corporate franchise taxpayer that is the recipient of the tax benefit certificate to assist in the funding of costs incurred by the new or expanding biotechnology company.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given, unless the context clearly requires otherwise.

(b) "Biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and subatomic levels, as well as novel products, services, technologies, and subtechnologies developed as a result of insights gained from research advances that add to that body of fundamental knowledge.

(c) "Biotechnology company" means a corporation that:

(1) has its headquarters or base of operations and at least one-half of its full-time employees in this state;

(2) owns, has filed for, or has a valid license to use protected, proprietary intellectual property;

(3) is engaged in the research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes, including but not limited to, medical, medical device, pharmaceutical, nutritional, and other health-related purposes, agricultural purposes, and environmental purposes; and

(4) has received, at least, \$2,500,000 of private investments, whether in the form of equity or debt.

(d) "Full-time employee" means a person employed by a new or expanding biotechnology company for consideration for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment and whose wages are subject to withholding as provided in section 290.92, or who is a partner of a new or expanding biotechnology company who works for the partnership for at least 35 hours a week, or who renders any other standard of service generally accepted by custom or practice as full-time employment, and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in section 289A.25. To qualify as a full-time employee, an employee must also receive from the new or expanding biotechnology company group health benefits under a health plan as defined under section 62A.011, subdivision 3, or under a self-insured employee welfare benefit plan as defined in United States Code, title 29, section 1002. Full-time employee excludes any person who works as an independent contractor or on a consulting basis for the new or expanding biotechnology company.

(e) "Maximum annual credit limit" means the following amount of tax benefits for the specified fiscal years:

(1) for fiscal year 2013, \$10,000,000;

(2) for fiscal year 2014, \$15,000,000;

(3) for fiscal years 2015 and 2016, \$30,000,000; and

(4) for fiscal years 2017 and 2018, \$60,000,000.

(f) "New or expanding" means a biotechnology company that:

(1) on June 30 of the year in which the corporation files an application for surrender of unused but otherwise allowable tax benefits under this section and on the date of the exchange of the corporate franchise tax benefit certificate, has fewer than 250 employees in the United States and on the later of those dates, the business, whether as part of the corporation or another entity, has not been in operation for more than ten years;

(2) on June 30 of the year in which the corporation files the application, has at least one full-time employee working in this state if the company has been incorporated for less than three years, has at least five full-time employees working in this state if the company has been incorporated for more than three years but less than five years, and has at least ten full-time employees working in this state if the company has been incorporated for more than five years; and

(3) on the date of the exchange of the corporate franchise tax benefit certificate, the corporation has the number of full-time employees in this state required by clause (2).

**Subd. 3. Allocation of tax benefits; annual limit.** (a) The commissioner, in cooperation with the commissioner of revenue, shall review and approve applications by new or expanding biotechnology companies in this state with unused but otherwise allowable net operating loss carryovers under section 290.095, to surrender those tax benefits in exchange for private financial assistance to be made by the corporate franchise taxpayer that is the recipient of the corporate franchise tax benefit certificate in an amount equal to at least 75 percent of the amount of the surrendered tax benefit. The amount of the surrendered tax benefit is the amount of the net operating loss carryover apportioned to Minnesota under the provisions of section 290.095, subdivision 3, paragraph (c), and subsequently multiplied by the corporate franchise tax rate under section 290.06, subdivision 1.

(b) The commissioner must approve the transfer of no more than the maximum annual credit limit in each fiscal year. If the total amount of transferable tax benefits requested to be surrendered by approved applicants exceeds the maximum annual credit limit for a fiscal year, the commissioner, in cooperation with the commissioner of revenue, must not approve the transfer of more than the maximum annual credit limit for that fiscal year and shall allocate the transfer of tax benefits by approved corporations using the following method:

(1) an eligible applicant with \$250,000 or less of transferable tax benefits is authorized to surrender the entire amount of its transferable tax benefits;

(2) an eligible applicant with more than \$250,000 of transferable tax benefits is authorized to surrender a minimum of \$250,000 of its transferable tax benefits; and

(3) an eligible applicant with more than \$250,000 of transferable tax benefits is authorized to surrender additional transferable tax benefits determined by multiplying the applicant's transferable tax benefits less the minimum transferable tax benefits that corporation is authorized to surrender under clause (2) by a fraction, the numerator of which is the total amount of transferable tax benefits that the commissioner is authorized to approve less the total amount of transferable tax benefits approved under clauses (1) and (2) and the denominator of which is the total amount of transferable tax benefits requested to be surrendered by all eligible applicants less the total amount of transferable tax benefits approved under clauses (1) and (2).

(c) If the total amount of transferable tax benefits that would be authorized using the method under paragraph (b) exceeds the maximum annual credit limit for a fiscal year, then the commissioner, in cooperation with the commissioner of revenue, shall limit the total amount of tax benefits authorized to be transferred to the maximum annual credit limit by applying the above method on an apportioned basis.

Subd. 4. **Qualifying tax benefits and corporations.** For purposes of this section, transferable tax benefits include an eligible applicant's unused but otherwise allowable carryover of net operating losses apportioned to Minnesota under the provisions of section 290.095, subdivision 3, paragraph (c), and subsequently multiplied by the corporate franchise tax rate under section 290.06, subdivision 1. An eligible applicant's transferable tax benefits are limited to net operating losses that the applicant requests to surrender in its application to the authority and must not, in total, exceed the maximum amount of tax benefits that the applicant is eligible to surrender. No application for a corporate franchise tax benefit transfer certificate must be approved in which the new or expanding biotechnology company:

(1) has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board; or

(2) is directly or indirectly at least 50 percent owned or controlled by another corporation that has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board or is part of a consolidated group of affiliated corporations, as filed for federal income tax purposes, that in the aggregate has demonstrated positive net operating income in any of the two previous full years of ongoing operations as determined on its combined financial statements issued according to generally accepted accounting standards endorsed by the Financial Accounting Standards Board.

The maximum lifetime value of surrendered tax benefits that a corporation is permitted to surrender under the program is \$15,000,000.

Subd. 5. **Recapture of tax benefits.** The commissioner, in consultation with the commissioner of revenue, shall develop a standard form agreement that each new or expanding biotechnology company must enter into as a condition of qualifying to surrender tax benefits under this section. The agreement must provide for the recapture of all, or a portion of, the amount of a grant of a corporate franchise tax benefit certificate from the new or expanding biotechnology company under this section if the taxpayer fails to use the private financial assistance received for the surrender of tax benefits as required by this section or fails to maintain a headquarters or a base of operation in this state during the five years following receipt of the private financial assistance; except if the failure to maintain a headquarters or a base of operation in this state is due to the liquidation of the new or expanding biotechnology company, other than as a result of a merger or acquisition of the company.

Subd. 6. **Approval of acquisition of tax benefits; purposes; required agreement.** (a) The commissioner, in cooperation with the commissioner of revenue, shall review and approve applications by taxpayers under the corporate franchise tax in chapter 290 to acquire surrendered tax benefits approved under subdivision 3, which must be issued in the form of corporate franchise tax benefit transfer certificates, in exchange for private financial assistance to be made by the taxpayer in an amount equal to at least 75 percent of the amount of the surrendered tax benefit of a biotechnology company. The commissioner must not issue a corporate franchise tax benefit transfer certificate, unless the applicant certifies that as of the date of the exchange of the corporate franchise tax benefit certificate it is operating as a new or expanding biotechnology company and has no current intention to cease operating as a new or expanding biotechnology company.

(b) The private financial assistance shall assist in funding expenses incurred in connection with the operation of the new or expanding biotechnology company in this state, including but not limited to the expenses of fixed assets, such as the construction and acquisition and development of real estate, materials, start-up, tenant fit-out, working capital, salaries, research and development expenditures, and any other expenses determined by the commissioner to be necessary to carry out biotechnology company operations in this state.

(c) The commissioner shall require a corporate franchise taxpayer that acquires a corporate franchise tax benefit certificate to enter into a written agreement with the new or expanding biotechnology company concerning the terms and conditions of the private financial assistance made in exchange for the certificate. The written agreement may contain terms concerning the maintenance by the new or expanding biotechnology company of a headquarters or a base of operation in this state.

Subd. 7. **Program evaluation.** (a) No later than December 31, 2015, the commissioner of revenue, after consultation with the commissioners of management and budget and employment and economic development, shall contract with a qualified outside entity or individual to evaluate the effects of the program on the Minnesota economy. The contractor must not be associated with, employed by, or have contracts with the entities involved in or associated with the biotechnology industry that benefits from the program. The program evaluation must be completed by January 2017, and provided to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes and economic development in the senate and the house of representatives, in compliance with sections 3.195 and 3.197. The program evaluation must include, in addition to any other matters the commissioner of revenue considers relevant to evaluating the effectiveness of the credit, analysis of:

(1) the amount of economic activity, including the number of jobs and the wages of those jobs, generated by emerging biotechnology companies that received investments that qualified for the credit;

(2) the incremental change in Minnesota state and local taxes paid as a result of the allowance of the credit; and

(3) the net benefit to the Minnesota economy of allowance of the credit relative to alternative uses of the resources, such as increasing the research and development credit or reducing the corporate franchise tax rate.

(b) To the extent necessary to complete the program evaluation, the consultant or consultants may request from the commissioner of revenue tax return information of taxpayers who surrender tax benefits under the program. To the extent necessary to complete the program evaluation, the consultant or consultants may request from the commissioner of employment and economic development applications for certification and annual reports made by qualified small businesses, qualified investors, and qualified funds. The consultant or consultants may not disclose or release any data received under this section except as permitted for a government entity under chapter 13, and is subject to the penalties and remedies provided in law for violation of that chapter.

Subd. 8. **Sunset.** This section expires effective following the allocation for fiscal year 2018.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to taxable years beginning after December 31, 2011.

Sec. 7. Minnesota Statutes 2010, section 289A.08, subdivision 3, is amended to read:

Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

(b) Members of a unitary business that are required to file a combined report on one return must designate a member of the unitary business to be responsible for tax matters, including the filing of returns, the payment of taxes, additions to tax, penalties, interest, or any other payment, and for the receipt of refunds of taxes or interest paid in excess of taxes lawfully due. The designated member must be a member of the unitary business that is filing the single combined report and either:

(1) a corporation that is subject to the taxes imposed by chapter 290; or

(2) a corporation that is not subject to the taxes imposed by chapter 290:

(i) Such corporation consents by filing the return as a designated member under this clause to remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

(ii) If the state does not otherwise have the jurisdiction to tax the member designated under this clause, consenting to be the designated member does not create the jurisdiction to impose tax on the designated member, other than as described in item (i).

(iii) The member designated under this clause must apply for a business tax account identification number.

(c) The commissioner shall adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report. All members of an affiliated group that are required to file a combined report must file one return on behalf of the members of the group under rules adopted by the commissioner.

(d) If a corporation claims on a return that it has paid tax in excess of the amount of taxes lawfully due, that corporation must include on that return information necessary for payment of the tax in excess of the amount lawfully due by electronic means.

**EFFECTIVE DATE.** This section is effective for returns filed for taxable years beginning after December 31, 2011.

Sec. 8. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19c, is amended to read:

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

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

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

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

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

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

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

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

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

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

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

~~(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);~~

~~(12) (11) 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) (12) the amount of net income excluded under section 114 of the Internal Revenue Code;~~

(14) (13) 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 303(b) of Public Law 110-343;

~~(15) (14) 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) (15) 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) (16) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;~~

~~(18) (17) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;~~

~~(19) (18) 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;~~

~~(24)~~ (19) for taxable years beginning before January 1, 2010, 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)~~ (20) 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, 2011.

Sec. 9. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

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

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the 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) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

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

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

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

(15) 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;

(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 303(b) of Public Law 110-343;

(17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(15)~~ (14) , 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)~~ (14). The resulting delayed depreciation cannot be less than zero;

(18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(16)~~ (15), 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 resulting 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 section 290.01, subdivision 19c, clause ~~(25)~~; and

(20) to the extent included in federal taxable income, amounts received in return for surrendering tax benefits under section 116J.8738.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 10. Minnesota Statutes 2010, 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, excluding any amount surrendered under section 116J.8738;

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

(iii) the exemption for operating in a job opportunity building zone under section 469.317;

(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, 2011.

Sec. 11. Minnesota Statutes 2010, section 290.06, is amended by adding a subdivision to read:

Subd. 36. **Employment of qualified veteran tax credit.** (a) A taxpayer is allowed a credit against the tax imposed under this chapter for employment of one or more qualified veterans.

(b) "Qualified veteran" has the meaning given in section 51 of the Internal Revenue Code.

(c) The credit equals 150 percent of the credit allowed under section 51 of the Internal Revenue Code without regard to the limitation to federal liability, but is limited to the portion of the federal credit allowed for employment of qualified veterans in Minnesota.

(d) The credit under this subdivision is in effect without regard to whether or not the credit allowed under section 51 of the Internal Revenue Code is allowed for wages paid during the taxable year.

(e) If the amount of the credit determined under this section exceeds the liability for tax under this chapter, the excess may be carried forward to each of the next ten 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 paragraph shall not exceed the taxpayer's liability for tax less the credit under this section for the taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 12. Minnesota Statutes 2010, section 290.06, is amended by adding a subdivision to read:

Subd. 37. **Credit; technology corporate franchise tax certificate transfer.** A taxpayer may take a credit against the tax imposed under subdivision 1 or section 290.0921 equal to the amount of the transferable tax benefits certified to the taxpayer for the taxable year by the commissioner of employment and economic development under section 116J.8738. This credit is allowed against the liability for tax of any member of the unitary business that is included in the combined report of the taxpayer.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 13. Minnesota Statutes 2010, section 290.06, is amended by adding a subdivision to read:

Subd. 38. **Property tax credit.** (a) A credit is allowed against the taxes imposed under subdivision 1 and section 290.0921 for the taxable year equal to the lesser of:

(1) ad valorem property tax paid on real property, located in this state and owned by a legal entity that is part of the unitary business, as defined in section 290.17, subdivision 4, paid during the taxable year; or

(2) 7.84 percent of the Minnesota foreign operating corporation income of the unitary business for the taxable year.

(b) For purposes of this subdivision, "foreign operating corporation income of the unitary business" means the sum of the amounts of federal taxable income, as modified by the provisions of paragraph (c), of all of the foreign operating corporations that are part of the unitary business that is:

(1) derived from sources without the United States, as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code; and

(2) attributable to the active conduct of a trade or business in a foreign country.

(c) Foreign operating corporation income must be decreased by the following amounts to the extent that they were reflected in the computation of the amount of federal taxable income used in paragraph (b):

(1) 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 foreign operating corporation that is a member of the unitary business group. 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.

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;

(2) except as already excluded in the taxpayer's taxable income under clause (1), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the unitary business 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; and

(3) 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.

(d) For purposes of this subdivision, "Minnesota foreign operating corporation income of the unitary business" means foreign operating company income of the unitary business multiplied by a percentage equal to the apportionment percentage for the taxable year, determined under section 290.191, but computed using the factors of the entire unitary business group and excluding from the numerator factors of entities that are not taxable in this state.

(e) The unitary business may allocate the credit under this subdivision among the legal entities that are members of its group, but the total amount of the credit under this subdivision cannot exceed the liability for tax for the taxable year under sections 290.06, subdivision 1, and 290.0921.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 14. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ten percent of the first \$2,000,000 of the excess (if any) of
  - (1) the qualified research expenses for the taxable year, over
  - (2) the base amount; and
- (b) ~~2.5~~ 4.5 percent on all of such excess expenses over \$2,000,000.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 15. Minnesota Statutes 2010, 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 returns filed for taxable years beginning after December 31, 2011.

Sec. 16. Minnesota Statutes 2010, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining 20 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust, as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011.

Sec. 17. **REPEALER.**

Minnesota Statutes 2010, section 290.0921, subdivision 7, is repealed.

**EFFECTIVE DATE.** This section is effective for returns filed for taxable years beginning after December 31, 2011.

### ARTICLE 3 SALES AND USE TAXES

Section 1. Minnesota Statutes 2010, 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:

~~(4) 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; and~~

~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:~~

~~(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.~~

~~(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.~~

~~(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.~~



~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).~~

~~(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.~~

(b) ~~Notwithstanding paragraph (a),~~ 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) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in the subsequent calendar year 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; or

(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar year, 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.

~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.~~

~~(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~

~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

**EFFECTIVE DATE.** This section is effective for taxes due and payable after July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided in paragraph (e), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used primarily to electronically transmit results retrieved by a customer of an online computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

- (1) machinery and equipment used to operate, control, or regulate the production equipment;
- (2) machinery and equipment used for research and development, design, quality control, and testing activities;
- (3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;
- (4) materials and supplies used to construct and install machinery or equipment;
- (5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;
- (6) materials used for foundations that support machinery or equipment;
- (7) materials used to construct and install special purpose buildings used in the production process;
- (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and
- (9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

- (1) motor vehicles taxed under chapter 297B;
- (2) machinery or equipment used to receive or store raw materials;
- (3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

(9) machinery or equipment used in the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

(10) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Integrated production process" means a process or series of operations through which tangible personal property is manufactured, fabricated, mined, or refined. For purposes of this clause, (i) manufacturing begins with the removal of raw materials from inventory and ends when the last process prior to loading for shipment has been completed; (ii) fabricating begins with the removal from storage or inventory of the property to be assembled, processed, altered, or modified and ends with the creation or production of the new or changed product; (iii) mining begins with the removal of overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and ends when the last process before stockpiling is completed; and (iv) refining begins with the removal from inventory or storage of a natural resource and ends with the conversion of the item to its completed form.

(4) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(5) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(7) "Mining" means the extraction of minerals, ores, stone, or peat.

