

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2014

 SIXTY-SIXTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MARCH 4, 2014

The House of Representatives convened at 9:30 a.m. and was called to order by Paul Thissen, Speaker of the House.

Prayer was offered by the Reverend Richard D. Buller, Valley Community Presbyterian Church, Golden Valley, 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	Dehn, R.	Hamilton	Liebling	Newton	Selcer
Albright	Dettmer	Hansen	Lien	Nornes	Simon
Allen	Dill	Hausman	Lillie	Norton	Simonson
Anderson, M.	Dorholt	Hertaus	Loeffler	O'Driscoll	Slocum
Anderson, P.	Drazkowski	Hilstrom	Lohmer	O'Neill	Sundin
Anderson, S.	Erhardt	Holberg	Loon	Paymar	Swedzinski
Anzelc	Erickson, R.	Hornstein	Mahoney	Pelowski	Theis
Atkins	Erickson, S.	Hortman	Mariani	Peppin	Torkelson
Barrett	Fabian	Howe	Marquart	Persell	Uglen
Beard	Falk	Huntley	Masin	Petersburg	Urdahl
Benson, J.	Faust	Isaacson	McDonald	Poppe	Wagenius
Benson, M.	Fischer	Johnson, B.	McNamar	Pugh	Ward, J.A.
Bernardy	FitzSimmons	Johnson, C.	McNamara	Quam	Ward, J.E.
Bly	Franson	Johnson, S.	Melin	Radinovich	Wills
Brynaert	Freiberg	Kahn	Metsa	Rosenthal	Winkler
Carlson	Fritz	Kieffer	Moran	Runbeck	Woodard
Clark	Garofalo	Kiel	Mullery	Sanders	Yarusso
Cornish	Green	Kresha	Murphy, E.	Savick	Zellers
Daudt	Gruenhagen	Laine	Murphy, M.	Sawatzky	Spk. Thissen
Davids	Gunther	Leidiger	Myhra	Schoen	
Davnie	Hackbarth	Lenczewski	Nelson	Schomacker	
Dean, M.	Halverson	Lesch	Newberger	Scott	

A quorum was present.

Hoppe, Kelly, Mack, Morgan and Zerwas were excused.

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 STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1777, A bill for an act relating to taxation; income and franchise; sales and use; conforming to changes in the Internal Revenue Code; extending the working family credit phaseout for married filers; exempting certain business transactions; providing for refunds; appropriating money; amending Minnesota Statutes 2012, sections 289A.02, subdivision 7; 289A.08, subdivision 7; 290.01, subdivision 19a, by adding a subdivision; 290.067, subdivisions 1, 2a; 290.0671, subdivision 1; 290.0675, subdivision 1; 297A.68, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 290.01, subdivisions 19, 19b, 31; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.03, subdivision 15; 297A.61, subdivision 3; 297A.68, subdivision 5; repealing Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 57.

Reported the same back with the following amendments:

Page 28, line 14, strike ", and does not apply to wire, cable, fiber, poles, or conduit for"

Page 28, line 15, strike "telecommunications services"

Page 30, line 6, delete "\$1,212,000" and insert "\$1,175,000"

With the recommendation that when so amended the bill be placed on the General Register.

MINORITY REPORT

March 3, 2014

I, the undersigned, being a minority of the Committee on Ways and Means, recommend that H. F. No. 1777 be amended as follows and placed on the General Register:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ December 20, 2013.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 2. Minnesota Statutes 2012, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to ~~(4)~~ (9), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b, clause (13). The subtraction allowed under section 290.01, subdivision 19b, clause (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 3. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, is amended to read:

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

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

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ December 20, 2013, shall be in effect for taxable years beginning after December 31, 1996, ~~and before January 1, 2012, and for taxable years beginning after December 31, 2012.~~ The Internal Revenue Code of 1986, as amended through January 3, 2013, is in effect for taxable years beginning after December 31, 2011, and before January 1, 2013.