(8) "Online data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

(11) This subdivision does not apply to telecommunications equipment as provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit for telecommunications services.

(e) Materials exempt under this section may be purchased without imposing and collecting the tax and applying for a refund under section 297A.75 if the purchaser is a small business, as defined under section 645.445.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012.

Sec. 3. Minnesota Statutes 2010, section 297A.70, subdivision 4, is amended to read:

Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b), to the following "nonprofit organizations" are exempt:

(1) a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the item purchased is used in the performance of charitable, religious, or educational functions; and

(2) any senior citizen group or association of groups that:

(i) in general limits membership to persons who are either age 55 or older, or physically disabled;

(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, not including housing, no part of the net earnings of which inures to the benefit of any private shareholders; and

(iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.

(b) This exemption does not apply to the following sales:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax-exempt entities or their contractors to be used in constructing buildings or facilities that will not be used principally by the tax-exempt entities; and

(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except wine purchased by an established religious organization for sacramental purposes or as allowed under subdivision 9a; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

(1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(2) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose.

(d) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012.

Sec. 4. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision to read:

**Subd. 9a. Established religious orders.** Sales of lodging, prepared food, candy, soft drinks, and alcoholic beverages at noncatered events between an established religious order and an affiliated institution of higher education are exempt. For purposes of this subdivision, an institution of higher education is "affiliated" with an established religious order if members of the religious order are represented on the governing board of the institution of higher education and the two organization share campus space and common facilities.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012.

Sec. 5. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First Special Session chapter 7, article 4, section 5, is amended to read:

**Subd. 3. Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and administering the taxes and to pay for the following projects:

(1) transportation infrastructure improvements including regional highway and airport improvements;

(2) improvements to the civic center complex;

(3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and

(4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use.

(b) The total amount of capital expenditures or bonds for projects listed in paragraph (a) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$28,000,000.

(c) In addition to the projects authorized in paragraph (a) and not subject to the amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an election under subdivision 5, paragraph (c), use the revenues received from the taxes and bonds authorized in this section to pay the costs of or bonds for the following purposes:

(1) \$17,000,000 for capital expenditures and bonds for the following Olmsted County transportation infrastructure improvements:

- (i) County State Aid Highway 34 reconstruction;
- (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;
- (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;
- (iv) widening of County State Aid Highway 22 West Circle Drive; and

(v) 60th Avenue Northwest corridor preservation;

(2) \$30,000,000 for city transportation projects including:

- (i) Trunk Highway 52 and 65th Street interchange;
- (ii) NW transportation corridor acquisition;
- (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;
- (iv) Trunk Highway 14 and Trunk Highway 63 intersection;
- (v) Southeast transportation corridor acquisition;
- (vi) Rochester International Airport expansion; and
- (vii) a transit operations center bus facility;

(3) \$14,000,000 for the University of Minnesota Rochester academic and complementary facilities;

(4) \$6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities;

(5) \$6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester;

(6) \$20,000,000 for the Destination Medical Community Initiative;

(7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;

(8) \$20,000,000 for a regional recreation/senior center;

(9) \$10,000,000 for an economic development fund; and

(10) \$8,000,000 for downtown infrastructure.

(d) No revenues from the taxes raised from the taxes authorized in subdivisions 1 and 2 may be used to fund transportation improvements related to a railroad bypass that would divert traffic from the city of Rochester.

(e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin, Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville, Zumbrota, Spring Valley, West Concord, ~~and Hayfield,~~ and any other city with a 2010 population of at least 1,000 that has a city boundary within 25 miles of the geographic center of Rochester and is closer to Rochester than to any other city located wholly outside of the seven-county metropolitan area with a population of 20,000 or more. for economic development projects that these communities would fund through their economic development authority or housing and redevelopment authority.

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

Sec. 6. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009, chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, 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~~ three 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 the approval of the city governing body of a total financial package for the project.

Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from 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~~ three 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. 2a. **Bonds.** The city of Rochester may issue, without an election, general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$43,500,000, to pay for capital and administrative costs for the design, construction, renovation, improvement, and expansion of the Mayo Civic Center Complex, and related skyway, access, lighting, parking, and landscaping. The city may pledge the lodging tax authorized by subdivision 1a ~~and the food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23,~~ to the payment of the bonds. The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city.

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 prior to December 31, ~~2014~~ 2016, 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, including any bonds issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

**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. 7. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision 2, is amended to read:

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

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

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

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

**EFFECTIVE DATE.** This section is effective for the city that approves them the day after compliance by the governing body of each city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 8. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision 4, is amended to read:

Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St. Cloud, St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires when the city council determines that sufficient funds have been collected from the tax to retire or redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no later than December 31, 2018. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed under subdivision 1 through December 31, 2038, if approved under the referendum authorizing the tax under subdivision 1 or if approved by voters of the city at a general election held no later than November 6, 2017.

**EFFECTIVE DATE.** This section is effective for the city that approves them the day after compliance by the governing body of each city with Minnesota Statutes, section 645.021, subdivision 3.



Sec. 9. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring Street Park; improvements to and extension of the River County bike trail; acquisition, and construction, improvement, and development of regional parks, bicycle trails, park land, open space, and of a pedestrian walkways, as described in the city improvement plan adopted by the city council by resolution on December 12, 2006, and walkway over Interstate 94 and State Highway 24; and the acquisition of land and construction of buildings for a community and recreation center. The total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000 plus any associated bond costs.

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the city of Clearwater with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. **REPEALER.**

Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, and Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389, article 5, section 4, are repealed.

**EFFECTIVE DATE.** This section is effective for taxes due and payable after July 1, 2012.

#### ARTICLE 4 TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities;

(6) qualified border retail facilities; or

(7) space necessary for and related to the activities listed in clauses (1) to (6).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the

municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) Notwithstanding the requirements of paragraph (a) and the finding requirements of section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

(1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before ~~July 1, 2012~~ January 1, 2014, without the authority providing assistance under the provisions of this paragraph;

(2) construction of the project begins no later than ~~July 1, 2012~~ January 1, 2014;

(3) the request for certification of the district is made no later than ~~June 30, 2012~~ December 31, 2013; and

(4) for development of housing under this paragraph, the construction must begin before January 1, 2012.

The provisions of this paragraph may not be used to assist housing that is developed to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law, if construction of the project begins later than July 1, 2011.

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

Sec. 2. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4m, is amended to read:

Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state, including construction jobs, and that the construction commences before ~~July 1, 2012~~ January 1, 2014, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirements of clause (1) financially feasible.

(b) The authority may undertake actions under the authority of this subdivision only after approval by the municipality of a written spending plan that specifically authorizes the authority to take the actions. The municipality shall approve the spending plan only after a public hearing after published notice in a newspaper of general circulation in the municipality at least once, not less than ten days nor more than 30 days prior to the date of the hearing.

(c) The authority to spend tax increments under this subdivision expires ~~December 31, 2012~~ June 30, 2014.

(d) For a development consisting of housing, the authority to spend tax increments under this subdivision expires December 31, 2011, and construction must commence before July 1, 2011, except the authority to spend tax increments on market rate housing developments under this subdivision expires July 31, 2012, and construction must commence before January 1, 2012.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made.

Sec. 3. Minnesota Statutes 2011 Supplement, 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, 4d, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that

(i) meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; ~~and~~

~~(2)~~ (ii) does 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)~~ be (iii) is 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

(4) (2) be used to develop housing:

(i) if the market value of the housing prior to demolition or rehabilitation does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, rehabilitation, and pollution abatement on one or more parcels, if the parcel ~~contains a residence~~ containing is occupied by one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period stated in the notice provided under section 580.06 has expired.

(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 (4) (2), expires on December 31, 2016. 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, 2016, 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 Minnesota Statutes, section 469.1763, regardless of when the request for certification was made.

Sec. 4. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009, chapter 88, article 5, section 11, is amended to read:

**Sec. 34. CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

**Subdivision 1. Original tax capacity election.** (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; 3102921320061; 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~~ December 31, 2015.

**Subd. 2. Parcels deemed occupied.** (a) Parcel numbers 3102921320054, 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the following conditions are met:

(1) a building located on any part of each of the specified parcels was demolished after the authority adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

(2) the building was removed either by the authority, by a developer under a development agreement with the authority, or by the owner of the property without entering into a development agreement with the authority; and

(3) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2015.

(b) The provisions of subdivision 1 apply to allow an election by the authority for the parcels deemed occupied under paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

**EFFECTIVE DATE.** This section is effective upon compliance by the governing body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

#### Sec. 5. **CITY OF APPLE VALLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Apple Valley elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more redevelopment tax increment financing districts established by the city or the economic development authority of the city. The area within which the redevelopment tax increment districts may be created includes the following parcels and adjacent right-of-ways and shall be referred to as the Mining Reclamation Project Area: parcel numbers 01-03500-25-010, 01-03500-03-011, 01-03500-02-010, 01-03600-28-011, 01-03600-25-010, 01-03500-52-011, 01-03500-78-011, 01-03500-77-014, 01-03500-75-010, 01-03400-05-050, 01-55900-00-020, 01-55900-00-010, 01-18250-01-010, 01-03500-01-010, 01-03500-01-020, 01-03500-52-012, 01-03500-78-012.

(b) Prior to or upon the adoption of the first tax increment plan qualifying for the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the Mining Reclamation Project Area, which are deemed eligible for inclusion in a redevelopment tax increment district.

(e) The limitations on spending increments outside of the district under Minnesota Statutes, section 469.1763, subdivision 2, do not apply, but increments may only be expended on improvements or activities within the area defined in paragraph (a).

(f) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for districts in the Mining Reclamation Project Area.

(g) The authority to approve tax increment financing plans and to establish one or more tax increment financing districts under this section expires on December 31, 2017.

**EFFECTIVE DATE.** This section is effective upon approval by the governing body of the city of Apple Valley and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

#### **Sec. 6. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane a distance of 900 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence

easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2022.

**EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 7. DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX INCREMENT FINANCING DISTRICT.**

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, the Dakota County Community Development Agency may establish a redevelopment tax increment financing district comprised of the properties that (1) were included in the CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not decertified before July 1, 2012. The district created under this section terminates no later than December 31, 2017.

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 4g, paragraph (c), clause (1), item (ii), and 4j, do not apply to the district. The original tax capacity of the district is \$93,239.

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 by the governing body of the Dakota County Community Development Agency with the requirements of Minnesota Statutes, section 645.021, subdivision 3.



Sec. 8. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING EXTENSION.**

Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of tax increment financing district no. 1-I, containing the Bloomington Central Station property for a period through December 31, 2035.

**EFFECTIVE DATE.** This section is effective upon compliance of the governing body of the city of Bloomington with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 9. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

(a) Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of tax increment financing district no. 1-G, containing the former Met Center property, including Lindau Lane and that portion of tax increment financing district no. 1-C north of the existing building line on Lot 1, Block 1, Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2028.

(b) Before approving an extension under paragraph (a) and before approving any contract for development of the area or the issuance of bonds, either of which require the expenditure of more than \$5,000,000 of increments, the governing body of the city of Bloomington must make the findings under Minnesota Statutes, section 469.175, subdivision 3, paragraph (b), clause (2), including providing the required written documentation required by paragraph (d) of that subdivision, with regard to the justification for approval of the extension, the contract, or issuance of bonds.

**EFFECTIVE DATE.** This section is effective upon compliance of the governing bodies of the city of Bloomington, Hennepin County, and Independent School District No. 271, Bloomington, with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 10. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING; SPECIAL RULES.**

The requirement of 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, is considered to be met for Tax Increment Financing District No. 23 in the city of Brooklyn Park if the activities were undertaken by July 1, 2014.

**EFFECTIVE DATE.** This section is effective upon compliance by the governing body of the city of Brooklyn Park with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 5  
MISCELLANEOUS

Section 1. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

**Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Eligible employer" means a taxpayer under section 290.01 with employees located in greater Minnesota.

(c) "Eligible institution" means a Minnesota public postsecondary institution, or a Minnesota private, nonprofit, baccalaureate degree granting college or university.

(d) "Eligible student" means a student enrolled in an eligible institution who is a junior or senior in a degree program or has completed one-half of the credits necessary for an associate degree or certification.

(e) "Greater Minnesota" means the area located outside of the metropolitan area, as defined in section 473.121, subdivision 2.

(f) "Office" means the Office of Higher Education.

Subd. 2. **Program established.** The office, in cooperation with the Department of Employment and Economic Development, shall administer a greater Minnesota internship grant program for eligible employers who hire interns in greater Minnesota through eligible institutions that provide academic credit. The purpose of the program is to encourage Minnesota businesses to:

(1) employ and provide valuable experience to Minnesota students; and

(2) foster long-term relationships between the students and greater Minnesota employers.

Subd. 3. **Program components.** (a) An intern must be an eligible student who has been admitted to a major program that is closely related to the intern experience as determined by the eligible institution.

(b) To participate in the program, an eligible institution must:

(1) enter into written agreements with eligible employers to provide paid internships that are at least 12 weeks long and located in greater Minnesota;

(2) determine that the work experience of the internship is closely related to the eligible student's course of study; and

(3) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.

(c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:

(1) would not have been hired without the grant described in subdivision 4;

(2) did not work for the employer prior to entering the agreement;

(3) does not replace an existing employee;

(4) has not previously participated in the program;

(5) will be employed at a location in greater Minnesota;

(6) will be paid at least minimum wage for a minimum of 16 hours per week for at least a 12-week period; and

(7) will be supervised and evaluated by the employer.

(d) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:

(1) the number of interns hired;

(2) the number of hours and weeks worked by interns; and

(3) the compensation paid to interns.

(e) An internship with clinical experience currently required for completion of an academic program does not qualify for the greater Minnesota internship program under this section.

**Subd. 4. Employer grants for internships; maximum limits.** (a) A grant for an eligible employee equals 40 percent of the compensation paid to each qualifying intern, not to exceed \$1,250. An employer may receive a grant for a maximum of five interns in any fiscal year.

(b) The total amount of grants authorized under this section is limited to \$1,250,000 per fiscal year less administrative expense as provided in law. The office shall allocate grants to eligible institutions for participating employers and certify to the Department of Employment and Economic Development the amount of the grant.

**Subd. 5. Allocations to institutions.** The office shall allocate employer grants authorized in subdivision 4 to eligible institutions. The office shall determine relevant criteria to allocate the grants, including the geographic distribution of grants to work locations outside the metropolitan area. Any grant amount allocated to an institution but not used may be reallocated to other eligible institutions. The office shall allocate a portion of any administrative fee to participating eligible institutions for their administrative costs.

**Subd. 6. Reports to the legislature.** (a) By February 1, 2013, the office and the Department of Employment and Economic Development shall report to the legislature on the greater Minnesota internship program. The report must include at least the following:

(1) the number and dollar amount of grants allocated to employers;

(2) the number of interns employed under the program; and

(3) the cost of administering the program.

(b) By February 1, 2014, the office and the Department of Employment and Economic Development shall report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting participating interns in finding permanent career positions. The report must include the number of students who participated in the program who were subsequently employed full-time by the employer.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 297A.8155, is amended to read:

**297A.8155 LIQUOR REPORTING REQUIREMENTS; PENALTY.**

A person who sells liquor, as defined in section 295.75, subdivision 1, in Minnesota to a retailer that sells liquor, shall file with the commissioner an annual informational report, in the form and manner prescribed by the commissioner, indicating the name, address, and Minnesota business identification number of each retailer, and the total dollar amount of liquor sold to each retailer in the previous calendar year. The report must be filed on or before March 31 following the close of the calendar year. A person failing to file this report is subject to the penalty

imposed under section 289A.60. A person required to file a report under this section is not required to provide a copy of an exemption certificate, as defined in section 297A.72, provided to the person by a retailer, along with the annual informational report.

**EFFECTIVE DATE.** This section is effective for reports required to be filed beginning in calendar year 2012 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is entitled to a tax credit of \$4.60 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.

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than ~~100,000~~ 250,000 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 for determinations based on calendar year 2011 production and thereafter.

Sec. 4. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision to read:

Subd. 12. **Tax may be imposed; Otter Tail County.** (a) If Otter Tail County does not impose a tax under this section and approves imposition of the tax under this subdivision, the city of Vergas in Otter Tail County may impose the aggregate materials tax under this section.

(b) For purposes of exercising the powers contained in this section, the "city" is deemed to be the "county."

(c) All provisions in this section apply to the city of Vergas, except that in lieu of the tax proceeds under subdivision 7, all proceeds of the tax must be retained by the city.

(d) If Otter Tail County imposes an aggregate materials tax under this section, the tax imposed by the city of Vergas under this subdivision is repealed on the effective date of the Otter Tail County tax.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Vergas and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. Minnesota Statutes 2010, section 469.169, is amended by adding a subdivision to read:

Subd. 19. **Additional border city allocation; 2012.** (a) In addition to tax reductions authorized in subdivisions 7 to 18, the commissioner shall allocate \$75,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if

the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. The city alternatively may elect to use any portion of the allocation provided in this paragraph for tax reductions under section 469.1732 or 469.1734.

(b) The commissioner shall allocate \$75,000 for tax reductions under section 469.1732 or 469.1734 to cities with border city enterprise zones located on the western border of the state. The commissioner shall allocate this amount among the cities on a per capita basis. The city alternatively may elect to use any portion of the allocation provided in this paragraph for tax reductions as provided in section 469.171.

Sec. 6. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998, chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to read:

Subd. 2. For each of the years ~~2003 to 2013~~ 2012 to 2024, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

**EFFECTIVE DATE.** This section is effective the day after final enactment.

Sec. 7. Laws 2003, chapter 127, article 12, section 28, is amended to read:

Sec. 28. **NURSING HOME BONDS AUTHORIZED.**

(a) Itasca County may issue bonds under Minnesota Statutes, sections 376.55 and 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing 35-bed private facility located in the county. The bonds issued under this section ~~must~~ may be payable solely from revenues ~~and~~ or may ~~not~~ be general obligations of the county.

(b) Before issuing general obligation bonds under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published on the official website of the county or in a newspaper of general circulation in the county. The notice must be published at least 14, but not more than 28, days before the date of the hearing. The county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last general election and is filed with the county auditor within 30 days after the public hearing.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after the governing body of Itasca County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **SPECIAL RECOVERY FUND; CANCELLATION.**

\$4,300,000 of the balance in the Revenue Department service and recovery special revenue fund is transferred in fiscal year 2012 to the general fund.

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

Sec. 9. **LIQUOR REPORTING REQUIREMENTS.**

A person who was required to submit an annual informational report under Minnesota Statutes, section 297A.8155, to the commissioner of revenue during calendar year 2010 or 2011 is not required to provide a copy of an exemption certificate or a retailer's tax identification number along with the informational report.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to reports required to be filed in calendar year 2010 or 2011.

Sec. 10. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

Subdivision 1. **Authority.** This section is intended to fulfill the requirement under Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax expenditure provide a purpose for the tax expenditure and a standard or goal against which its effectiveness may be measured.

Subd. 2. **Employment of qualified veterans tax credit.** The provisions of article 2, section 11, providing a tax credit for the employment of qualified veterans, are intended to give an incentive to employers to hire returning veterans who would otherwise be unemployed and to encourage their reintegration into the community. The standard against which the effectiveness of the credit is to be measured is the additional number of veterans who are hired as a result of the tax credit.

Subd. 3. **Corporate franchise tax certificate transfer program.** The provisions of article 2, sections 6 and 12, providing for the transfer of tax benefits, are intended to create new high paying and high quality jobs in Minnesota. The standard against which the effectiveness of the transfer program is to be measured is the number of new high paying and high quality jobs created in Minnesota as a result of the credit.

Subd. 4. **Foreign operating corporation property tax credit.** The provisions of article 2, section 13, providing a corporate franchise tax credit for Minnesota foreign operating corporations income, is intended to create and retain jobs in Minnesota. The standard against which the effectiveness of the credit is to be measured is the number of jobs provided by corporations claiming the credit.

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

Sec. 11. **TAX REFORM COMMISSION.**

Subdivision 1. **Findings.** The legislature finds that Minnesota's state and local tax system is flawed and not well adapted to the changing nature of the economy and the demographics of the state and must be reformed so that it is:

- (1) simple and transparent;
- (2) beneficial for job creation;
- (3) fair and equitable to all Minnesotans; and
- (4) neutral and efficient.

Subd. 2. **Commission established.** A tax reform action commission is established in the legislative branch to study the Minnesota tax and revenue system and to make recommendations to the legislature.

Subd. 3. **Membership.** (a) The commission consists of 15 members, appointed as follows:

(1) three members appointed by the governor, two from the executive branch and one from private life;

(2) four members appointed by the majority leader of the senate, two members of the senate and two from private life;

(3) two members appointed by the minority leader of the senate, one member of the senate and one from private life;

(4) four members appointed by the speaker of the house, two members of the house of representatives and two from private life; and

(5) two members appointed by the minority leader of the house of representatives, one member of the house of representatives and one from private life.

(b) The appointing authority shall select members who are of recognized standing and distinction and who possess demonstrated capacity to discharge the duties of the commission. In making appointments, the appointing authorities shall attempt to appoint some individuals to the commission who have special experience or knowledge in taxation, economics, and accounting.

(c) The speaker of the house and majority leader of the senate shall each designate a member of the commission as a chair of the commission. The co-chairs shall determine the duties of the commission and supervise its staff.

(d) The appointing authorities shall appoint members of the commission no later than 14 days after enactment of this section. Members serve for the life of the commission. A vacancy in the commission membership does not affect the power of the remaining members to execute the duties of the commission. A vacancy in commission membership is filled in the same manner in which the original appointment was made.

(e) The commission shall hold its initial meeting no later than 60 days after enactment of this section.

Subd. 4. **Duties; report.** (a) The commission shall study and evaluate the Minnesota state and local tax and revenue system with a goal of making long-term improvements in the system for the citizens of the state, given standard principles of good tax policy and the background of expected demographic and economic changes in the state, nation, and world. The commission must specifically address ways to make the Minnesota state tax and revenue system more effective in encouraging business formation, retention, and expansion in the state, as well as increasing general capital investment in the state. The commission's recommendations must be done on a revenue neutral basis. The commission shall examine:

(1) the mix of state revenues between tax revenues and fees and charges for services used or benefits received;

(2) the implications of likely demographic and economic changes, affecting both (i) the demands for state and local government services and (ii) taxes and other revenues; and

(3) the extent to which the existing tax system and the commission's proposal satisfy the following basic tax policy principles:

(i) equity or fairness, including measures based on ability to pay, equal treatment of equals, and payment for benefits received;

(ii) neutrality or efficiency, the extent to which the effects on private market decisions are minimized;

(iii) revenue adequacy, the extent to which the revenues are stable and predictable and grow with increases in income or economic activity;

(iv) competitiveness, the extent to which the state's attractiveness as a location for investment, working, and living is increased;

(v) simplicity, the extent to which it is easy to understand;

(vi) ease of compliance and administration, the extent to which taxpayers can easily comply and the government can easily administer it; and

(vii) visibility or accountability, the extent to which the taxes or other charges are clear and apparent to their payers as a cost of government and that the government officials imposing the tax are accountable, through election or otherwise, to the principal payers of the tax.

(b) The commission shall report to the legislature no later than March 1, 2013. The report must include:

(1) the results of the commission's evaluation of the present tax and revenue system and its research on alternatives;

(2) recommendations for reform and improvement of the Minnesota state and local tax and revenue system, on a revenue neutral basis, along with the rationale for the proposed changes; and

(3) a draft bill implementing the commission's recommendation for introduction in the 2014 legislative session.

Subd. 5. **Per diem and expenses.** Members of the commission may be compensated and receive reimbursement for expenses, as provided for members of advisory councils under Minnesota Statutes, section 15.059, subdivision 3. This subdivision does not apply to members of the legislature or state employees.

Subd. 6. **Staff.** The commission may employ staff as it deems appropriate to carry out its duties or use existing legislative and executive branch staff. All staff are in the unclassified state service. Legislative staff and the Department of Revenue staff must provide research, bill drafting, and other services to the commission upon its request. The commission may contract with consultants for research and other services and enter other contracts as it deems necessary or appropriate to carry out its duties. These contracts are not subject to the requirements of Minnesota Statutes, chapter 16C.

Subd. 7. **Appropriations.** \$.....is appropriated from the general fund to the commission for fiscal years 2012 and 2013 to carry out the provisions of this section.

Subd. 8. **Expiration.** The commission terminates 30 days after transmitting its report to the legislature under subdivision 4, paragraph (b).

**EFFECTIVE DATE.** This section is effective the day after final enactment.

Sec. 12. **WOODBURY; EXEMPTION FROM REFERENDUM.**

(a) Notwithstanding the referendum requirement in Minnesota Statutes, section 475.58, subdivision 1, or any other provision of law, the city of Woodbury may issue and sell obligations to pay for the cost of renovating, improving, expanding, and equipping the Bielenberg Sports Center, along with costs of issuance of the obligations and capitalized interest, if:



(1) the obligations are secured by a pledge of revenues from the facility; and

(2) the city finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and a property tax levy equal to the maximum annual property tax levy used to pay the bonds previously issued to finance, in whole or in part, the facility will in the aggregate be sufficient to pay the obligations without the imposition of an additional property tax levy pledged to the obligations.

(b) Before issuing bonds under this section, the city must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published on the official website of the city or in a newspaper of general circulation in the city. The notice must be published at least 14, but not more than 28, days before the date of the hearing. The city may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the city in the last general election and is filed with the city clerk within 30 days after the public hearing.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after the governing body of the city of Woodbury and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **APPROPRIATION; GREATER MINNESOTA INTERNSHIP PROGRAM.**

\$1,250,000 is appropriated from the general fund to the commissioner of employment and economic development for fiscal year 2013 for grants under Minnesota Statutes, section 136A.129, for employers who hire interns. Up to five percent of the appropriation is for an administrative fee for the Office of Higher Education and participating eligible institutions. The amount of this appropriation is added to the base for the Department of Employment and Economic Development beginning in fiscal year 2014 for the greater Minnesota internship program.

**EFFECTIVE DATE.** This section is effective July 1, 2012."

Delete the title and insert:

"A bill for an act relating to financing of state and local government; making changes to individual income, corporate franchise, property, sales and use, mineral, liquor, aggregate materials, local, and other taxes and tax-related provisions; changing and providing income and franchise tax credits, exemptions, and deductions; providing for taxation of foreign operating companies; providing a corporate tax benefit transfer program; changing certain mining tax rates and allocation of tax proceeds; changing property tax interest, credits, and exemptions, and providing for use of a local levy; phasing out the state general levy; modifying the renter property tax refund and providing a supplemental targeting refund; modifying city aid payments; modifying tax increment financing district requirements; authorizing, changing, and extending tax increment financing districts in certain local governments; changing sales and use tax payment requirements and changing and providing exemptions; modifying use of revenues and authorizing extension of certain sales and lodging taxes for certain cities; changing liquor tax reporting and credits; allocating funds to border city enterprise zones; authorizing certain local governments to issue public debt; establishing a truth in taxation task force; establishing a tax reform action committee; establishing a greater Minnesota internship program; requiring reports; requiring a funds transfer appropriating money; amending Minnesota Statutes 2010, sections 116J.8737, subdivisions 5, 8, by adding a subdivision; 273.113; 275.025, subdivisions 1, 2, 4; 279.03, subdivisions 1a, 2; 289A.08, subdivision 3; 289A.20, subdivision 4; 290.01, subdivisions 19d, 29; 290.06, by adding subdivisions; 290.068, subdivision 1; 290.17, subdivision 4; 290.21, subdivision 4; 290A.04, subdivision 2a, by adding a subdivision; 290A.23, subdivision 1; 290B.07; 290B.08, subdivision 2; 297A.68, subdivision 5; 297A.70, subdivision 4, by adding a subdivision; 297A.8155; 297G.04, subdivision 2; 298.018, subdivision 1; 298.28, subdivision 4; 298.75, by adding a subdivision; 469.169, by adding a

subdivision; 477A.011, subdivision 36; 477A.013, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737, subdivisions 1, 2; 290.01, subdivision 19c; 290A.03, subdivisions 11, 13; 290A.04, subdivision 4; 298.01, subdivision 3; 298.015, subdivision 1; 298.28, subdivision 2; 469.176, subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.013, subdivision 9; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1988, chapter 645, section 3, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended; Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2003, chapter 127, article 12, section 28; Laws 2005, First Special Session chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2008, chapter 366, article 5, section 34, as amended; article 7, section 19, subdivision 3, as amended; Laws 2010, chapter 389, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapters 116J; 136A; repealing Minnesota Statutes 2010, section 290.0921, subdivision 7; Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter 88, article 4, section 23, as amended."

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

The report was adopted.

Westrom from the Committee on Civil Law to which was referred:

H. F. No. 2346, A bill for an act relating to insurance; specifying financial responsibility for hospital-acquired infections; proposing coding for new law in Minnesota Statutes, chapter 604.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[604.111] HOSPITAL FINANCIAL RESPONSIBILITY FOR ADVERSE HEALTH EVENTS.**

**Subdivision 1. Definition; adverse health events.** For purposes of this section, "adverse health events" has the meaning established in section 144.7065.

**Subd. 2. Payment for adverse health events.** (a) A hospital is liable for all corrective medical and hospital service costs that are reasonably necessary as a result of an adverse health event created or increased by the hospital.

(b) The patient may obtain the corrective medical or hospital services from any appropriate medical or hospital provider, the cost of which must be paid by the hospital responsible for the adverse health event.

**EFFECTIVE DATE.** This section is effective August 1, 2012, and applies to adverse health events created on or after that date."

Delete the title and insert:

"A bill for an act relating to insurance; specifying financial responsibility for hospital-caused adverse health events; proposing coding for new law in Minnesota Statutes, chapter 604."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Reform.

The report was adopted.

Hoppe from the Committee on Commerce and Regulatory Reform to which was referred:

H. F. No. 2354, A bill for an act relating to building codes; modifying plumbing code requirements related to sump pumps and drain tiles; amending Minnesota Statutes 2010, section 326B.43, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2011 Supplement, section 326B.46, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions from licensing.** (a) An individual without a contractor license may do plumbing work on the individual's residence in accordance with subdivision 1, paragraph (a).

(b) An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to maintain a contractor license as long as the employer has on file with the commissioner a current certificate of responsible individual. The responsible individual must be a master plumber or, in an area of the state that is not a city or town with a population of more than 5,000 according to the last federal census, a restricted master plumber. The certificate must be signed by the responsible individual and must state that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with sections 326B.41 to 326B.49, all rules adopted under those sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. The employer must pay a filing fee to file a certificate of responsible individual with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible individual, the employer must resubmit a certificate of responsible individual, with a filing fee, no later than two years from the date of the previous submittal. The filing of the certificate of responsible individual does not exempt any employee of the employer from the requirements of this chapter regarding individual licensing as a plumber or registration as a plumber's apprentice.

(c) If a contractor employs a licensed plumber, the licensed plumber does not need a separate contractor license to perform plumbing work on behalf of the employer within the scope of the licensed plumber's license.

(d) A person may perform and offer to perform building sewer or water service installation without a contractor's license if the person is in compliance with the bond and insurance requirements of subdivision 2.

(e) Waterproofing contractors licensed under sections 326B.801 to 326B.89, may install in existing single-family dwellings a single sump pump which receives subsurface or seepage water through a subsoil drain and discharge to grade. The Minnesota Plumbing Code applies, including provisions for the proper installation, approved materials, and proper support of the materials."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Gottwalt from the Committee on Health and Human Services Reform to which was referred:

H. F. No. 2379, A bill for an act relating to human services; providing an exemption from a licensing moratorium; establishing certification requirements; amending Minnesota Statutes 2010, section 245A.03, by adding a subdivision; Minnesota Statutes 2011 Supplement, section 245A.03, subdivision 7.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2010, section 245A.03, is amended by adding a subdivision to read:

Subd. 6a. **Adult foster care homes serving people with mental illness; certification.** (a) The commissioner of human services shall issue a mental health certification for adult foster care homes licensed under this chapter and Minnesota Rules, parts 9555.5105 to 9555.6265, that serve people with mental illness where the home is not the primary residence of the license holder when a provider is determined to have met the requirements under paragraph (b). The certification shall be printed on the license, and identified on the commissioner's public Web site. This certification is voluntary for license holders.

(b) The requirements for certification are:

(1) all staff working in the adult foster care home have received at least seven hours of annual training covering all of the following topics:

(i) mental health diagnoses;

(ii) mental health crisis response and de-escalation techniques;

(iii) recovery from mental illness;

(iv) treatment options including evidence-based practices;

(v) medications and their side effects;

(vi) co-occurring substance abuse and health conditions; and

(vii) community resources; and

(2) a mental health professional, as defined in section 245.4871, subdivision 27, or a mental health practitioner as defined in section 245.4871, subdivision 26, is available for consultation and assistance;

(3) there is a plan and protocol in place to address a mental health crisis; and

(4) each individual's Individual Placement Agreement identifies who is providing clinical services and their contact information, and includes an individual crisis prevention and management plan developed with the individual.

(c) License holders seeking certification under this subdivision must request this certification on forms provided by the commissioner and must submit the request to the county licensing agency in which the home is located. The county licensing agency must forward the request to the commissioner with a county recommendation regarding whether the commissioner should issue the certification.

(d) Ongoing compliance with the certification requirements under paragraph (b) shall be reviewed by the county licensing agency at each licensing review. When a county licensing agency determines that the requirements of paragraph (b) are not met, the county shall inform the commissioner and the commissioner will remove the certification.

(e) A denial of the certification or the removal of the certification based on a determination that the requirements under paragraph (b) have not been met by the adult foster care license holder are not subject to appeal. A license holder that has been denied a certification or that has had a certification removed may again request certification when the license holder is in compliance with the requirements of paragraph (b)."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2458, A bill for an act relating to state government; creating an advisory inspections process; proposing coding for new law in Minnesota Statutes, chapter 15.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Erickson from the Committee on Education Reform to which was referred:

H. F. No. 2530, A bill for an act relating to education; changing by one month the date by which a school board must notify a probationary teacher about not renewing the teacher's contract; amending Minnesota Statutes 2011 Supplement, section 122A.40, subdivision 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Garofalo from the Committee on Education Finance to which was referred:

H. F. No. 2580, A bill for an act relating to education; empowering parents to request a school district intervene in a persistently low-performing school; proposing coding for new law in Minnesota Statutes, chapter 120B.

Reported the same back with the following amendments:

Page 1, line 9, delete "persistently lowest performing schools under the"

Page 1, delete lines 10 to 12 and insert "Priority schools, for a minimum of three consecutive school years, based on the multiple measures established in Minnesota's federally approved 2012 No Child Left Behind Act waiver."

Page 1, line 14, delete "persistently lowest performing" and insert ""Priority""

Page 1, line 22, after "arrangement" insert "consistent with this section to allow an intervention strategy to improve students' educational outcomes and school performance"

Page 2, line 13, delete "high-achieving" and insert "higher-achieving"

Page 2, line 14, after "district" insert "performing above the 25 percent of lowest performing schools as measured by the multiple measures established in Minnesota's federally approved 2012 No Child Left Behind Act waiver"

Page 3, line 18, after the period, insert "A "parent," for the purposes of this section, is a natural or adoptive parent, legal guardian, or other person holding the right to make educational decisions on behalf of the student, including a foster parent who holds rights to make educational decisions on behalf of that student on the date the petition is submitted."