~~The provisions of sections 315 and 331 of the American Taxpayer Relief Act of 2012, Public Law 112-240, extension of increased expensing limitations and treatment of certain real property as section 179 property and extension and modification of bonus depreciation, are effective at the same time they become effective for federal purposes.~~

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

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

Sec. 4. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

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

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

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

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

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

(2) to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, ~~to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code~~, but the addition may not be more than the amount by which the ~~itemized deductions as allowed under section 63(d) of the Internal Revenue Code~~ state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, ~~disregarding the amounts allowed under sections 63(e)(1)(C) and 63(e)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed. For purposes of this clause, income, sales and use, motor vehicle sales, and excise taxes are the last itemized deductions disallowed under clause (13);~~

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

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

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

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

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

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

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

~~(10) 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;~~

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

~~(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;~~

~~(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;~~

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

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

~~(16) (11) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code;~~

~~(17) the amount of unemployment compensation exempt from tax under section 85(e) of the Internal Revenue Code;~~

~~(18) (12) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);~~

~~(19) (13) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:~~

~~(i) the amount of disallowed itemized deductions is equal to the lesser of:~~

~~(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or~~

~~(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;~~

~~(ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:~~

~~(A) such dollar amount, multiplied by~~

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

~~(20)~~ (14) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) \$150,000 in the case of a joint return or a surviving spouse;

(B) \$125,000 in the case of a head of a household;

(C) \$100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) \$75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; ~~and~~

~~(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2013, the difference between the standard deduction allowed under section 63(e) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 5. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

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

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

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

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means

the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

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

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

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

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

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

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

(16) 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 19a, clause (16);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); ~~and~~

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code; and

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 6. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision to read:

Subd. 29a. **State itemized deduction.** The term "state itemized deduction" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under subdivision 19a, clause (13).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 7. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, ~~for taxable years beginning before January 1, 2012, and after December 31, 2012,~~ "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011; and ~~for taxable years beginning after December 31, 2011, and before January 1, 2013,~~ "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~January 3~~ December 20, 2013. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

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

Sec. 8. Minnesota Statutes 2013 Supplement, section 290.06, subdivision 2c, is amended to read:

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

- (1) On the first \$35,480, 5.35 percent;
- (2) On all over \$35,480, but not over \$140,960, 7.05 percent;
- (3) On all over \$140,960, but not over \$250,000, 7.85 percent;
- (4) On all over \$250,000, 9.85 percent.

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

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

- (1) On the first \$24,270, 5.35 percent;

- (2) On all over \$24,270, but not over \$79,730, 7.05 percent;
- (3) On all over \$79,730, but not over \$150,000, 7.85 percent;
- (4) On all over \$150,000, 9.85 percent.

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

- (1) On the first \$29,880, 5.35 percent;
- (2) On all over \$29,880, but not over \$120,070, 7.05 percent;
- (3) On all over \$120,070, but not over \$200,000, 7.85 percent;
- (4) On all over \$200,000, 9.85 percent.

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

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (11), and (12), ~~(13), and (16) to (18)~~, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (16), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (11), and (12), ~~(13), and (16) to (18)~~, and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (16), and (17).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 9. Minnesota Statutes 2012, section 290.067, subdivision 2a, is amended to read:

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

- (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

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

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

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

(xii) nontaxable scholarship or fellowship grants;

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

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

(xv) the amount of deducted for tuition expenses ~~required to be added to income under section 290.01, subdivision 19a, clause (12) under section 222 of the Internal Revenue Code; and~~

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

~~(xvii) unemployment compensation.~~

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

(b) "Income" does not include:

- (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
- (2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;
- (3) surplus food or other relief in kind supplied by a governmental agency;
- (4) relief granted under chapter 290A;
- (5) child support payments received under a temporary or final decree of dissolution or legal separation; and
- (6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 10. Minnesota Statutes 2012, section 290.0671, subdivision 1, is amended to read:

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

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

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

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

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

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

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

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h) For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2012, and before January 1, 2018, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2012, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 11. Minnesota Statutes 2012, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

- (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;
- (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and
- (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under section 151(d) of the Internal Revenue Code and (ii) one-half the amount of the standard deduction under section 63(c)(2)(A) and (4) of the Internal Revenue Code ~~minus one half of any addition required under section 290.01, subdivision 19a, clause (21), and one half of the addition that would have been required under section 290.01, subdivision 19a, clause (21), if the taxpayer had claimed the standard deduction.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 12. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

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

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (11), and (12), ~~(13), and (16) to (18)~~;

less the sum of the amounts determined under the following:

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

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

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

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), and (16); and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

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

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

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

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

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 13. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** ~~For taxable years beginning before January 1, 2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011; and for taxable years beginning after December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through January 3~~ December 20, 2013.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

~~(m) A sale and purchase includes the furnishing for consideration of the following services:~~

~~(1) repairing and maintaining electronic and precision equipment, which service can be deducted as a business expense under the Internal Revenue Code. This includes, but is not limited to, repair or maintenance of electronic devices, computers and computer peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other office equipment such as photocopying machines, printers, and facsimile machines; televisions, stereos, sound systems, video or digital recorders and players; two-way radios and other communications equipment; radar and sonar equipment, scientific instruments, microscopes, and medical equipment;~~

~~(2) repairing and maintaining commercial and industrial machinery and equipment. For purposes of this subdivision, the following items are not commercial or industrial machinery and equipment: (i) motor vehicles; (ii) furniture and fixtures; (iii) ships; (iv) railroad stock; and (v) aircraft; and~~

~~(3) warehousing or storage services for tangible personal property, excluding:~~

~~(i) agricultural products;~~

~~(ii) refrigerated storage;~~

~~(iii) electronic data; and~~

~~(iv) self storage services and storage of motor vehicles, recreational vehicles, and boats, not eligible to be deducted as a business expense under the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2013. Any person that paid tax on purchases under the stricken paragraph (m) after June 30, 2013, may apply for a direct refund. If the purchaser qualifies for applying for a refund under section 289A.50, subdivision 2a, they must file under that provision; all others may apply for a direct refund under section 18.

Sec. 15. Minnesota Statutes 2012, section 297A.62, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this chapter, a sales tax of ~~6.5~~ 5.625 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2014.

Sec. 16. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 5, is amended to read:

Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

"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 35a.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 17. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision to read:

Subd. 35a. **Telecommunications and pay television services machinery and equipment.** (a) Telecommunications or pay television services machinery and equipment purchased or leased for use directly by a telecommunications or pay television service provider primarily in the provision of telecommunications or pay television services that are ultimately to be sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a subcontractor.

(b) For purposes of this subdivision, "telecommunications or pay television services machinery and equipment" includes, but is not limited to:

(1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring telecommunications or pay television services, such as computers, transformers, amplifiers, routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

(2) machinery, equipment, and fixtures used in the transportation of telecommunications or pay television services, radio transmitters and receivers, satellite equipment, microwave equipment, other transporting media, wire, cable, fiber, poles, and conduit;

(3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary power supply, test equipment, towers, heating, ventilating, and air conditioning equipment necessary to the operation of the telecommunications or pay television services equipment, and software necessary to the operation of the telecommunications or pay television services equipment; and

(4) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to qualified machinery or equipment.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after March 31, 2014.

Sec. 18. **SALES TAX; TEMPORARY REFUND MECHANISM.**

Any purchaser that paid sales tax on items under the stricken paragraph (m) of Minnesota Statutes, section 297A.61, subdivision 3, that may not file for a refund under Minnesota Statutes, section 289A.50, subdivision 2a, may apply directly to the commissioner of revenue for a refund under this section. This provision only applies to

sales made after June 30, 2013, and before July 1, 2014. The application must be made on forms prescribed by the commissioner and the purchaser may make only one application for the entire period. Interest on the refund shall be paid at the rate in Minnesota Statutes, section 270C.405, from 90 days after the refund claim is filed with the commissioner of revenue. The amount required to make the refunds is annually appropriated to the commissioner of revenue."

Delete the title and insert:

"A bill for an act relating to taxation; income; sales and use; providing federal conformity; repealing various tax provisions and reinstating certain exemptions; appropriating money; amending Minnesota Statutes 2012, sections 289A.02, subdivision 7; 289A.08, subdivision 7; 290.01, subdivision 19a, by adding a subdivision; 290.067, subdivision 2a; 290.0671, subdivision 1; 290.0675, subdivision 1; 297A.62, subdivision 1; 297A.68, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 290.01, subdivisions 19, 19b, 31; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.03, subdivision 15; 297A.61, subdivision 3; 297A.68, subdivision 5."