Page 3, line 37, delete "persistently lowest performing" and insert ""Priority""

Page 3, line 38, after "schools" insert "under paragraph (a)" and delete "persistently"

Page 3, line 39, delete "lowest performing" and insert ""Priority"" and after "schools" insert "under paragraph (a)"

Page 4, line 7, delete "March" and insert "February"

Amend the title as follows:

Page 1, line 3, delete "persistently low-performing" and insert ""Priority""

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

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2614, A bill for an act relating to state government; changing the mandatory retirement age for administrative law judges and compensation judges; amending Minnesota Statutes 2010, section 14.48, subdivision 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Judiciary Policy and Finance.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2621, A bill for an act relating to education; making certain special or independent school districts subject to mayoral control; amending Minnesota Statutes 2010, section 128D.02; proposing coding for new law in Minnesota Statutes, chapter 123A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[123A.695] CHANGE FROM INDEPENDENT TO MAYORAL DISTRICT.**

Subdivision 1. **Definition.** For the purposes of this section, "city" means a statutory or home rule charter city with more than 250,000 residents located in the seven-county metropolitan area.

Subd. 2. **Mayoral governance option.** The mayor of a city may govern an independent school district with administrative offices in the city as provided in this section if the mayor:

(1) submits written notice of intent to govern the district to the commissioner by September 1 in any calendar year;

(2) within 90 days after submitting notice under clause (1):

(i) holds at least one public meeting within the boundaries of the affected district seeking public comment on changing district governance; and

(ii) with assistance from district and department employees at the mayor's request, develops and publishes a plan consistent with this section for governing the district; and

(3) presents the published plan at a public meeting within the boundaries of the affected district.

A mayor who meets the requirements of this subdivision may govern the affected district for ten consecutive school years beginning in the next school year after these requirements are met. The transition to mayoral governance does not affect any collective bargaining agreement then in effect or reduce the term of any then-serving school board member. After the ten-school-year term expires, a school board subject to section 123B.09, subdivision 1, shall govern the district unless otherwise specifically provided in law.

Subd. 3. **Mayoral governance requirements.** If the option for mayoral governance is exercised, the care, management, supervision, conduct, and control of the school district and all the powers and rights of school boards of independent school districts are as provided in subdivisions 4 to 6.

Subd. 4. **Mayoral appointment of school board, district administrator; powers and duties.** (a) Notwithstanding other law to the contrary, the mayor shall appoint qualified members to a board of education equal to the number of currently serving incumbent school board members plus one additional qualified member who all together shall serve as the board of education until the terms of the incumbent school board members expire. The mayor shall not appoint any successors for incumbent school board members whose terms expire. Appointed board members serve staggered two-year terms and must reside in the city and reflect city and geographical diversity. Board members serve without compensation or reimbursement of expenses incurred in performing board duties unless the mayor establishes a procedure to reimburse members for reasonable and necessary expenses.

(b) The mayor also must appoint a chief executive officer with recognized administrative ability and management experience who manages the district and has all other powers and duties of the district superintendent. The chief executive officer need not hold a superintendent's license or other school administrator's license. The employment contract of a chief executive officer must not exceed a three-year period. A mayor may terminate the chief executive officer during the term of the contract for a cause specified in the contract.

(c) The powers and duties of the board of education include:

(1) increasing the quality of education services in the school district;

(2) implementing policies, programs, and strategies to increase challenging learning opportunities targeted to diverse groups of students, increase student engagement and connection and community and family partnerships, and improve the educational outcomes of all groups of students enrolled in district schools so that students at least meet or exceed statewide averages for proficiency in reading and mathematics and demonstrate medium or high growth or, if students are not proficient in reading and mathematics, they consistently demonstrate high growth;

(3) reducing the cost of noninstructional services and implementing cost-saving measures;

(4) developing a long-term financial plan;

(5) streamlining and strengthening management of the system, including a school-based budgeting process to refocus resources on student achievement;

(6) enacting policies and procedures to ensure an ethical and efficient system;

(7) establishing or repurposing a local school site advisory council; and

(8) establishing organizational structures needed to efficiently and effectively operate the school system.

Subd. 5. **School site council.** Each school site located within a district subject to mayoral governance must have an 11-member school site advisory council composed of the school principal or other person having administrative control of the school, two licensed teachers employed in the school, six parents of children enrolled in the school, and two community residents. The school site council must assist the school principal or other person having administrative control of the site in identifying the educational needs of enrolled students, making recommendations on developing, implementing and assessing curriculum and instruction, reviewing the annual school site budget plan, and formulating school site improvement plans. School site council members serve two-year terms and are appointed by the board of education under subdivision 4. School site council members must reflect the diversity of the school site to the extent practicable.

Subd. 6. **Home rule charter.** The authority in this section supersedes any home rule charter or ordinance provision inconsistent or in conflict with this section.

Subd. 7. **Education advisory council.** The mayor shall appoint an education advisory council composed of representatives of the business community with experience in finance and management, parents of enrolled students, teachers and principals currently employed in the schools, and other interested persons representing various education-related service organizations and public and private nonprofit agencies, among other interests. Advisory council members shall convene periodically and provide advice to the mayor upon request. Members serve without compensation and without reimbursement of expenses incurred in performing duties under this subdivision. The education advisory council is subject to the open meeting law.

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

Sec. 2. Minnesota Statutes 2010, section 128D.02, is amended to read:

**128D.02 BOARD OF EDUCATION GOVERNING ENTITY LIKE INDEPENDENT DISTRICT'S DISTRICTS.**

Subdivision 1. **General authority.** Except as provided in subdivision 2, the governing body of ~~such~~ the school district shall be a board of education, which board shall have the care, management, supervision, conduct, and control of the school district and shall have all the powers and rights of school boards of independent school districts except as otherwise stated.



Subd. 2. **Mayoral governance option.** The provisions of section 123A.695 apply to the option for implementing mayoral governance of the school district. If the option is exercised, during the ten-school-year term, sections 128D.05; 128D.08, subdivisions 1, 3, and 4; and 128D.14, do not apply. After the ten-school-year term expires, a school board shall govern the district, subject to sections 128D.05; 128D.08, subdivisions 1, 3, and 4; and 128D.14, unless otherwise specifically provided in law.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1.

Sec. 3. **POTENTIAL CONFLICTS.**

To the extent any conflicts with existing law arise under this act, the attorney general, in collaboration with affected city attorneys, shall provide advice to implement this law to the extent practicable and, if needed, propose legislation to resolve the conflicts.

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

Sec. 4. **MAYORAL GOVERNANCE IMPLEMENTATION REPORT.**

Any mayor who exercises the mayoral governance option under Minnesota Statutes, section 123A.695, must submit written recommendations to the legislative committees with jurisdiction over kindergarten through grade 12 education finance and policy by February 15, 2013, for fully implementing sections 1 and 2.

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

With the recommendation that when so amended the bill pass.

The report was adopted.

Westrom from the Committee on Civil Law to which was referred:

H. F. No. 2647, A bill for an act relating to education; clarifying the definition of public data relating to agreements involving payment of public money; amending Minnesota Statutes 2010, section 13.43, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 13.43, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) Except for employees described in subdivision 5 and subject to the limitations described in subdivision 5a, the following personnel data on current and former employees, volunteers, and independent contractors of a government entity is public:

(1) name; employee identification number, which must not be the employee's Social Security number; actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) ~~the terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money; the complete terms of any agreement:~~

(i) arising out of, or arrangement resulting from, amending or otherwise modifying an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); or

(ii) involving the payment of more than \$10,000 of public money, or associated with terminating an employment relationship, provided that an agreement under this clause must include all of the specific reasons for the agreement;

(7) work location; a work telephone number; badge number; work-related continuing education; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

(b) For purposes of this subdivision, a final disposition occurs when the government entity makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the government entity, or arbitrator. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. A disciplinary action does not become public data if an arbitrator sustains a grievance and reverses all aspects of any disciplinary action.

(c) The government entity may display a photograph of a current or former employee to a prospective witness as part of the government entity's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a government entity in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers; ~~and~~

(3) executive or administrative heads of departments, bureaus, divisions, or institutions within state government; and

(4) individuals in a political subdivision acting in a management capacity.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any agreement entered into or modified after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education Reform to which was referred:

H. F. No. 2651, A bill for an act relating to education; authorizing suspensions without pay for teachers charged with felonies; amending Minnesota Statutes 2010, section 122A.40, subdivision 13.

Reported the same back with the following amendments:

Page 2, line 9, after "salary" insert ". benefits." and after "or" insert "any other employment-related" and after "compensation" insert "including pension contributions"

Page 2, line 10, delete "a penalty to or"

With the recommendation that when so amended the bill pass.

The report was adopted.

Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 2698, A bill for an act relating to homeless children; creating the Visible Child Act; modifying the duties of the Interagency Council on Homelessness and the State Interagency Coordinating Council; developing a visible child plan; requiring reports; amending Minnesota Statutes 2010, sections 125A.27, subdivision 11; 125A.28; 462A.29.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2722, A bill for an act relating to civil actions; regulating the liability of certain municipal employees; amending Minnesota Statutes 2010, section 466.04, subdivision 1a.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law.

The report was adopted.

Garofalo from the Committee on Education Finance to which was referred:

H. F. No. 2729, A bill for an act relating to early childhood education; appropriating money for the parent-child home program; amending Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8.

Reported the same back with the following amendments:

Page 1, line 15, after "scholarship" insert ", to be used for a program provider of the parents' or legal guardians' choice."

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

The report was adopted.

Dean from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 2738, A bill for an act proposing an amendment to the Minnesota Constitution, article VII, section 1; requiring voters to present photographic identification; providing photographic identification to voters at no charge; requiring substantially equivalent verification standards for all voters; allowing provisional balloting for voters unable to present photographic identification.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hamilton from the Committee on Agriculture and Rural Development Policy and Finance to which was referred:

H. F. No. 2741, A bill for an act relating to agriculture; extending certain ethanol minimum content dates; amending Minnesota Statutes 2010, section 239.791, subdivision 1a.

Reported the same back with the following amendments:

Page 1, line 8, delete "2018" and insert "2016"

Page 1, line 20, delete "2017" and insert "2015"

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education Reform to which was referred:

H. F. No. 2759, A bill for an act relating to education; modifying certain Board of School Administrators provisions; amending Minnesota Statutes 2010, section 122A.14, subdivisions 2, 9.

Reported the same back with the following amendments:

Page 1, line 14, after the period, insert "When transmitting notice of the license fee, the board also must notify the licensee of the penalty for failing to make timely payment of the fee."

Page 1, line 18, after the period, insert "If the board suspends a licensed school administrator for failing to pay the fee, it must immediately notify the district currently employing the school administrator of the school administrator's suspension."

With the recommendation that when so amended the bill pass.

The report was adopted.

Shimanski from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2762, A bill for an act relating to courts; modifying service of petition for certain election errors; modifying certain appeals of referee orders; adding to requirements for notice of a transfer of structure settlement payment rights; amending Minnesota Statutes 2010, sections 204B.44; 243.166, subdivision 2; 484.013, subdivision 3; 549.32, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 2788, A bill for an act relating to local government; providing for election of the two appointed members of the Three Rivers Park District; amending Minnesota Statutes 2010, section 383B.68, subdivision 1, by adding a subdivision; repealing Minnesota Statutes 2010, section 383B.68, subdivisions 2, 3.

Reported the same back with the following amendments:

Page 1, line 18, delete "Five" and insert "The"

Page 1, line 24, delete "qualifies" and insert "qualified"

Page 2, line 1, delete "three" and insert "four"

Page 2, line 2, delete "two" and insert "three"

Page 2, delete lines 6 to 9

Page 2, delete section 3 and insert:

"Sec. 3. Minnesota Statutes 2010, section 383B.68, subdivision 4, is amended to read:

Subd. 4. **Decennial redistricting.** After ~~September 1, 1985~~ the effective date of this act, and after at least 30 days' notice and public hearing, the Board of Park District Commissioners of the Three Rivers Park District shall divide the territory of Hennepin County outside the city of Minneapolis into ~~five~~ seven districts, which constitute the Three Rivers Park District. Each district shall be composed of contiguous territory as regular and compact in form

as practicable and as nearly equal in population as possible, provided that no district shall vary in population more than ten percent from the average of all the districts, unless compliance with this requirement requires division of a voting precinct. After each federal census and by the date prescribed for redistricting of election districts in section 204B.135, subdivision 2, after at least 30 days' notice and public hearing, the Board of Park District Commissioners of the Three Rivers Park District shall redistrict the territory of the Three Rivers Park District into new commissioner districts as necessary to comply with the provisions of this subdivision. The districts established pursuant to this subdivision shall remain effective until new districts are established. Any person aggrieved by a districting plan established pursuant to this subdivision may challenge the plan in the same manner as a county commissioner districting plan may be challenged pursuant to section 375.025. The district court in reviewing any challenge to a districting plan under this subdivision shall proceed in the manner prescribed by section 375.025. Each districting plan established pursuant to this subdivision shall be filed in the office of the director of finance of Hennepin County or any successor office and shall be effective 31 days after its publication in a newspaper of general circulation in the county."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "modifying selection of commissioners"

Page 1, line 3, delete "members"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 2789, A bill for an act relating to public safety; amending the definitions of drug paraphernalia and methamphetamine paraphernalia; amending Minnesota Statutes 2010, sections 152.01, subdivision 18; 152.137, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Erickson from the Committee on Education Reform to which was referred:

H. F. No. 2801, A bill for an act relating to education; clarifying accountability measures for certain charter school student populations; amending Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 10.

Reported the same back with the following amendments:

Page 1, line 14, delete "60" and insert "75"

Page 1, line 15, delete "deemed an area"

Page 1, delete lines 16 and 17 and insert "exempt from the graduation rate measure that is one of the four multiple measures under Minnesota's federally approved 2012 No Child Left Behind Act waiver but shall be included in a group with alternative learning centers and contract alternative schools for purposes of determining "priority" schools or other consequences under that federal waiver."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, S., from the Committee on Redistricting to which was referred:

H. F. No. 2821, A bill for an act relating to redistricting; adjusting the house of representatives district boundaries within senate districts 39 and 49; repealing obsolete district descriptions; proposing coding for new law in Minnesota Statutes, chapter 2; repealing Minnesota Statutes 2010, sections 2.444; 2.484.

Reported the same back with the following amendments:

Page 1, line 17, delete "....." and insert "March 9."

Page 1, line 20, delete "....." and insert "March 9."

Page 2, line 7, delete "....." and insert "March 9."

Page 2, line 10, delete "....." and insert "March 9."

With the recommendation that when so amended the bill pass.

The report was adopted.

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 2860, A bill for an act relating to public safety; appropriating money for fire safety services.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

McNamara from the Committee on Environment, Energy and Natural Resources Policy and Finance to which was referred:

H. F. No. 2870, A bill for an act relating to water; modifying migratory waterfowl sanctuary and waterfowl feeding and resting area designations; modifying temporary public water drawdown provisions; defining shallow lakes; amending Minnesota Statutes 2010, sections 97A.095, subdivisions 1, 2; 103G.005, by adding a subdivision; 103G.408.

Reported the same back with the following amendments:

Page 1, line 16, delete "licensed hunters" and insert "residents"

Page 2, line 10, delete "licensed hunters" and insert "residents"

Page 3, line 1, reinstate "75 percent"

Page 3, line 2, delete the new language

With the recommendation that when so amended the bill pass.

The report was adopted.

Westrom from the Committee on Civil Law to which was referred:

S. F. No. 1143, A bill for an act relating to state government; classifying and authorizing sharing of data; making technical changes to data practices; amending Minnesota Statutes 2010, sections 13.02, subdivisions 3, 4, 8a, 9, 12, 13, 14, 15; 13.10, subdivision 1; 13.201; 13.202, subdivision 3; 13.35; 13.3805, subdivisions 1, 2; 13.384, subdivision 1; 13.39, subdivision 2; 13.392, subdivision 1; 13.393; 13.40, subdivision 1; 13.41, subdivision 2; 13.44, subdivision 3; 13.46, subdivisions 2, 3, 4, 5, 6; 13.462, subdivision 1; 13.467, subdivision 1; 13.47, subdivision 1; 13.485, by adding subdivisions; 13.495; 13.51, subdivisions 1, 2; 13.52; 13.548; 13.55, subdivision 1; 13.585, subdivisions 2, 3, 4; 13.59, subdivisions 1, 2, 3; 13.591, subdivision 4; 13.601, subdivision 3; 13.643, subdivisions 1, 2, 3, 5, 6, 7; 13.6435, by adding a subdivision; 13.65, subdivisions 1, 2, 3; 13.67; 13.679, subdivisions 1, 2; 13.714; 13.719, subdivisions 1, 5; 13.7191, subdivisions 14, 18; 13.72, subdivisions 7, 11, by adding subdivisions; 13.792; 13.7932; 13.82, subdivisions 2, 3, 6, 7; 13.83, subdivisions 2, 4, 6; 13.861, subdivision 1; 13.87, subdivisions 1, 2; 79A.16; 79A.28; 216C.266; 237.701, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13D.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 13.02, subdivision 3, is amended to read:

Subd. 3. **Confidential data on individuals.** "Confidential data on individuals" ~~means~~ are data ~~which is~~ made not public by statute or federal law applicable to the data and ~~is~~ are inaccessible to the individual subject of ~~that~~ those data.

Sec. 2. Minnesota Statutes 2010, section 13.02, subdivision 4, is amended to read:

Subd. 4. **Data not on individuals.** "Data not on individuals" ~~means~~ are all government data ~~which is~~ that are not data on individuals.