Signed:

JENIFER LOON

Loon moved that the Minority Report from the Committee on Ways and Means relating to H. F. No. 1777 be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

LAY ON THE TABLE

Murphy, E., moved that the Minority Report on H. F. No. 1777 be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Murphy, E., motion and the roll was called. There were 71 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Allen	Dorholt	Hornstein	Lillie	Murphy, M.	Selcer
Anzelc	Erhardt	Hortman	Loeffler	Nelson	Simon
Atkins	Erickson, R.	Huntley	Mahoney	Newton	Simonson
Benson, J.	Falk	Isaacson	Mariani	Norton	Slocum
Bernardy	Faust	Johnson, C.	Marquart	Paymar	Sundin
Bly	Fischer	Johnson, S.	Masin	Pelowski	Wagenius
Brynaert	Freiberg	Kahn	McNamar	Persell	Ward, J.A.
Carlson	Fritz	Laine	Melin	Poppe	Ward, J.E.
Clark	Halverson	Lenczewski	Metsa	Radinovich	Winkler
Davnie	Hansen	Lesch	Moran	Savick	Yarusso
Dehn, R.	Hausman	Liebling	Mullery	Sawatzky	Spk. Thissen
Dill	Hilstrom	Lien	Murphy, E.	Schoen	

Those who voted in the negative were:

Abeler	Davids	Gruenhagen	Kresha	O'Neill	Swedzinski
Albright	Dean, M.	Gunther	Leidiger	Peppin	Theis
Anderson, M.	Dettmer	Hackbarth	Lohmer	Petersburg	Torkelson
Anderson, P.	Drazkowski	Hamilton	Loon	Pugh	Uglen
Anderson, S.	Erickson, S.	Hertaus	McDonald	Quam	Urdahl
Barrett	Fabian	Holberg	McNamara	Rosenthal	Wills
Beard	FitzSimmons	Howe	Myhra	Runbeck	Woodard
Benson, M.	Franson	Johnson, B.	Newberger	Sanders	Zellers
Cornish	Garofalo	Kieffer	Nornes	Schomacker	
Daudt	Green	Kiel	O'Driscoll	Scott	

The motion prevailed and the Minority Report from the Committee on Ways and Means relating to H. F. No. 1777 was laid on the table.

The question recurred on the adoption of the Majority Report from the Committee on Ways and Means relating to H. F. No. 1777. The report was adopted.

REPORTS OF STANDING COMMITTEES AND DIVISIONS, CONTINUED

Hortman from the Committee on Energy Policy to which was referred:

H. F. No. 1866, A bill for an act relating to state government; modifying laws governing certain Department of Commerce advisory groups; amending Minnesota Statutes 2012, sections 216B.813, subdivision 2; 216B.815; 216C.02, subdivision 1; repealing Minnesota Statutes 2012, sections 82B.021, subdivision 10; 82B.05, subdivisions 1, 3, 5, 6, 7; 82B.06; 116L.361, subdivision 2; 116L.363.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Commerce and Consumer Protection Finance and Policy.

The report was adopted.

Clark from the Committee on Housing Finance and Policy to which was referred:

H. F. No. 2031, A bill for an act relating to capital investment; appropriating money for public housing rehabilitation and debt service on additional housing infrastructure bonds issued by the Minnesota Housing Finance Agency; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2012, section 462A.37, subdivision 2, by adding subdivisions.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Capital Investment.

The report was adopted.

Clark from the Committee on Housing Finance and Policy to which was referred:

H. F. No. 2151, A bill for an act relating to housing; creating a duty to mitigate damages in a residential lease violation; proposing coding for new law in Minnesota Statutes, chapter 504B.

Reported the same back with the following amendments:

Page 1, line 8, before the period, insert "unless the sublease or assignment is: (1) prohibited by a federal statute, regulation, or handbook; (2) prohibited by a state statute governing a subsidized housing program; (3) prohibited by a municipal ordinance governing a subsidized housing program; or (4) prohibited by a municipal subsidized housing program"

With the recommendation that when so amended the bill be re-referred to the Committee on Civil Law.

The report was adopted.

Clark from the Committee on Housing Finance and Policy to which was referred:

H. F. No. 2192, A bill for an act relating to housing; landlord and tenant; providing for termination of lease; amending Minnesota Statutes 2012, section 504B.265.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Civil Law.