Sec. 3. Minnesota Statutes 2010, section 13.02, subdivision 8a, is amended to read:

Subd. 8a. **Not public data.** "Not public data" ~~means~~ are any government data ~~which is~~ classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic.



Sec. 4. Minnesota Statutes 2010, section 13.02, subdivision 9, is amended to read:

Subd. 9. **Nonpublic data.** "Nonpublic data" ~~means~~ are data not on individuals ~~that is~~ made by statute or federal law applicable to the data: (a) not accessible to the public; and (b) accessible to the subject, if any, of the data.

Sec. 5. Minnesota Statutes 2010, section 13.02, subdivision 12, is amended to read:

Subd. 12. **Private data on individuals.** "Private data on individuals" ~~means~~ are data ~~which is~~ made by statute or federal law applicable to the data: (a) not public; and (b) accessible to the individual subject of ~~that~~ those data.

Sec. 6. Minnesota Statutes 2010, section 13.02, subdivision 13, is amended to read:

Subd. 13. **Protected nonpublic data.** "Protected nonpublic data" ~~means~~ are data not on individuals ~~which is~~ made by statute or federal law applicable to the data (a) not public and (b) not accessible to the subject of the data.

Sec. 7. Minnesota Statutes 2010, section 13.02, subdivision 14, is amended to read:

Subd. 14. **Public data not on individuals.** "Public data not on individuals" ~~means~~ are data ~~which is~~ accessible to the public pursuant to section 13.03.

Sec. 8. Minnesota Statutes 2010, section 13.02, subdivision 15, is amended to read:

Subd. 15. **Public data on individuals.** "Public data on individuals" ~~means~~ are data ~~which is~~ accessible to the public in accordance with the provisions of section 13.03.

Sec. 9. Minnesota Statutes 2010, section 13.02, subdivision 16, is amended to read:

Subd. 16. **Responsible authority.** (a) "Responsible authority" in a state agency or statewide system means the state official designated by law or by the commissioner as the individual responsible for the collection, use and dissemination of any set of data on individuals, government data, or summary data.

(b) "Responsible authority" in any political subdivision means the individual designated by the governing body of that political subdivision as the individual responsible for the collection, use, and dissemination of any set of data on individuals, government data, or summary data, unless otherwise provided by state law. Until an individual is designated by the political subdivision's governing body, the responsible authority shall be as follows:

(1) for counties, the county auditor;

(2) for statutory or home rule charter cities, the elected or appointed city clerk. If the home rule charter does not provide for an office of city clerk, the responsible authority shall be the chief clerical officer for filing and record-keeping purposes;

(3) for school districts, the superintendent; and

(4) for all other political subdivisions, the chief clerical officer for filing and record keeping purposes.

Sec. 10. **[13.025] GOVERNMENT ENTITY OBLIGATION.**

**Subdivision 1. Data inventory.** The responsible authority shall prepare an inventory containing the authority's name, title, address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by the authority's government entity. Forms used to collect private and confidential

data may be included in the inventory. Beginning August 1, 1977, and annually thereafter, the responsible authority shall update the inventory and make any changes necessary to maintain the accuracy of the inventory. The inventory shall be available from the responsible authority to the public according to the provisions of sections 13.03 and 15.17. The commissioner may require responsible authorities to submit copies of the inventory and may request additional information relevant to data collection practices, policies, and procedures.

Subd. 2. **Public data access policy.** The responsible authority shall prepare a data access policy and update it no later than August 1 of each year, and at any other time as necessary to reflect changes in personnel, procedures, or other circumstances that impact the public's ability to access data. The responsible authority shall make copies of the policy easily available to the public by distributing free copies to the public or by posting it in a conspicuous place within the government entity that is easily accessible to the public or by posting it on the government entity's Web site.

Subd. 3. **Data subject rights and access policy.** The responsible authority shall prepare a written policy of the rights of data subjects under section 13.04, and the specific procedures used by the government entity for access by the data subject to public or private data on individuals, and update it no later than August 1 of each year, and at any other time as necessary to reflect changes in personnel, procedures, or other circumstances that impact the public's ability to access data. The responsible authority shall make copies of the policy easily available to the public by distributing free copies of it to the public or by posting it in a conspicuous place within the government entity that is easily accessible to the public or by posting it on the government entity's Web site.

Sec. 11. Minnesota Statutes 2010, section 13.03, subdivision 2, is amended to read:

Subd. 2. **Procedures.** (a) The responsible authority in every government entity shall establish procedures, consistent with this chapter, to insure that requests for government data are received and complied with in an appropriate and prompt manner.

~~(b) The responsible authority shall prepare public access procedures in written form and update them no later than August 1 of each year as necessary to reflect any changes in personnel or circumstances that might affect public access to government data. The responsible authority shall make copies of the written public access procedures easily available to the public by distributing free copies of the procedures to the public or by posting a copy of the procedures in a conspicuous place within the government entity that is easily accessible to the public.~~

~~(b)~~ (b) Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Sec. 12. Minnesota Statutes 2010, section 13.03, subdivision 4, is amended to read:

Subd. 4. **Change in classification of data; effect of dissemination among agencies.** (a) The classification of a government entity's data in the possession of an entity shall change if it is required to do so to comply with either judicial or administrative rules pertaining to the conduct of legal actions or with a specific statute applicable to the data in the possession of the disseminating or receiving entity.

(b) If data on individuals ~~is~~ are classified as both private and confidential by this chapter, or any other statute or federal law, the data ~~is~~ are private.

(c) To the extent that government data ~~is~~ are disseminated to a government entity by another government entity, the data disseminated shall have the same classification ~~in the hands of~~ at the entity receiving ~~it~~ them as ~~it~~ they had ~~in the hands of~~ at the entity providing ~~it~~ them.

(d) If a government entity disseminates data to another government entity, a classification provided for by law ~~in the hands of~~ at the entity receiving the data does not affect the classification of the data ~~in the hands of~~ at the entity that disseminates the data.

(e) To the extent that judicial branch data ~~is~~ are disseminated to government entities by the judicial branch, the data disseminated shall have the same level of accessibility ~~in the hands of the agency~~ at the government entity receiving ~~it~~ them as ~~it~~ they had ~~in the hands of~~ at the judicial branch entity providing ~~it~~ them. If the data have a specific classification in state statute or federal law, the government entity must maintain the data according to the specific classification.

Sec. 13. Minnesota Statutes 2010, section 13.072, subdivision 2, is amended to read:

Subd. 2. **Effect.** Opinions issued by the commissioner under this section are not binding on the government entity or members of a body subject to chapter 13D whose data or performance of duties is the subject of the opinion, but an opinion described in subdivision 1, paragraph (a), must be given deference by a court or other tribunal in a proceeding involving the data. The commissioner shall arrange for public dissemination of opinions issued under this section, and shall indicate when the principles stated in an opinion are not intended to provide guidance to all similarly situated persons or government entities. This section does not preclude a person from bringing any other action under this chapter or other law in addition to or instead of requesting a written opinion. A government entity, members of a body subject to chapter 13D, or person that acts in conformity with a written opinion of the commissioner issued to the government entity, members, or person or to another party is not liable for compensatory or exemplary damages or awards of attorneys fees in actions for violations arising under section 13.08 or 13.085, or for a penalty under section 13.09 or for fines, awards of attorney fees, or any other penalty under chapter 13D. A member of a body subject to chapter 13D is not subject to forfeiture of office if the member was acting in reliance on an opinion.

Sec. 14. Minnesota Statutes 2010, section 13.10, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this chapter:

(a) "Confidential data on decedents" ~~means~~ are data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as confidential data.

(b) "Private data on decedents" ~~means~~ are data which, prior to the death of the data subject, were classified by statute, federal law, or temporary classification as private data.

(c) "Representative of the decedent" ~~means~~ is the personal representative of the estate of the decedent during the period of administration, or if no personal representative has been appointed or after discharge of the personal representative, the surviving spouse, any child of the decedent, or, if there is no surviving spouse or children, the parents of the decedent.

Sec. 15. Minnesota Statutes 2010, section 13.202, subdivision 3, is amended to read:

Subd. 3. **Hennepin County.** (a) Data collected by the Hennepin Healthcare System, Inc. are governed under section ~~383B.17~~ 383B.917, subdivision 1.

(b) Records of Hennepin County board meetings permitted to be closed under section 383B.217, subdivision 7, are classified under that subdivision.

Sec. 16. Minnesota Statutes 2010, section 13.37, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

(a) "Security information" means government data the disclosure of which the responsible authority determines would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury. "Security information" includes crime prevention block maps and lists of volunteers who participate in community crime prevention programs and their home addresses and telephone numbers.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and noneconomic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

(d) "Parking space leasing data" means the following government data on an applicant for, or lessee of, a parking space: residence address, home telephone number, beginning and ending work hours, place of employment, work telephone number, and location of the parking space.

(e) When denying a data request made under section 13.03, a government entity, upon request, must provide a short description explaining the necessity for why the government data are classified as security information.

Sec. 17. Minnesota Statutes 2010, section 13.3805, subdivision 1, is amended to read:

Subdivision 1. **Health data generally.** (a) **Definitions.** As used in this subdivision:

(1) "Commissioner" means the commissioner of health.

(2) "Health data" ~~means~~ are data on individuals created, collected, received, or maintained by the Department of Health, political subdivisions, or statewide systems relating to the identification, description, prevention, and control of disease or as part of an epidemiologic investigation the commissioner designates as necessary to analyze, describe, or protect the public health.

(b) **Data on individuals.** (1) Health data are private data on individuals. Notwithstanding section 13.05, subdivision 9, health data may not be disclosed except as provided in this subdivision and section 13.04.

(2) The commissioner or a local board of health as defined in section 145A.02, subdivision 2, may disclose health data to the data subject's physician as necessary to locate or identify a case, carrier, or suspect case, to establish a diagnosis, to provide treatment, to identify persons at risk of illness, or to conduct an epidemiologic investigation.

(3) With the approval of the commissioner, health data may be disclosed to the extent necessary to assist the commissioner to locate or identify a case, carrier, or suspect case, to alert persons who may be threatened by illness as evidenced by epidemiologic data, to control or prevent the spread of serious disease, or to diminish an imminent threat to the public health.

(c) **Health summary data.** Summary data derived from data collected under section 145.413 may be provided under section 13.05, subdivision 7.

Sec. 18. Minnesota Statutes 2010, section 13.384, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section:

(a) "Directory information" means name of the patient, date admitted, and general condition.

(b) "Medical data" ~~means~~ are data collected because an individual was or is a patient or client of a hospital, nursing home, medical center, clinic, health or nursing agency operated by a government entity including business and financial records, data provided by private health care facilities, and data provided by or about relatives of the individual.

Sec. 19. Minnesota Statutes 2010, section 13.39, is amended by adding a subdivision to read:

Subd. 4. **Exclusion.** This section does not apply when the sole issue or dispute is a government entity's timeliness in responding to a data request.

Sec. 20. Minnesota Statutes 2010, section 13.43, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section, "personnel data" means government data on individuals maintained because the individual is or was an employee of or an applicant for employment by, performs services on a voluntary basis for, or acts as an independent contractor with a government entity. ~~Personnel data includes data submitted by an employee to a government entity as part of an organized self-evaluation effort by the government entity to request suggestions from all employees on ways to cut costs, make government more efficient, or improve the operation of government. An employee who is identified in a suggestion shall have access to all data in the suggestion except the identity of the employee making the suggestion.~~

Sec. 21. Minnesota Statutes 2010, section 13.43, is amended by adding a subdivision to read:

Subd. 7a. **Employee suggestion data.** Personnel data includes data submitted by an employee to a government entity as part of an organized self-evaluation effort by the government entity to request suggestions from all employees on ways to cut costs, make government more efficient, or improve the operation of government. An employee who is identified in a suggestion shall have access to all data in the suggestion except the identity of the employee making the suggestion.

Sec. 22. Minnesota Statutes 2010, section 13.43, is amended by adding a subdivision to read:

Subd. 19. **Employee of contractor or subcontractor.** The personal telephone number, home address, and e-mail address of an employee of a contractor or subcontractor doing business with a government entity are private data.

Sec. 23. Minnesota Statutes 2010, section 13.44, subdivision 3, is amended to read:

Subd. 3. **Real property; appraisal data.** (a) **Confidential or protected nonpublic data.** Estimated or appraised values of individual parcels of real property that are made by personnel of a government entity or by independent appraisers acting for a government entity for the purpose of selling or acquiring land through purchase or condemnation are classified as confidential data on individuals or protected nonpublic data.

(b) **Private or nonpublic data.** Appraised values of individual parcels of real property that are made by appraisers working for fee owners or contract purchasers who have received an offer to purchase their property from a government entity are classified as private data on individuals or nonpublic data.

(c) **Public data.** The data made confidential or protected nonpublic under paragraph (a) or made private or nonpublic under paragraph (b) become public upon the occurrence of any of the following:

- (1) the data are submitted to a court-appointed condemnation commissioner;
- (2) the data are presented in court in condemnation proceedings; or
- (3) the negotiating parties enter into an agreement for the purchase and sale of the property.

The data made confidential or protected nonpublic under paragraph (a) also become public at the discretion of the government entity, determined by majority vote of the entity's governing body, or, in the case of a state agency, as determined by the commissioner of the agency.

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

Sec. 24. Minnesota Statutes 2010, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) ~~Unless the data is summary data or a statute specifically provides a different classification,~~ Data on individuals collected, maintained, used, or disseminated by the welfare system ~~is~~ are private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Employment and Economic Development, and when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1 (c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;



(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions;

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) child support data on the parents and the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as provided by federal law. Data may be disclosed only to the extent necessary for the purpose of establishing parentage or for determining who has or may have parental rights with respect to a child, which could be related to permanency planning.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but ~~is~~ are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 25. Minnesota Statutes 2010, section 13.46, subdivision 3, is amended to read:

Subd. 3. **Investigative data.** (a) Data on persons, including data on vendors of services, licensees, and applicants that is collected, maintained, used, or disseminated by the welfare system in an investigation, authorized by statute, and relating to the enforcement of rules or law ~~is~~ are confidential data on individuals pursuant to section 13.02, subdivision 3, or protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to statute or valid court order;

- (3) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense; or
- (4) to provide notices required or permitted by statute.

The data referred to in this subdivision shall be classified as public data upon ~~its~~ submission to an administrative law judge or court in an administrative or judicial proceeding. Inactive welfare investigative data shall be treated as provided in section 13.39, subdivision 3.

(b) Notwithstanding any other provision in law, the commissioner of human services shall provide all active and inactive investigative data, including the name of the reporter of alleged maltreatment under section 626.556 or 626.557, to the ombudsman for mental health and developmental disabilities upon the request of the ombudsman.

Sec. 26. Minnesota Statutes 2010, section 13.46, subdivision 4, is amended to read:

Subd. 4. **Licensing data.** (a) As used in this subdivision:

(1) "licensing data" ~~means~~ are all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" ~~means~~ are Social Security numbers, identity of and letters of reference, insurance information, reports from the Bureau of Criminal Apprehension, health examination reports, and social/home studies.

(b)(1) Except as provided in paragraph (c), the following data on applicants, license holders, and former licensees are public: name, address, telephone number of licensees, date of receipt of a completed application, dates of licensure, licensed capacity, type of client preferred, variances granted, record of training and education in child care and child development, type of dwelling, name and relationship of other family members, previous license history, class of license, the existence and status of complaints, and the number of serious injuries to or deaths of individuals in the licensed program as reported to the commissioner of human services, the local social services agency, or any other county welfare agency. For purposes of this clause, a serious injury is one that is treated by a physician.

When a correction order, an order to forfeit a fine, an order of license suspension, an order of temporary immediate suspension, an order of license revocation, an order of license denial, or an order of conditional license has been issued, or a complaint is resolved, the following data on current and former licensees and applicants are public: the substance and investigative findings of the licensing or maltreatment complaint, licensing violation, or substantiated maltreatment; the record of informal resolution of a licensing violation; orders of hearing; findings of fact; conclusions of law; specifications of the final correction order, fine, suspension, temporary immediate suspension, revocation, denial, or conditional license contained in the record of licensing action; whether a fine has been paid; and the status of any appeal of these actions. If a licensing sanction under section 245A.07, or a license denial under section 245A.05, is based on a determination that the license holder or applicant is responsible for maltreatment or is disqualified under chapter 245C, the identity of the license holder or applicant as the individual responsible for maltreatment or as the disqualified individual is public data at the time of the issuance of the licensing sanction or denial.

(2) Notwithstanding sections 626.556, subdivision 11, and 626.557, subdivision 12b, when any person subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home is a substantiated perpetrator of maltreatment, and the substantiated maltreatment is a reason for

a licensing action, the identity of the substantiated perpetrator of maltreatment is public data. For purposes of this clause, a person is a substantiated perpetrator if the maltreatment determination has been upheld under section 256.045; 626.556, subdivision 10i; 626.557, subdivision 9d; or chapter 14, or if an individual or facility has not timely exercised appeal rights under these sections, except as provided under clause (1).

(3) For applicants who withdraw their application prior to licensure or denial of a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, and the date of withdrawal of the application.

(4) For applicants who are denied a license, the following data are public: the name and address of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, the date of denial of the application, the nature of the basis for the denial, the record of informal resolution of a denial, orders of hearings, findings of fact, conclusions of law, specifications of the final order of denial, and the status of any appeal of the denial.

(5) The following data on persons subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245C.22, subdivisions 2 and 4, and the reasons for setting aside the disqualification; the nature of any disqualification for which a variance was granted under sections 245A.04, subdivision 9; and 245C.30, and the reasons for granting any variance under section 245A.04, subdivision 9; and, if applicable, the disclosure that any person subject to a background study under section 245C.03, subdivision 1, has successfully passed a background study. If a licensing sanction under section 245A.07, or a license denial under section 245A.05, is based on a determination that an individual subject to disqualification under chapter 245C is disqualified, the disqualification as a basis for the licensing sanction or denial is public data. As specified in clause (1), if the disqualified individual is the license holder or applicant, the identity of the license holder or applicant is public data. If the disqualified individual is an individual other than the license holder or applicant, the identity of the disqualified individual shall remain private data.

(6) When maltreatment is substantiated under section 626.556 or 626.557 and the victim and the substantiated perpetrator are affiliated with a program licensed under chapter 245A, the commissioner of human services, local social services agency, or county welfare agency may inform the license holder where the maltreatment occurred of the identity of the substantiated perpetrator and the victim.

(7) Notwithstanding clause (1), for child foster care, only the name of the license holder and the status of the license are public if the county attorney has requested that data otherwise classified as public data under clause (1) be considered private data based on the best interests of a child in placement in a licensed program.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters of complaints or alleged violations of licensing standards under chapters 245A, 245B, 245C, and applicable rules and alleged maltreatment under sections 626.556 and 626.557, are confidential data and may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12b.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning a license which has been suspended, immediately suspended, revoked, or denied.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, or 626.5572, subdivision 18, are subject to the destruction provisions of sections 626.556, subdivision 11c, and 626.557, subdivision 12b.

(h) Upon request, not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report of substantiated maltreatment as defined in section 626.556 or 626.557 may be exchanged with the Department of Health for purposes of completing background studies pursuant to section 144.057 and with the Department of Corrections for purposes of completing background studies pursuant to section 241.021.

(i) Data on individuals collected according to licensing activities under chapters 245A and 245C, and data on individuals collected by the commissioner of human services according to maltreatment investigations under sections 626.556 and 626.557, may be shared with the Department of Human Rights, the Department of Health, the Department of Corrections, the ombudsman for mental health and developmental disabilities, and the individual's professional regulatory board when there is reason to believe that laws or standards under the jurisdiction of those agencies may have been violated. Unless otherwise specified in this chapter, the identity of a reporter of alleged maltreatment or licensing violations may not be disclosed.

(j) In addition to the notice of determinations required under section 626.556, subdivision 10f, if the commissioner or the local social services agency has determined that an individual is a substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in section 626.556, subdivision 2, and the commissioner or local social services agency knows that the individual is a person responsible for a child's care in another facility, the commissioner or local social services agency shall notify the head of that facility of this determination. The notification must include an explanation of the individual's available appeal rights and the status of any appeal. If a notice is given under this paragraph, the government entity making the notification shall provide a copy of the notice to the individual who is the subject of the notice.

(k) All not public data collected, maintained, used, or disseminated under this subdivision and subdivision 3 may be exchanged between the Department of Human Services, Licensing Division, and the Department of Corrections for purposes of regulating services for which the Department of Human Services and the Department of Corrections have regulatory authority.

Sec. 27. Minnesota Statutes 2010, section 13.46, subdivision 5, is amended to read:

Subd. 5. **Medical data; contracts.** Data relating to the medical, psychiatric, or mental health of any individual, including diagnosis, progress charts, treatment received, case histories, and opinions of health care providers, that ~~is collected, are~~ maintained, used, or disseminated by any agency to the welfare system is private data on individuals and will be available to the data subject, unless the private health care provider has clearly requested in writing that the data be withheld pursuant to sections 144.291 to 144.298. Data on individuals that is collected, maintained, used, or disseminated by a private health care provider under contract to any agency of the welfare system ~~is~~ are private data on individuals, and ~~is~~ are subject to the provisions of sections 13.02 to 13.07 and this section, except that the provisions of section 13.04, subdivision 3, shall not apply. Access to medical data referred to in this subdivision by the individual who is the subject of the data is subject to the provisions of sections 144.291 to 144.298. Access to information that is maintained by the public authority responsible for support enforcement and that is needed to enforce medical support is subject to the provisions of section 518A.41.

Sec. 28. Minnesota Statutes 2010, section 13.46, subdivision 6, is amended to read:

Subd. 6. **Other data.** Data collected, used, maintained, or disseminated by the welfare system that ~~is~~ are not data on individuals ~~is~~ are public pursuant to section 13.03, except the following data:

- (a) investigative data classified by section 13.39;
- (b) welfare investigative data classified by section 13.46, subdivision 3; and
- (c) security information classified by section 13.37, subdivision 2.

Sec. 29. Minnesota Statutes 2010, section 13.462, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section, "benefit data" ~~means~~ are data on individuals collected or created because an individual seeks information about becoming, is, or was an applicant for or a recipient of benefits or services provided under various housing, home ownership, rehabilitation and community action agency, Head Start, and food assistance programs administered by government entities. Benefit data does not include welfare data which shall be administered in accordance with section 13.46.

Sec. 30. Minnesota Statutes 2010, section 13.47, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Employment and training data" ~~means~~ are data on individuals collected, maintained, used, or disseminated because an individual applies for, is currently enrolled in, or has been enrolled in employment and training programs funded with federal, state, or local resources, including those provided under the Workforce Investment Act of 1998, United States Code, title 29, section 2801.

(b) "Employment and training service provider" means an entity certified, or seeking to be certified, by the commissioner of employment and economic development to deliver employment and training services under section 116J.401, subdivision 2, or an organization that contracts with a certified entity or the Department of Employment and Economic Development to deliver employment and training services.

(c) "Provider of training services" means an organization or entity that provides training under the Workforce Investment Act of 1998, United States Code, title 29, section 2801.

Sec. 31. Minnesota Statutes 2010, section 13.485, is amended by adding a subdivision to read:

Subd. 5. **Corporations created before May 31, 1997.** Government data maintained by a corporation created by a political subdivision before May 31, 1997, are governed by section 465.719, subdivision 14.

Sec. 32. Minnesota Statutes 2010, section 13.485, is amended by adding a subdivision to read:

Subd. 6. **Northern Technology Initiative, Inc.** Government data maintained by Northern Technology Initiative, Inc. are classified under section 116T.02, subdivisions 7 and 8.

Sec. 33. Minnesota Statutes 2010, section 13.548, is amended to read:

### **13.548 SOCIAL RECREATIONAL DATA.**

The following data collected and maintained by political subdivisions for the purpose of enrolling individuals in recreational and other social programs are classified as private, pursuant to section 13.02, subdivision 12: the name, address, telephone number, any other data that ~~identifies~~ identify the individual, and any data which describes the health or medical condition of the individual, family relationships and living arrangements of an individual or which are opinions as to the emotional makeup or behavior of an individual.

Sec. 34. Minnesota Statutes 2010, section 13.585, subdivision 2, is amended to read:

Subd. 2. **Confidential data.** The following data on individuals maintained by the housing agency are ~~classified as~~ confidential data, pursuant to section 13.02, subdivision 3: correspondence between the agency and the agency's attorney containing data collected as part of an active investigation undertaken for the purpose of the commencement or defense of potential or actual litigation, including but not limited to: referrals to the Office of the Inspector General or other prosecuting agencies for possible prosecution for fraud; initiation of lease terminations and eviction actions; admission denial hearings concerning prospective tenants; commencement of actions against independent contractors of the agency; and tenant grievance hearings.

Sec. 35. Minnesota Statutes 2010, section 13.585, subdivision 3, is amended to read:

Subd. 3. **Protected nonpublic data.** The following data not on individuals maintained by the housing agency are ~~classified as~~ protected nonpublic data, pursuant to section 13.02, subdivision 13: correspondence between the agency and the agency's attorney containing data collected as part of an active investigation undertaken for the purpose of the commencement or defense of potential or actual litigation, including but not limited to, referrals to the Office of the Inspector General or other prosecuting bodies or agencies for possible prosecution for fraud and commencement of actions against independent contractors of the agency.

Sec. 36. Minnesota Statutes 2010, section 13.601, subdivision 3, is amended to read:

Subd. 3. **Applicants for appointment.** (a) Data about applicants for appointment to a public body collected by a government entity as a result of the applicant's application for appointment to the public body are private data on individuals except that the following are public:

- (1) name;
- (2) city of residence, except when the appointment has a residency requirement that requires the entire address to be public;
- (3) education and training;
- (4) employment history;
- (5) volunteer work;
- (6) awards and honors;
- (7) prior government service; ~~and~~
- (8) any data required to be provided or that ~~is~~ are voluntarily provided in an application for appointment to a multimember agency pursuant to section 15.0597; ~~and~~
- (9) veteran status.

(b) Once an individual is appointed to a public body, the following additional items of data are public:

- (1) residential address; ~~and~~
- (2) either a telephone number or electronic mail address where the appointee can be reached, or both at the request of the appointee; ~~;~~

(3) first and last dates of service on the public body;

(4) the existence and status of any complaints or charges against an appointee; and

(5) upon completion of an investigation of a complaint or charge against an appointee, the final investigative report is public, unless access to the data would jeopardize an active investigation.

(c) Notwithstanding paragraph (b), any electronic mail address or telephone number provided by a public body for use by an appointee shall be public. An appointee may use an electronic mail address or telephone number provided by the public body as the designated electronic mail address or telephone number at which the appointee can be reached.

Sec. 37. Minnesota Statutes 2010, section 13.64, is amended by adding a subdivision to read:

**Subd. 3. Unofficial fiscal notes.** (a) For purposes of this subdivision, "unofficial fiscal note" means a fiscal note requested by or on behalf of a member of the legislature on draft language for a bill that has not been introduced.

(b) This paragraph applies if a request for an unofficial fiscal note is accompanied by a directive from the requester that the data be classified under this paragraph. Government data on the request, the bill draft, and the unofficial fiscal note are private data on individuals or nonpublic data, provided that the data are accessible to, and may be disclosed by, the requester. If the unofficial fiscal note or an updated version is subsequently used for an introduced bill, or for any portion of any other bill which legislative action is taken, the fiscal note becomes public data.

Sec. 38. Minnesota Statutes 2010, section 13.643, subdivision 5, is amended to read:

**Subd. 5. Data received from federal government.** All data received by the Department of Agriculture from the United States Department of Health and Human Services, the Food and Drug Administration, and the Agriculture, Food Safety, and Inspection Service that ~~is~~ are necessary for the purpose of carrying out the Department of Agriculture's statutory food safety regulatory and enforcement duties are classified as nonpublic data under section 13.02, subdivision 9, and private data on individuals under section 13.02, subdivision 12. This section does not preclude the obligation of the Department of Agriculture to appropriately inform consumers of issues that could affect public health.

Sec. 39. Minnesota Statutes 2010, section 13.643, subdivision 7, is amended to read:

**Subd. 7. Research, monitoring, or assessment data.** (a) Except as provided in paragraph (b), the following data created, collected, and maintained by the Department of Agriculture during research, monitoring, or the assessment of farm practices and related to natural resources, the environment, agricultural facilities, or agricultural practices are classified as private or nonpublic:

(1) names, addresses, telephone numbers, and e-mail addresses of study participants or cooperators; and

(2) location of research, study site, and global positioning system data.

(b) The following data ~~is~~ are public:

(1) location data and unique well numbers for wells and springs unless protected under section 18B.10 or another statute or rule; and

(2) data from samples collected from a public water supply as defined in section 144.382, subdivision 4.

(c) The Department of Agriculture may disclose data collected under paragraph (a) if the Department of Agriculture determines that there is a substantive threat to human health and safety or to the environment, or to aid in the law enforcement process. The Department of Agriculture may also disclose data with written consent of the subject of the data.

Sec. 40. Minnesota Statutes 2010, section 13.6435, is amended by adding a subdivision to read:

Subd. 13. **Ethanol producer payments.** Audited financial statements and notes and disclosure statements submitted to the commissioner of agriculture regarding ethanol producer payments pursuant to section 41A.09 are governed by section 41A.09, subdivision 3a.

Sec. 41. Minnesota Statutes 2010, section 13.65, subdivision 1, is amended to read:

Subdivision 1. **Private data.** The following data created, collected and maintained by the Office of the Attorney General are ~~classified as~~ private data on individuals:

(a) the record, including but not limited to, the transcript and exhibits of all disciplinary proceedings held by a state agency, board or commission, except in those instances where there is a public hearing;

(b) communications and noninvestigative files regarding administrative or policy matters which do not evidence final public actions;

(c) consumer complaint data, other than ~~that~~ those data classified as confidential, including consumers' complaints against businesses and follow-up investigative materials;

(d) investigative data, obtained in anticipation of, or in connection with litigation or an administrative proceeding where the investigation is not currently active; and

(e) data collected by the Consumer Division of the Attorney General's Office in its administration of the home protection hot line including: the name, address, and phone number of the consumer; the name and address of the mortgage company; the total amount of the mortgage; the amount of money needed to bring the delinquent mortgage current; the consumer's place of employment; the consumer's total family income; and the history of attempts made by the consumer to renegotiate a delinquent mortgage.

Sec. 42. Minnesota Statutes 2010, section 13.65, subdivision 2, is amended to read:

Subd. 2. **Confidential data.** The following data created, collected and maintained by the Office of the Attorney General are ~~classified as~~ confidential, pursuant to section 13.02, subdivision 3: data acquired through communications made in official confidence to members of the attorney general's staff where the public interest would suffer by disclosure of the data.

Sec. 43. Minnesota Statutes 2010, section 13.65, subdivision 3, is amended to read:

Subd. 3. **Public data.** Data describing the final disposition of disciplinary proceedings held by any state agency, board, or commission are ~~classified as~~ public, pursuant to section 13.02, subdivision 15.

Sec. 44. Minnesota Statutes 2010, section 13.679, subdivision 2, is amended to read:

Subd. 2. **Utility or telephone company employee or customer.** (a) The following are private data on individuals: data collected by the commissioner of commerce or the Public Utilities Commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or



public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except ~~this~~ these data may be released as needed to law enforcement authorities.

(b) The following are private data on individuals: data collected by the commission or the commissioner of commerce on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 45. Minnesota Statutes 2010, section 13.719, subdivision 1, is amended to read:

Subdivision 1. **Comprehensive health insurance data.** (a) The following data on eligible persons and enrollees of the state comprehensive health insurance plan are classified as private: all data collected or maintained by the Minnesota Comprehensive Health Association, the writing carrier, and the Department of Commerce.

(b) The Minnesota Comprehensive Health Association is considered a state agency for purposes of this chapter.

(c) The Minnesota Comprehensive Health Association may disclose data on eligible persons and enrollees of the state comprehensive health insurance plan to conduct actuarial and research studies, notwithstanding the classification of ~~this~~ these data, if:

(1) the board authorizes the disclosure;

(2) no individual may be identified in the actuarial or research report;

(3) materials allowing an individual to be identified are returned or destroyed as soon as they are no longer needed; and

(4) the actuarial or research organization agrees not to disclose the information unless the disclosure would be permitted under this chapter is made by the association.

Sec. 46. Minnesota Statutes 2010, section 13.719, subdivision 5, is amended to read:

Subd. 5. **Data on insurance companies and township mutual companies.** The following data collected and maintained by the Department of Commerce are ~~classified as~~ nonpublic data:

(a) that portion of any of the following data which would identify the affected insurance company or township mutual company: (1) any order issued pursuant to section 60A.031, subdivision 5, or 67A.241, subdivision 4, and based in whole or in part upon a determination or allegation by the Commerce Department or commissioner that an insurance company or township mutual company is in an unsound, impaired, or potentially unsound or impaired condition; or (2) any stipulation, consent agreement, letter agreement, or similar document evidencing the settlement of any proceeding commenced pursuant to an order of a type described in clause (1), or an agreement between the department and an insurance company or township mutual company entered in lieu of the issuance of an order of the type described in clause (1); and

(b) any correspondence or attachments relating to the data listed in this subdivision.

Sec. 47. Minnesota Statutes 2010, section 13.7191, subdivision 14, is amended to read:

Subd. 14. **Requirements for health plan companies.** (a) **Minnesota Risk Adjustment Association.** Data privacy issues concerning the Minnesota Risk Adjustment Association are governed by section 62Q.03, subdivision 9.

(b) **Essential community provider.** Data on applications for designation as an essential community provider are classified under section 62Q.19, subdivision 2.

(c) **Disclosure of executive compensation.** Disclosure of certain data to consumer advisory boards is governed by section 62Q.64.

(d) **Audits conducted by independent organizations.** Data provided by an independent organization related to an audit report are governed by section 62Q.37, subdivision 8.

Sec. 48. Minnesota Statutes 2010, section 13.7191, subdivision 18, is amended to read:

Subd. 18. **Workers' compensation self-insurance.** (a) **Self-Insurers' Advisory Committee.** Data received by the Self-Insurers' Advisory Committee from the commissioner are classified under section 79A.02, subdivision 2.

(b) **Self-insurers' security fund.** Disclosure of certain data received by the self-insurers' security is governed by section 79A.09, subdivision 4.

(c) **Commercial self-insurers' security fund.** Disclosure of certain data received by the commercial self-insurers' security fund is governed by section 79A.26, subdivision 4.

(d) **Self-insurers' security fund and the board of trustees.** The security fund and its board of trustees are governed by section 79A.16.

(e) **Commercial self-insurance group security fund.** The commercial self-insurance group security fund and its board of trustees are governed by section 79A.28.

Sec. 49. Minnesota Statutes 2010, section 13.72, is amended by adding a subdivision to read:

Subd. 17. **Adopt-a-highway data.** The following data on participants collected by the Department of Transportation to administer the adopt-a-highway program are classified as private data on individuals: home addresses, except for zip codes; home e-mail addresses; and home telephone numbers.