The report was adopted.

Hortman from the Committee on Energy Policy to which was referred:

H. F. No. 2466, A bill for an act relating to public utilities; regulating low-income residential electric customer programs; amending Minnesota Statutes 2012, section 216B.16, subdivision 14.

Reported the same back with the following amendments:

Page 2, line 3, delete "January 1, 2015" and insert "October 1, 2014"

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Hortman from the Committee on Energy Policy to which was referred:

H. F. No. 2541, A bill for an act relating to energy; making changes to the energy improvements program for local governments; making technical changes; amending Minnesota Statutes 2012, sections 216C.41, subdivision 4; 216C.436, subdivision 4, by adding a subdivision; repealing Minnesota Rules, parts 3300.0800; 3300.0900; 3300.1000, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 25, 25a, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36; 3300.1100; 3300.1200; 3300.1300; 3300.1400; 3300.1500; 3300.1600; 3300.1700; 3300.1800; 3300.1900; 7607.0100; 7607.0120; 7607.0130; 7607.0140; 7607.0150; 7607.0160; 7607.0170; 7607.0180; 7610.0300; 7685.0100; 7685.0120; 7685.0130; 7685.0140.

Reported the same back with the following amendments:

Page 2, line 25, after "7607.0100;" insert "7607.0110;"

Correct the title numbers accordingly

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

The report was adopted.

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

S. F. No. 17, A resolution memorializing Congress; requesting that Congress propose a constitutional amendment and, if Congress does not propose an amendment, applying to Congress to call a constitutional convention to propose an amendment clarifying that the rights protected under the Constitution are the rights of natural persons and not the rights of artificial entities and that spending money to influence elections is not speech under the First Amendment.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"*Whereas*, under Article V of the Constitution of the United States, the Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to the Constitution; and

Whereas, under Article V of the Constitution of the United States, the Congress, on the application of the legislatures of two-thirds of the several states, shall call a convention for proposing amendments to the Constitution of the United States that shall be valid to all intents and purposes if ratified by the legislatures of three-fourths of the several states, or by conventions in three-fourths thereof, as one or the other mode of ratification may be proposed by Congress; *Now, Therefore*,

Be It Resolved by the Legislature of the State of Minnesota that it requests that Congress propose an amendment to the Constitution that shall substantially read as follows:

"(1) The rights protected by the Constitution of the United States are the rights of natural persons only.

(2) Artificial entities, such as corporations, limited liability companies, and other entities, established by the laws of any State, the United States, or any foreign state shall have no rights under this Constitution and are subject to regulation by the People, through Federal, State, or local law.

(3) The privileges of artificial entities shall be determined by the People, through Federal, State, or local law, and shall not be construed to be inherent or inalienable.

(4) Federal, State, and local government shall regulate, limit, or prohibit contributions and expenditures, including a candidate's own contributions and expenditures, to ensure that all citizens, regardless of their economic status, have access to the political process, and that no person gains, as a result of their money, substantially more access or ability to influence in any way the election of any candidate for public office or any ballot measure.

(5) Federal, State, and local government shall require that any permissible contributions and expenditures be publicly disclosed.

(6) The judiciary shall not construe the spending of money to influence elections to be speech under the 1st Amendment.

(7) Nothing contained in this amendment shall be construed to abridge the freedom of the press."

Be It Further Resolved that if Congress does not propose the amendment language or substantially similar amendment language as contained in this resolution, the Legislature of the State of Minnesota applies to the Congress of the United States to call a constitutional convention for the purpose of proposing the amendment language or substantially similar amendment language as contained in this resolution as an amendment to the Constitution of the United States; and

Be It Further Resolved that the Legislature of the State of Minnesota and the people of Minnesota demand that if Congress does not propose the amendment language in this resolution and if at least two-thirds of state legislatures have applied to Congress to call for a constitutional convention to adopt the same or substantially similar constitutional amendment language contained in this resolution, then the Congress must exercise its constitutional duty to call a constitutional convention, and that the constitutional convention shall be called within six months from the date that at least two-thirds of state legislatures have made the same or similar application to Congress; and

Be It Further Resolved that the Legislature of the State of Minnesota calls on other states to join with the Legislature of the State of Minnesota in this action by passing the same or similar resolutions; and

Be It Further Resolved that the Secretary of State of Minnesota is directed to prepare copies of this resolution and transmit them to the Speaker and the Clerk of the United States House of Representatives, the President and the Secretary of the United States Senate, the United States Secretary of State, and Minnesota's Senators and Representatives in Congress."

Page 1, delete lines 8 to 24

Page 2, delete lines 1 to 32

Page 3, delete lines 1 to 4

Delete the title and insert:

"A joint resolution requesting that Congress propose a constitutional amendment and, if Congress does not propose an amendment, applying to Congress to call a constitutional convention to propose an amendment clarifying that the rights protected under the Constitution are the rights of natural persons and not the rights of artificial entities and that spending money to influence elections is not speech under the First Amendment."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1777 and 2466 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 17 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Sundin, Davids and Faust introduced:

H. F. No. 2698, A bill for an act relating to education finance; providing debt service equalization for debt incurred as the result of a natural disaster; amending Minnesota Statutes 2012, section 127A.49, subdivisions 2, 3; Minnesota Statutes 2013 Supplement, sections 123B.53, subdivision 1; 123B.54; proposing coding for new law in Minnesota Statutes, chapter 123B.

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

Gruenhagen and Howe introduced:

H. F. No. 2699, A bill for an act relating to disaster assistance; authorizing the use of certain disaster relief appropriations for privately owned electrical cooperatives eligible for FEMA assistance; amending Minnesota Statutes 2012, sections 12A.03, subdivision 1; 12A.15, subdivision 1.

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

Norton, Liebling, Fritz, Huntley and Abeler introduced:

H. F. No. 2700, A bill for an act relating to human services; insurance; modifying autism early intensive intervention benefit under medical assistance; modifying insurance coverage for autism spectrum disorder; amending Minnesota Statutes 2012, section 252.27, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 62A.3094, subdivisions 1, 2; 252.27, subdivision 2a; 256B.0949, subdivisions 2, 3, 4, 7, 9; Laws 2013, chapter 9, section 15; Laws 2013, chapter 108, article 12, section 2.

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

Pelowski, Davids, Poppe and Hausman introduced:

H. F. No. 2701, A bill for an act relating to disaster relief; creating a disaster assistance contingency account; requiring transfer of unused disaster relief appropriations to the disaster assistance contingency account; establishing a disaster relief cost-share relationship between the state, local governments, and American Indian tribes and bands; authorizing state public disaster assistance in the absence of federal public disaster assistance; appropriating money; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 16A.28, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 12B.

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

Anzelc introduced:

H. F. No. 2702, A bill for an act relating to agriculture; weights and measures; extending the exceptions to the biodiesel content mandate; amending Minnesota Statutes 2012, section 239.77, subdivision 3.

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

Pugh; Johnson, B.; Howe and Uglem introduced:

H. F. No. 2703, A bill for an act relating to taxation; sales and use; exempting local government purchases made under a joint powers agreement; amending Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2.

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

Anderson, S., introduced:

H. F. No. 2704, A bill for an act relating to energy; regulating siting of certain transmission lines; amending Laws 2013, chapter 57, section 2.

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

Carlson introduced:

H. F. No. 2705, A bill for an act relating to state government; changing allocation of money to certain accounts; amending Minnesota Statutes 2012, section 16A.152, subdivision 2.

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

Slocum, Mariani, Woodard and Erickson, S., introduced:

H. F. No. 2706, A bill for an act relating to education; modifying certain charter school provisions; amending Minnesota Statutes 2013 Supplement, section 124D.10, subdivisions 4, 6a, 8, 9, 17a, 17b.

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

Isaacson, Selcer and Davnie introduced:

H. F. No. 2707, A bill for an act relating to education finance; authorizing grants to intermediate school districts for professional development activities to eradicate exclusionary practices; appropriating money.

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

Anzelc introduced:

H. F. No. 2708, A bill for an act relating to motor vehicles; requiring same expiration date for certain overweight permits as for the vehicle's plate registration date; amending Minnesota Statutes 2012, sections 169.826, by adding a subdivision; 169.8261, by adding a subdivision; 169.86, subdivision 5; 169.863, by adding a subdivision; 169.865, by adding a subdivision; 169.866, subdivision 3, by adding a subdivision.