Sec. 50. Minnesota Statutes 2010, section 13.7932, is amended to read:

**13.7932 LOGGER SAFETY AND EDUCATION PROGRAM DATA.**

The following data collected from persons who attend safety and education programs or seminars for loggers established or approved by the commissioner under section 176.130, subdivision 11, ~~is~~ are public data:

- (1) the names of the individuals attending the program or seminar;
- (2) the names of each attendee's employer;
- (3) the city where the employer is located;
- (4) the date the program or seminar was held; and
- (5) a description of the seminar or program.

Sec. 51. Minnesota Statutes 2010, section 13.82, subdivision 2, is amended to read:

Subd. 2. **Arrest data.** The following data created or collected by law enforcement agencies which ~~documents~~ document any actions taken by them to cite, arrest, incarcerate or otherwise substantially deprive an adult individual of liberty shall be public at all times in the originating agency:

- (a) time, date and place of the action;
- (b) any resistance encountered by the agency;
- (c) any pursuit engaged in by the agency;
- (d) whether any weapons were used by the agency or other individual;
- (e) the charge, arrest or search warrants, or other legal basis for the action;
- (f) the identities of the agencies, units within the agencies and individual persons taking the action;
- (g) whether and where the individual is being held in custody or is being incarcerated by the agency;
- (h) the date, time and legal basis for any transfer of custody and the identity of the agency or person who received custody;
- (i) the date, time and legal basis for any release from custody or incarceration;
- (j) the name, age, sex and last known address of an adult person or the age and sex of any juvenile person cited, arrested, incarcerated or otherwise substantially deprived of liberty;
- (k) whether the agency employed wiretaps or other eavesdropping techniques, unless the release of this specific data would jeopardize an ongoing investigation;
- (l) the manner in which the agencies received the information that led to the arrest and the names of individuals who supplied the information unless the identities of those individuals qualify for protection under subdivision 17; and
- (m) response or incident report number.

Sec. 52. Minnesota Statutes 2010, section 13.82, subdivision 3, is amended to read:

Subd. 3. **Request for service data.** The following data created or collected by law enforcement agencies which ~~documents~~ document requests by the public for law enforcement services shall be public government data:

- (a) the nature of the request or the activity complained of;
- (b) the name and address of the individual making the request unless the identity of the individual qualifies for protection under subdivision 17;
- (c) the time and date of the request or complaint; and
- (d) the response initiated and the response or incident report number.

Sec. 53. Minnesota Statutes 2010, section 13.82, subdivision 6, is amended to read:

Subd. 6. **Response or incident data.** The following data created or collected by law enforcement agencies which ~~documents~~ document the agency's response to a request for service including, but not limited to, responses to traffic accidents, or which ~~describes~~ describe actions taken by the agency on its own initiative shall be public government data:

- (a) date, time and place of the action;
- (b) agencies, units of agencies and individual agency personnel participating in the action unless the identities of agency personnel qualify for protection under subdivision 17;
- (c) any resistance encountered by the agency;
- (d) any pursuit engaged in by the agency;
- (e) whether any weapons were used by the agency or other individuals;
- (f) a brief factual reconstruction of events associated with the action;
- (g) names and addresses of witnesses to the agency action or the incident unless the identity of any witness qualifies for protection under subdivision 17;
- (h) names and addresses of any victims or casualties unless the identities of those individuals qualify for protection under subdivision 17;
- (i) the name and location of the health care facility to which victims or casualties were taken;
- (j) response or incident report number;
- (k) dates of birth of the parties involved in a traffic accident;
- (l) whether the parties involved were wearing seat belts; and
- (m) the alcohol concentration of each driver.

Sec. 54. Minnesota Statutes 2010, section 13.82, subdivision 7, is amended to read:

Subd. 7. **Criminal investigative data.** Except for the data defined in subdivisions 2, 3, and 6, investigative data collected or created by a law enforcement agency in order to prepare a case against a person, whether known or unknown, for the commission of a crime or other offense for which the agency has primary investigative responsibility ~~is~~ are confidential or protected nonpublic while the investigation is active. Inactive investigative data ~~is~~ are public unless the release of the data would jeopardize another ongoing investigation or would reveal the identity of individuals protected under subdivision 17. Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities are classified as private or nonpublic data, provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file. An investigation becomes inactive upon the occurrence of any of the following events:

- (a) a decision by the agency or appropriate prosecutorial authority not to pursue the case;

(b) expiration of the time to bring a charge or file a complaint under the applicable statute of limitations, or 30 years after the commission of the offense, whichever comes earliest; or

(c) exhaustion of or expiration of all rights of appeal by a person convicted on the basis of the investigative data.

Any investigative data presented as evidence in court shall be public. Data determined to be inactive under clause (a) may become active if the agency or appropriate prosecutorial authority decides to renew the investigation.

During the time when an investigation is active, any person may bring an action in the district court located in the county where the data ~~is~~ are being maintained to authorize disclosure of investigative data. The court may order that all or part of the data relating to a particular investigation be released to the public or to the person bringing the action. In making the determination as to whether investigative data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the agency or to any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 55. Minnesota Statutes 2010, section 13.82, is amended by adding a subdivision to read:

**Subd. 30. Inactive financial transaction investigative data.** Investigative data that become inactive under subdivision 7 that are a person's financial account number or transaction numbers are private or nonpublic data.

Sec. 56. Minnesota Statutes 2010, section 13.83, subdivision 2, is amended to read:

Subd. 2. **Public data.** Unless specifically classified otherwise by state statute or federal law, the following data created or collected by a medical examiner or coroner on a deceased individual ~~is~~ are public: name of the deceased; date of birth; date of death; address; sex; race; citizenship; height; weight; hair color; eye color; build; complexion; age, if known, or approximate age; identifying marks, scars and amputations; a description of the decedent's clothing; marital status; location of death including name of hospital where applicable; name of spouse; whether or not the decedent ever served in the armed forces of the United States; occupation; business; father's name (also birth name, if different); mother's name (also birth name, if different); birthplace; birthplace of parents; cause of death; causes of cause of death; whether an autopsy was performed and if so, whether it was conclusive; date and place of injury, if applicable, including work place; how injury occurred; whether death was caused by accident, suicide, homicide, or was of undetermined cause; certification of attendance by physician; physician's name and address; certification by coroner or medical examiner; name and signature of coroner or medical examiner; type of disposition of body; burial place name and location, if applicable; date of burial, cremation or removal; funeral home name and address; and name of local register or funeral director.

Sec. 57. Minnesota Statutes 2010, section 13.83, subdivision 4, is amended to read:

Subd. 4. **Investigative data.** Data created or collected by a county coroner or medical examiner which ~~is~~ are part of an active investigation mandated by chapter 390, or any other general or local law relating to coroners or medical examiners ~~is~~ are confidential data or protected nonpublic data, until the completion of the coroner's or medical examiner's final summary of findings but may be disclosed to a state or federal agency charged by law with investigating the death of the deceased individual about whom the medical examiner or coroner has medical examiner data. Upon completion of the coroner's or medical examiner's final summary of findings, the data collected in the investigation and the final summary of it are private or nonpublic data. However, if the final summary and the record of death indicate the manner of death is homicide, undetermined, or pending investigation and there is an active law enforcement investigation, within the meaning of section 13.82, subdivision 7, relating to the death of the deceased individual, the data remain confidential or protected nonpublic. Upon review by the county attorney of the jurisdiction in which the law enforcement investigation is active, the data may be released to persons described in subdivision 8 if the county attorney determines release would not impede the ongoing investigation. When the law enforcement investigation becomes inactive, the data are private or nonpublic data. Nothing in this subdivision shall be construed to make not public the data elements identified in subdivision 2 at any point in the investigation or thereafter.

Sec. 58. Minnesota Statutes 2010, section 13.83, subdivision 6, is amended to read:

Subd. 6. **Classification of other data.** Unless a statute specifically provides a different classification, all other data created or collected by a county coroner or medical examiner that ~~is~~ are not data on deceased individuals or the manner and circumstances of their death ~~is~~ are public pursuant to section 13.03.

Sec. 59. Minnesota Statutes 2010, section 13.87, subdivision 2, is amended to read:

Subd. 2. **Firearms data.** All data pertaining to the purchase or transfer of firearms and applications for permits to carry firearms which are collected by government entities pursuant to sections 624.712 to 624.719 are ~~classified~~ as private, pursuant to section 13.02, subdivision 12.

Sec. 60. Minnesota Statutes 2010, section 13D.015, subdivision 5, is amended to read:

Subd. 5. **Notice.** If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the entity shall provide notice of the regular meeting location, of the fact that some members may participate by electronic means, and of the provisions of subdivision 4. The timing and method of providing notice is governed by section 13D.04. In addition, the entity must post the notice on its Web site at least ten days before ~~the~~ any regular meeting as defined in section 13D.04, subdivision 1.

Sec. 61. **[13D.08] OPEN MEETING LAW CODED ELSEWHERE.**

Subdivision 1. **Board of Animal Health.** Certain meetings of the Board of Animal Health are governed by section 35.0661, subdivision 1.

Subd. 2. **Minnesota Life and Health Guaranty Association.** Meetings of the Minnesota Life and Health Guaranty Association Board of Directors are governed by section 61B.22.

Subd. 3. **Comprehensive Health Association.** Certain meetings of the Comprehensive Health Association are governed by section 62E.10, subdivision 4.

Subd. 4. **Health Technology Advisory Committee.** Certain meetings of the Health Technology Advisory Committee are governed by section 62J.156.

Subd. 5. **Health Coverage Reinsurance Association.** Meetings of the Health Coverage Reinsurance Association are governed by section 62L.13, subdivision 3.

Subd. 6. **Self-insurers' security fund.** Meetings of the self-insurers' security fund and its board of trustees are governed by section 79A.16.

Subd. 7. **Commercial self-insurance group security fund.** Meetings of the commercial self-insurance group security fund are governed by section 79A.28.

Subd. 8. **Lessard-Sams Outdoor Heritage Council.** Certain meetings of the Lessard-Sams Outdoor Heritage Council are governed by section 97A.056, subdivision 5.

Subd. 9. **Enterprise Minnesota, Inc.** Certain meetings of the board of directors of Enterprise Minnesota, Inc. are governed by section 116O.03.

Subd. 10. **Minnesota Business Finance, Inc.** Certain meetings of Minnesota Business Finance, Inc. are governed by section 116S.02.

Subd. 11. **Northern Technology Initiative, Inc.** Certain meetings of Northern Technology Initiative, Inc. are governed by section 116T.02.

Subd. 12. **Agricultural Utilization Research Institute.** Certain meetings of the Agricultural Utilization Research Institute are governed by section 116V.01, subdivision 10.

Subd. 13. **Hospital authorities.** Certain meetings of hospitals established under section 144.581 are governed by section 144.581, subdivisions 4 and 5.

Subd. 14. **Advisory Council on Workers' Compensation.** Certain meetings of the Advisory Council on Workers' Compensation are governed by section 175.007, subdivision 3.

Subd. 15. **Electric cooperatives.** Meetings of a board of directors of an electric cooperative that has more than 50,000 members are governed by section 308A.327.

Subd. 16. **Town boards.** Certain meetings of town boards are governed by section 366.01, subdivision 11.

Subd. 17. **Hennepin County Medical Center and HMO.** Certain meetings of the Hennepin County Board on behalf of the HMO or Hennepin Healthcare System, Inc. are governed by section 383B.217.

Subd. 18. **Hennepin Healthcare System, Inc.** Certain meetings of the Hennepin Healthcare System, Inc. are governed by section 383B.917.

Sec. 62. Minnesota Statutes 2010, section 79A.16, is amended to read:

**79A.16 OPEN MEETING; ADMINISTRATIVE PROCEDURE ACT.**

The security fund and its board of trustees shall not be subject to (1) the Open Meeting Law, chapter 13D, (2) the Open Appointments Law, (3) the ~~Data Privacy Law~~ Minnesota Government Data Practices Act, chapter 13, and (4) except where specifically set forth, the Administrative Procedure Act.

The Self-Insurers' Advisory Committee shall not be subject to clauses (2) and (4).

Sec. 63. Minnesota Statutes 2010, section 79A.28, is amended to read:

**79A.28 OPEN MEETING; ADMINISTRATIVE PROCEDURE ACT.**

The commercial self-insurance group security fund and its board of trustees shall not be subject to:

(1) the Open Meeting Law, chapter 13D;

(2) the Open Appointments Law;

(3) the ~~Data Privacy Law~~ Minnesota Government Data Practices Act, chapter 13; and

(4) except where specifically set forth, the Administrative Procedure Act.

Sec. 64. Minnesota Statutes 2010, section 216C.266, is amended to read:

**216C.266 DATA PRIVACY; ENERGY PROGRAMS.**

Subdivision 1. **Classification of application data.** Data on individuals collected, maintained, or created because an individual applies on behalf of a household for benefits or services provided by the energy assistance and weatherization programs ~~is~~ are private data on individuals and must not be disseminated except pursuant to section 13.05, subdivisions 3 and 4, or as provided in this section.

Subd. 2. **Sharing energy assistance program data.** The commissioner may disseminate to the commissioner of human services the name and telephone number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program if the household is determined to be eligible for the energy assistance program.

Subd. 3. **Use of shared data.** Data disseminated to the commissioner of human services under subdivision 2 may be disclosed to a person other than the subject of the data only for the purpose of determining a household's eligibility for the telephone assistance program pursuant to section 13.46, subdivision 2, clause (23).

Subd. 4. **Additional use of energy assistance program data.** The commissioner may use the name and telephone number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program for the purpose of determining whether the household is eligible for the telephone assistance program if the household is determined to be eligible for the energy assistance program.

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

Sec. 65. Minnesota Statutes 2010, section 237.701, subdivision 1, is amended to read:

Subdivision 1. **Fund created; authorized expenditures.** The telephone assistance fund is created as a separate account in the state treasury to consist of amounts received by the commissioner of public safety representing the surcharge authorized by section 237.70, subdivision 6, and amounts earned on the fund assets. Money in the fund may be used only for:

(1) reimbursement to local service providers for expenses and credits allowed in section 237.70, subdivision 7, paragraph (d), clause (5);

(2) reimbursement of the reasonable administrative expenses of the commission, a portion of which may be used for periodic promotional activities, including, but not limited to, radio or newspaper advertisements, to inform eligible households of the availability of the telephone assistance program; ~~and~~

(3) reimbursement of the statewide indirect cost of the commission; and

(4) reimbursement of the reasonable expenses of the commissioner of commerce and the commissioner of human services for administering section 216C.266, subdivisions 2 and 4.

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

Sec. 66. **REPEALER.**

(a) Minnesota Statutes 2010, section 13.05, subdivisions 1, 2, and 8, are repealed.



(b) Minnesota Statutes 2010, sections 13.7931, subdivision 6; and 84.0874, are repealed effective the day following final enactment.

(c) Minnesota Statutes 2010, sections 13.4967, subdivision 6a; and 298.22, subdivision 12, are repealed retroactively from the date of their final enactment."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "repealing certain data practices provisions; modifying the classification of certain loan or equity investment application data;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

S. F. No. 1551, A bill for an act relating to electrical inspections; providing for continued electrical inspections when biennial appropriations have not been enacted; appropriating money; amending Minnesota Statutes 2010, section 326B.04, subdivision 1.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. Nos. 718, 1838, 1998, 2084, 2354, 2530, 2621, 2647, 2651, 2738, 2741, 2759, 2762, 2788, 2789, 2801, 2821 and 2870 were read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. Nos. 1542, 1620, 1917 and 1143 were read for the second time.

## **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Mack and Gottwalt introduced:

H. F. No. 2913, A bill for an act relating to taxes; modifying gasoline and special fuel tax exemptions; amending Minnesota Statutes 2010, sections 296A.07, subdivision 4; 296A.08, subdivision 3.

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

Mack introduced:

H. F. No. 2914, A bill for an act relating to human services; clarifying an exception to the transfer prohibition for medical assistance eligibility; amending Minnesota Statutes 2010, section 256B.0595, subdivisions 1, 4; Laws 2009, chapter 173, article 1, section 17, as amended.

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

Gottwalt introduced:

H. F. No. 2915, A bill for an act relating to state government; making changes to health and human services policy provisions; modifying health insurance provisions; amending family stabilization services; modifying certain requirements for licensed health professionals; amending disability services and medical assistance provisions; requiring reports; amending Minnesota Statutes 2010, sections 62J.497, subdivision 2; 145.881, subdivision 1; 148.10, subdivision 7; 148.211, subdivision 1; 148B.5301, subdivisions 1, 3, 4; 148B.54, subdivisions 2, 3; 148E.060, subdivisions 1, 2, 3, 5, by adding a subdivision; 148E.120; 149A.50, subdivision 1; 214.09, by adding a subdivision; 256.0112, by adding a subdivision; 256.962, by adding a subdivision; 256B.056, subdivision 1c; 256B.0625, subdivision 22; 256B.0644; 256B.0659, subdivision 30; 256B.27, subdivision 3; 256B.69, by adding a subdivision; 256J.575, subdivisions 1, 2, 5, 6, 8; 256L.04, subdivision 7b; Minnesota Statutes 2011 Supplement, sections 256B.0625, subdivision 17a; 256B.0911, subdivision 3a; 256B.0915, subdivisions 3e, 3h; Laws 2010, chapter 349, sections 1; 2; Laws 2010, First Special Session chapter 1, article 16, sections 8; 9; 10; proposing coding for new law in Minnesota Statutes, chapter 214.

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

Mack and Simon introduced:

H. F. No. 2916, A bill for an act relating to taxation; gross revenues taxes; modifying credits and exemptions to include treatment of eating disorders; amending Minnesota Statutes 2010, section 295.53, subdivision 4a; Minnesota Statutes 2011 Supplement, section 295.53, subdivision 1.

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

Quam introduced:

H. F. No. 2917, A bill for an act relating to school district debt limits; repealing Minnesota Statutes 2010, section 475.53, subdivision 5.

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

Anzelc and McFarlane introduced:

H. F. No. 2918, A bill for an act relating to education finance; modifying certain transportation aid provisions; amending Minnesota Statutes 2011 Supplement, section 123B.92, subdivision 5.

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

Persell introduced:

H. F. No. 2919, A bill for an act relating to capital investment; appropriating money for Bemidji State University; authorizing the sale and issuance of state bonds.

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

Persell introduced:

H. F. No. 2920, A bill for an act relating to capital improvements; appropriating money to establish the Northern Minnesota Veterans Home; authorizing the sale and issuance of state bonds.

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

Persell introduced:

H. F. No. 2921, A bill for an act relating to capital investment; appropriating money for a regional public television station in Bemidji; authorizing the sale and issuance of state bonds.

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

Vogel, Torkelson, Shimanski, Hancock, Hackbarth and Hoppe introduced:

H. F. No. 2922, A bill for an act relating to energy; utilities; modifying requirements pertaining to energy conservation; amending Minnesota Statutes 2010, section 216B.241, by adding subdivisions; repealing Minnesota Statutes 2010, section 216B.241, subdivisions 1b, 1d, 1e, 1f, 1g, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 5c, 7, 8, 9; Minnesota Statutes 2011 Supplement, section 216B.241, subdivisions 1, 1a, 1c, 2.

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

Scalze; Slocum; Peterson, S., and Garofalo introduced:

H. F. No. 2923, A bill for an act relating to state government; creating and funding an early education scholarship program; authorizing electronic pull-tabs and bingo; appropriating money; amending Minnesota Statutes 2010, sections 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163,

subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 119B.

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

Kath introduced:

H. F. No. 2924, A bill for an act relating to state government; regulating certain motor vehicle taxes; authorizing representation by public defenders for misdemeanors; appropriating money for public safety and public defenders; amending Minnesota Statutes 2010, sections 168.013, subdivisions 3, 12; 169.86, by adding a subdivision; 611.14; 611.25, subdivision 1.

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

Hortman; Hausman; Nelson; Johnson; Davnie; Greene; Wagenius; Melin; Persell; Falk; Slocum; Fritz; Benson, J.; Tillberry; Hilty; Scalze; Peterson, S.; Loeffler; Dittrich; Laine; Hornstein; Clark; Moran; Murphy, E.; Paymar; Ward; Carlson; Lillie and Lesch introduced:

H. F. No. 2925, A bill for an act relating to real estate; prohibiting foreclosure if the lender has not acted on a loan modification request; amending Minnesota Statutes 2010, section 580.02.

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

Lillie introduced:

H. F. No. 2926, A bill for an act relating to alcohol; requiring full service to all University of Minnesota sports attendees; establishing scholarships; amending Minnesota Statutes 2010, section 340A.404, subdivision 4a.

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

Hortman, Peppin, Stensrud, Dittrich, Loeffler and Loon introduced:

H. F. No. 2927, A bill for an act relating to local government; taxes; modifying spending authority of Metropolitan Council and Three Rivers Park District; amending Minnesota Statutes 2010, sections 383B.73, by adding a subdivision; 473.13, by adding a subdivision.

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

Slawik introduced:

H. F. No. 2928, A bill for an act relating to workforce development; requiring training for employers of persons with autism spectrum disorder; appropriating money.

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

Benson, J., introduced:

H. F. No. 2929, A bill for an act relating to day care facilities; changing certain requirements; amending Minnesota Statutes 2010, sections 245A.14, subdivision 1; 462.357, subdivision 7.

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

Howes introduced:

H. F. No. 2930, A bill for an act relating to property taxation; allowing homestead resort classification for property adjacent to a state trail; amending Minnesota Statutes 2011 Supplement, section 273.13, subdivision 22.

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

Champion, Clark, Gunther, Kelly, Kieffer, Woodard, Mahoney, Hornstein, Allen, Moran, Huntley, Slocum, Abeler, LeMieur and Murray introduced:

H. F. No. 2931, A bill for an act relating to economic development; appropriating money for a demonstration project for high-risk adults.

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

Hoppe introduced:

H. F. No. 2932, A bill for an act relating to liquor; authorizing wine festivals to offer limited off-sales of wine by the bottle; amending Minnesota Statutes 2011 Supplement, section 340A.404, subdivision 5a.

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

Murphy, E., introduced:

H. F. No. 2933, A bill for an act relating to alcohol; changing the structure of small and craft brewers; amending Minnesota Statutes 2010, section 340A.301, subdivision 6.

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

Persell; Anzelc; Koenen; Kahn; Lesch; Carlson; Falk; Slocum; Fritz; Benson, J.; Anderson, B., and Dettmer introduced:

H. F. No. 2934, A bill for an act relating to appropriations; appropriating money for state government and veterans affairs; providing for fund transfers; providing for various fees and accounts; clarifying the military burial honors provision; modifying the GI bill program; amending Minnesota Statutes 2010, sections 138.668; 197.231; 197.608, subdivisions 4, 5, 6; 197.791, subdivisions 1, 3, 4, 5, 6; Minnesota Statutes 2011 Supplement, section 197.608, subdivision 3; repealing Minnesota Statutes 2010, section 197.608, subdivision 2a.

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

Westrom introduced:

H. F. No. 2935, A bill for an act relating to capital improvements; appropriating money for local road improvement; authorizing the sale and issuance of state bonds.

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

Westrom introduced:

H. F. No. 2936, A bill for an act relating to real property; landlord and tenant; establishing a landlord's right to seek police or emergency assistance; prohibiting certain fees, penalties, and charges; preempting local law; proposing coding for new law in Minnesota Statutes, chapter 504B.

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

Norton, Simon, Winkler, Laine, Brynaert, Anzelc, Morrow, Tillberry, Dittrich and Moran introduced:

H. F. No. 2937, A bill for an act relating to elections; requiring the use of photographs in the polling place roster; appropriating money; amending Minnesota Statutes 2010, sections 171.07, subdivision 1a; 201.022, subdivision 1, by adding a subdivision; 201.091, subdivision 9; 201.121, subdivision 1; 201.161; 201.221, subdivision 3; 204C.10.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Anzelc and Dill introduced:

H. F. No. 2938, A bill for an act relating to capital improvements; appropriating money for Koochiching renewable energy clean air project; authorizing the sale and issuance of state bonds.

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

### **MESSAGES FROM THE SENATE**

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1738, A bill for an act relating to local government; providing for detachment from a municipality; amending Minnesota Statutes 2010, section 414.06, subdivisions 1, 2, 3, by adding subdivisions.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2152, A bill for an act relating to commerce; specifying the extent of responsibility of real estate licensees for property management activities on real property owned by the licensee or by an entity in which the licensee has an ownership interest; amending Minnesota Statutes 2010, section 82.73, subdivision 3.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1735, 2131 and 2296.

CAL R. LUDEMAN, Secretary of the Senate

#### FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Holberg announced her intention to place H. F. No. 2738 on the Fiscal Calendar for Tuesday, March 20, 2012.

#### FIRST READING OF SENATE BILLS

S. F. No. 1735, A bill for an act relating to financial institutions; clarifying state bank closures for holidays; making changes in state bank lending limits to comply with federal law; repealing obsolete language relating to deposits payable on demand; amending Minnesota Statutes 2010, sections 47.015, subdivision 2; 48.24, subdivision 1; repealing Minnesota Statutes 2010, sections 48.50; 48.51.

The bill was read for the first time.

Anderson, D., moved that S. F. No. 1735 and H. F. No. 2227, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2131, A bill for an act relating to transportation; contracts; authorizing completion of design-build projects approved by commissioner of transportation; amending Laws 2009, chapter 36, article 3, sections 28; 29.

The bill was read for the first time.

Vogel moved that S. F. No. 2131 and H. F. No. 2378, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2296, A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; amending Minnesota Statutes 2010, section 203B.21, subdivision 3.

The bill was read for the first time.

Sanders moved that S. F. No. 2296 and H. F. No. 2545, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

**REPORT FROM THE COMMITTEE ON RULES  
AND LEGISLATIVE ADMINISTRATION**

Dean from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Monday, March 19, 2012:

S. F. No. 1567; and H. F. Nos. 2308, 1923, 2174, 1629, 2253, 2244 and 2676.

Dean 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 Speaker pro tempore Davids.

Zellers was excused between the hours of 4:20 p.m. and 6:00 p.m.

There being no objection, the order of business reverted to Messages from the Senate.

**MESSAGES FROM THE SENATE**

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1586 and 1934.

CAL R. LUDEMAN, Secretary of the Senate



### FIRST READING OF SENATE BILLS

S. F. No. 1586, A bill for an act relating to public safety; adding a felony-level penalty and affirmative defenses to the vulnerable adult neglect crime; amending Minnesota Statutes 2010, section 609.233.

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

S. F. No. 1934, A bill for an act relating to insurance; regulating township mutual fire insurance company combination policies; amending Minnesota Statutes 2010, section 67A.191.

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

### CALENDAR FOR THE DAY

H. F. No. 2174, A bill for an act relating to local government finance; authorizing certain investments; providing for designated depositories; amending Minnesota Statutes 2010, sections 123B.14, subdivision 3; 366.01, subdivision 4; 385.07; 427.06.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Hamilton	Laine	Morrow	Scalze
Allen	Davnie	Hancock	Lanning	Mullery	Schomacker
Anderson, B.	Dean	Hansen	Leidiger	Murdock	Scott
Anderson, D.	Dettmer	Hausman	LeMieur	Murphy, E.	Shimanski
Anderson, P.	Dill	Hilstrom	Lenczewski	Murphy, M.	Simon
Anderson, S.	Dittrich	Hilty	Lesch	Murray	Slawik
Anzelc	Doepke	Holberg	Liebling	Myhra	Slocum
Atkins	Downey	Hoppe	Lillie	Nelson	Swedzinski
Banaian	Drazkowski	Hortman	Loeffler	Nornes	Thissen
Barrett	Eken	Hosch	Lohmer	Norton	Tillberry
Beard	Erickson	Howes	Loon	O'Driscoll	Torkelson
Benson, J.	Fabian	Huntley	Mack	Paymar	Urdahl
Benson, M.	Falk	Johnson	Mahoney	Pelowski	Vogel
Bills	Franson	Kahn	Mariani	Peppin	Wagenius
Brynaert	Fritz	Kath	Marquart	Persell	Ward
Buesgens	Garofalo	Kelly	Mazorol	Petersen, B.	Wardlow
Carlson	Gauthier	Kieffer	McDonald	Peterson, S.	Westrom
Champion	Gottwalt	Kiel	McElfatrick	Poppe	Winkler
Clark	Greiling	Kiffmeyer	McFarlane	Quam	Woodard
Cornish	Gruenhagen	Knuth	McNamara	Rukavina	
Crawford	Gunther	Koenen	Melin	Runbeck	
Daudt	Hackbarth	Kriesel	Moran	Sanders	

The bill was passed and its title agreed to.

H. F. No. 2244 was reported to the House.

Rukavina moved to amend H. F. No. 2244, the third engrossment, as follows:

Page 8, delete section 13 and insert:

"Sec. 13. **[127A.3013] PERMANENT SCHOOL FUND BOARD.**

The Permanent School Fund Board shall consist of the members of the Minnesota Land Exchange Board as defined by the Minnesota Constitution."

Page 10, line 26, delete "board" and insert "governor with the advice and consent of the Senate" and after "director" insert "from a list of three people submitted by the Legislative Permanent School Fund Commission"

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.

Hosch and Tillberry were excused for the remainder of today's session.

Hansen moved to amend H. F. No. 2244, the third engrossment, as follows:

Page 11, line 23, before "The" insert "(a)"

Page 11, after line 27, insert:

"(b) The director shall obtain revenue from permits granted on school trust lands within the Boundary Waters Canoe Area as defined in section 84.523 by obtaining a reimbursement agreement with the federal government. Revenue generated under this paragraph shall be deposited into the school trust lands suspense account under section 127A.3021."

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. 2244, A bill for an act relating to the permanent school fund; changing the Permanent School Fund Advisory Committee into a legislative commission; establishing a permanent school fund board; granting the board authority to employ a director to oversee, manage, and administer school trust lands; amending Minnesota Statutes 2010, sections 16A.06, subdivision 11; 16A.125, subdivision 5; 84.027, subdivision 18; 84.085, subdivision 1;

92.12, subdivision 1; 92.121; 92.13; 93.2236; 94.342, subdivision 5; 127A.30; 477A.11, subdivisions 3, 4, by adding a subdivision; 477A.12, subdivisions 2, 3; Minnesota Statutes 2011 Supplement, section 477A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 127A.

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 104 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Hackbarth	Lenczewski	Mullery	Shimanski
Anderson, B.	Dean	Hamilton	Lesch	Murdock	Simon
Anderson, D.	Dettmer	Hancock	Liebling	Murray	Slawik
Anderson, P.	Dittrich	Holberg	Lillie	Myhra	Stensrud
Anderson, S.	Doepke	Hoppe	Lohmer	Nornes	Swedzinski
Atkins	Downey	Hortman	Loon	Norton	Torkelson
Banaian	Drazkowski	Howes	Mack	O'Driscoll	Urdahl
Barrett	Eken	Kath	Mahoney	Peppin	Vogel
Beard	Erickson	Kelly	Mariani	Persell	Ward
Benson, J.	Fabian	Kieffer	Marquart	Petersen, B.	Wardlow
Benson, M.	Franson	Kiel	Mazorol	Peterson, S.	Westrom
Bills	Fritz	Kiffmeyer	McDonald	Quam	Winkler
Brynaert	Garofalo	Koenen	McElfatrick	Rukavina	Woodard
Carlson	Gottwalt	Kriesel	McFarlane	Runbeck	Spk. Zellers
Cornish	Greene	Laine	McNamara	Sanders	
Crawford	Greiling	Lanning	Melin	Scalze	
Daudt	Gruenhagen	Leidiger	Moran	Schomacker	
Dauids	Gunther	LeMieur	Morrow	Scott	

Those who voted in the negative were:

Allen	Dill	Hilstrom	Knuth	Paymar	Wagenius
Anzelc	Falk	Hilty	Loeffler	Pelowski	
Buesgens	Gauthier	Huntley	Murphy, E.	Poppe	
Champion	Hansen	Johnson	Murphy, M.	Slocum	
Clark	Hausman	Kahn	Nelson	Thissen	

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

Dean moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

## MOTIONS AND RESOLUTIONS

Norton moved that the name of Benson, J., be added as an author on H. F. No. 1071. The motion prevailed.

Kriesel moved that the name of Drazkowski be added as an author on H. F. No. 1774. The motion prevailed.

Peterson, S., moved that the name of Mullery be added as an author on H. F. No. 2177. The motion prevailed.

Gunther moved that the name of Hansen be added as an author on H. F. No. 2305. The motion prevailed.

Howes moved that the name of Brynaert be added as an author on H. F. No. 2485. The motion prevailed.

Barrett moved that the name of Crawford be added as an author on H. F. No. 2540. The motion prevailed.

Myhra moved that the name of Schomacker be added as an author on H. F. No. 2647. The motion prevailed.

Abeler moved that the name of Paymar be added as an author on H. F. No. 2698. The motion prevailed.

Daudt moved that the name of Kieffer be added as an author on H. F. No. 2704. The motion prevailed.

Loon moved that the names of Benson, J.; Myhra and Downey be added as authors on H. F. No. 2729. The motion prevailed.

Kiffmeyer moved that the names of Woodard; Stensrud; Anderson, P.; Crawford; Barrett; Kieffer; Erickson; Scott; Quam; Downey; Drazkowski; LeMieur and Garofalo be added as authors on H. F. No. 2738. The motion prevailed.

Abeler moved that the name of Mullery be added as an author on H. F. No. 2746. The motion prevailed.

Urdahl moved that the name of Anderson, B., by request, be added as an author on H. F. No. 2765. The motion prevailed.

Lenczewski moved that the name of Simon be added as an author on H. F. No. 2774. The motion prevailed.

Woodard moved that the name of Moran be added as an author on H. F. No. 2801. The motion prevailed.

Lesch moved that the name of Simon be added as an author on H. F. No. 2807. The motion prevailed.

Davnie moved that the name of Nelson be added as an author on H. F. No. 2817. The motion prevailed.

Davnie moved that the name of Nelson be added as an author on H. F. No. 2818. The motion prevailed.

Clark moved that the name of Nelson be added as an author on H. F. No. 2819. The motion prevailed.

Loeffler moved that the name of Nelson be added as an author on H. F. No. 2820. The motion prevailed.

Anderson, S., moved that the name of Downey be added as an author on H. F. No. 2821. The motion prevailed.

Mullery moved that the name of Nelson be added as an author on H. F. No. 2822. The motion prevailed.

Mullery moved that the names of Champion and Allen be added as authors on H. F. No. 2823. The motion prevailed.

Mariani moved that the name of Davnie be added as an author on H. F. No. 2840. The motion prevailed.

Hansen moved that the names of Persell; Murphy, M., and Hilty be added as authors on H. F. No. 2869. The motion prevailed.

Hackbarth moved that the name of Hamilton be added as an author on H. F. No. 2900. The motion prevailed.

Woodard moved that H. F. No. 2003 be recalled from the Committee on Ways and Means and be re-referred to the Committee on Commerce and Regulatory Reform. The motion prevailed.

Holberg moved that S. F. No. 1528 be recalled from the Committee on Education Finance and be re-referred to the Committee on Ways and Means. The motion prevailed.

#### ADJOURNMENT

Dean moved that when the House adjourns today it adjourn until 5:00 p.m., Tuesday, March 20, 2012. The motion prevailed.

Dean moved that the House adjourn. The motion prevailed, and Speaker pro tempore Davids declared the House stands adjourned until 5:00 p.m., Tuesday, March 20, 2012.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