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

Swedzinski introduced:

H. F. No. 2709, A bill for an act relating to taxation; sales and use; donated materials exemption for library addition; amending Minnesota Statutes 2012, section 297A.71, by adding a subdivision.

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

Hoppe introduced:

H. F. No. 2710, A bill for an act relating to alcohol; removing food service requirements for alcohol service; changing requirements on service of spirits; allowing on-sale use of infused beverages and cocktails; amending Minnesota Statutes 2012, sections 340A.404, subdivision 5; 340A.508, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Howe introduced:

H. F. No. 2711, A bill for an act relating to natural resources; removing a stream from the list of designated trout streams.

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

Howe introduced:

H. F. No. 2712, A bill for an act relating to natural resources; prohibiting the denial of certain water use permits; amending Minnesota Statutes 2012, section 103G.287, subdivision 3.

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

Howe introduced:

H. F. No. 2713, A bill for an act relating to natural resources; modifying groundwater appropriation law; amending Minnesota Statutes 2012, section 103G.287, subdivision 2.

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

Hansen introduced:

H. F. No. 2714, A bill for an act relating to natural resources; establishing review and certification process for ordinances and variances adopted under Lower St. Croix Wild and Scenic River Act; establishing variance criteria; amending Minnesota Statutes 2012, section 103F.351, by adding subdivisions.

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

Dill introduced:

H. F. No. 2715, A bill for an act relating to natural resources; modifying and repealing certain obsolete laws; providing for certain regulatory efficiencies; amending Minnesota Statutes 2012, sections 13.7411, subdivision 8; 84.025, subdivision 10; 84.028, subdivision 3; 84.081, subdivision 1; 84.781; 88.6435, subdivision 1; 103C.211; 103C.311, subdivision 1; 103C.401, subdivision 1; 103F.135, subdivision 1; 103G.005, subdivisions 9, 9a; 103G.315, subdivision 12; 115.06, subdivision 4; 115A.54, subdivision 4; 116.03, subdivision 2b; 116.07, subdivision 4j; repealing Minnesota Statutes 2012, sections 14.04; 84.083, subdivisions 3, 4; 84.163; 84.361; 84.43; 84.44; 84.45; 84.46; 84.47; 84.48; 84.49; 84.50; 84.51; 84.52; 84.521; 84.53; 84.55; 84.965; 85.015, subdivision 3; 103B.701; 103B.702; 103F.131; 103F.155; 103F.378; 103F.381; 103F.383, subdivision 3; 103F.387; 103F.389, subdivisions 1, 2; 103F.391; 103G.305; 115.445; 115B.412, subdivision 10; 116.181; 116.182, subdivision 3a; 116.195, subdivision 5; 116.54; 116.90; 116C.712; 116C.833, subdivision 2; 173.0845; Laws 2010, chapter 215, article 3, section 5, subdivision 4; Laws 2013, chapter 114, article 4, section 100.

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

Anzels introduced:

H. F. No. 2716, A bill for an act relating to capital investment; appropriating money for the Northeast Higher Education District; authorizing the sale and issuance of state bonds.

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

Anzels introduced:

H. F. No. 2717, A bill for an act relating to capital investment; appropriating money for higher education asset preservation and replacement (HEAPR) at Northeast Higher Education District; authorizing the sale and issuance of state bonds.

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

Dill introduced:

H. F. No. 2718, A bill for an act relating to capital investment; appropriating money for capital improvements at the Ely Municipal Area Airport; authorizing the sale and issuance of state bonds.

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

Anzelc introduced:

H. F. No. 2719, A bill for an act relating to environment; modifying environmental review requirements for biorefinery using cellulosic feedstock; amending Minnesota Statutes 2012, section 116D.04, subdivision 2a.

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

MOTIONS AND RESOLUTIONS

Winkler moved that the name of Ward, J.A., be added as chief author on H. F. No. 592. The motion prevailed.

Allen moved that the name of Ward, J.E., be added as an author on H. F. No. 1081. The motion prevailed.

Allen moved that the name of Ward, J.E., be added as an author on H. F. No. 1082. The motion prevailed.

Hansen moved that the name of Schoen be added as an author on H. F. No. 1408. The motion prevailed.

Lenczewski moved that the names of Falk, Halverson and Bernardy be added as authors on H. F. No. 1777. The motion prevailed.

Runbeck moved that the name of Howe be added as an author on H. F. No. 1901. The motion prevailed.

Runbeck moved that the names of Howe and Loon be added as authors on H. F. No. 1902. The motion prevailed.

Allen moved that the name of Erhardt be added as an author on H. F. No. 1906. The motion prevailed.

Drazkowski moved that the name of Howe be added as an author on H. F. No. 1915. The motion prevailed.

Dehn, R., moved that the name of Nelson be added as an author on H. F. No. 1941. The motion prevailed.

Newton moved that the name of Howe be added as an author on H. F. No. 1947. The motion prevailed.

Murphy, M., moved that the name of Howe be added as an author on H. F. No. 1948. The motion prevailed.

Fabian moved that the name of Howe be added as an author on H. F. No. 2007. The motion prevailed.

Dettmer moved that the name of Howe be added as an author on H. F. No. 2011. The motion prevailed.

Dettmer moved that the name of Howe be added as an author on H. F. No. 2012. The motion prevailed.

Brynaert moved that the name of Howe be added as an author on H. F. No. 2092. The motion prevailed.

Holberg moved that the name of Howe be added as an author on H. F. No. 2120. The motion prevailed.

Holberg moved that the name of Howe be added as an author on H. F. No. 2138. The motion prevailed.

Dettmer moved that the name of Howe be added as an author on H. F. No. 2145. The motion prevailed.

Garofalo moved that the name of Howe be added as an author on H. F. No. 2187. The motion prevailed.

Masin moved that the name of Howe be added as an author on H. F. No. 2205. The motion prevailed.

Barrett moved that the name of Johnson, B., be added as an author on H. F. No. 2220. The motion prevailed.

Dettmer moved that the name of Howe be added as an author on H. F. No. 2233. The motion prevailed.

Barrett moved that the name of Johnson, B., be added as an author on H. F. No. 2359. The motion prevailed.

Myhra moved that the name of Howe be added as an author on H. F. No. 2367. The motion prevailed.

Davnie moved that the name of Bly be added as an author on H. F. No. 2435. The motion prevailed.

Sawatzky moved that the name of Persell be added as an author on H. F. No. 2439. The motion prevailed.

Wagenius moved that the name of Hornstein be added as an author on H. F. No. 2445. The motion prevailed.

Metsa moved that the name of Lillie be added as an author on H. F. No. 2460. The motion prevailed.

Runbeck moved that the name of Winkler be added as an author on H. F. No. 2534. The motion prevailed.

Radinovich moved that the name of Ward, J.E., be added as an author on H. F. No. 2547. The motion prevailed.

Slocum moved that the name of Benson, J., be added as an author on H. F. No. 2575. The motion prevailed.

Hertaus moved that the name of Isaacson be added as an author on H. F. No. 2581. The motion prevailed.

Lesch moved that the name of Dorholt be added as an author on H. F. No. 2582. The motion prevailed.

Radinovich moved that the name of Myhra be added as an author on H. F. No. 2587. The motion prevailed.

Urdahl moved that the name of Brynaert be added as an author on H. F. No. 2589. The motion prevailed.

Torkelson moved that the name of Petersburg be added as an author on H. F. No. 2596. The motion prevailed.

Simonson moved that the name of Ward, J.E., be added as an author on H. F. No. 2615. The motion prevailed.

Hansen moved that the names of Sawatzky; Halverson; Ward, J.E.; Dill and Gunther be added as authors on H. F. No. 2628. The motion prevailed.

Drazkowski moved that the name of Melin be added as an author on H. F. No. 2631. The motion prevailed.

Wills moved that the names of Hansen and Halverson be added as authors on H. F. No. 2644. The motion prevailed.

Norton moved that the name of Ward, J.E., be added as an author on H. F. No. 2672. The motion prevailed.

Bly moved that the names of Mariani and Benson, J., be added as authors on H. F. No. 2683. The motion prevailed.

ADJOURNMENT

Murphy, E., moved that when the House adjourns today it adjourn until 3:00 p.m., Thursday, March 6, 2014. The motion prevailed.

Murphy, E., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Thursday, March 6, 2014.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives