

1.1 moves to amend H.F. No. 2083, the first engrossment, as follows:

1.2 Page 5, after line 24, insert:

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

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

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

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

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

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

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

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

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

2.1 All members of an affiliated group that are required to file a combined report must file one
2.2 return on behalf of the members of the group under rules adopted by the commissioner.

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

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

2.8 Sec. ... Minnesota Statutes 2010, section 290.01, subdivision 5, is amended to read:

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

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

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

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

2.18 (4) which is incorporated in a tax haven;

2.19 (5) which is engaged in activity in a tax haven sufficient for the tax haven to impose
2.20 a net income tax under United States constitutional standards and section 290.015, and
2.21 which reports that 20 percent or more of its income is attributable to business in the tax
2.22 haven; or

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

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

2.28 Sec. ... Minnesota Statutes 2010, section 290.01, is amended by adding a subdivision
2.29 to read:

2.30 Subd. 5c. **Tax haven.** (a) "Tax haven" means the following foreign jurisdictions,
2.31 unless the listing of the jurisdiction does not apply under paragraph (b):

2.32 (1) Andorra;

2.33 (2) Anguilla;

- 3.1 (3) Antigua and Barbuda;
3.2 (4) Aruba;
3.3 (5) Bahamas;
3.4 (6) Bahrain;
3.5 (7) Belize;
3.6 (8) British Virgin Islands;
3.7 (9) Cayman Islands;
3.8 (10) Cook Islands;
3.9 (11) Costa Rica;
3.10 (12) Dominica;
3.11 (13) Gibraltar;
3.12 (14) Grenada;
3.13 (15) Guernsey-Sark-Alderney;
3.14 (16) Jersey;
3.15 (17) Jordan;
3.16 (18) Lebanon;
3.17 (19) Liberia;
3.18 (20) Liechtenstein;
3.19 (21) Maldives;
3.20 (22) Marshall Islands;
3.21 (23) Monaco;
3.22 (24) Montserrat;
3.23 (25) Nauru;
3.24 (26) Netherlands Antilles;
3.25 (27) Niue;
3.26 (28) Panama;
3.27 (29) St. Kitts and Nevis;
3.28 (30) St. Lucia;
3.29 (31) St. Vincent and Grenadines;
3.30 (32) Tonga;
3.31 (33) Turks and Caicos; and
3.32 (34) Vanuatu.
3.33 (b) A foreign jurisdiction's listing under paragraph (a) does not apply to the first
3.34 taxable year after the United States enters into a tax treaty or other agreement with the
3.35 foreign jurisdiction that provides for prompt, obligatory, and automatic exchange of

4.1 information with the United States government relevant to enforcing the provisions of
4.2 federal tax laws and the treaty or other agreement was in effect for the taxable year.

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

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

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

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

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

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

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

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

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

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

4.30 (8) the exempt foreign trade income of a foreign sales corporation under sections
4.31 921(a) and 291 of the Internal Revenue Code;

4.32 (9) the amount of percentage depletion deducted under sections 611 through 614 and
4.33 291 of the Internal Revenue Code;

4.34 (10) for certified pollution control facilities placed in service in a taxable year
4.35 beginning before December 31, 1986, and for which amortization deductions were elected

5.1 under section 169 of the Internal Revenue Code of 1954, as amended through December
5.2 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
5.3 income for those facilities;

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

5.8 ~~(12)~~ (11) the amount of a partner's pro rata share of net income which does not flow
5.9 through to the partner because the partnership elected to pay the tax on the income under
5.10 section 6242(a)(2) of the Internal Revenue Code;

5.11 ~~(13)~~ (12) the amount of net income excluded under section 114 of the Internal
5.12 Revenue Code;

5.13 ~~(14)~~ (13) any increase in subpart F income, as defined in section 952(a) of the
5.14 Internal Revenue Code, for the taxable year when subpart F income is calculated without
5.15 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

5.16 ~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section
5.17 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
5.18 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
5.19 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable
5.20 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
5.21 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
5.22 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
5.23 over the amount of the loss from the activity that is not allowed in the taxable year. In
5.24 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
5.25 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

5.26 ~~(16)~~ (15) 80 percent of the amount by which the deduction allowed by section 179 of
5.27 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
5.28 Revenue Code of 1986, as amended through December 31, 2003;

5.29 ~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of
5.30 the deduction allowable under section 199 of the Internal Revenue Code;

5.31 ~~(18)~~ (17) for taxable years beginning before January 1, 2013, the exclusion allowed
5.32 under section 139A of the Internal Revenue Code for federal subsidies for prescription
5.33 drug plans;

5.34 ~~(19)~~ (18) the amount of expenses disallowed under section 290.10, subdivision 2;

5.35 ~~(20) an amount equal to the interest and intangible expenses, losses, and costs paid,~~
5.36 ~~accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit~~

6.1 ~~of a corporation that is a member of the taxpayer's unitary business group that qualifies~~
6.2 ~~as a foreign operating corporation. For purposes of this clause, intangible expenses and~~
6.3 ~~costs include:~~

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

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

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

6.10 ~~(iv) licensing fees; and~~

6.11 ~~(v) other similar expenses and costs.~~

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

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

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

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

6.26 ~~(ii) income from factoring transactions or discounting transactions;~~

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

6.28 ~~(iv) licensing fees; and~~

6.29 ~~(v) other similar income.~~

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

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

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

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

7.9 ~~(24)~~ (19) for taxable years beginning before January 1, 2010, the additional amount
 7.10 allowed as a deduction for donation of computer technology and equipment under section
 7.11 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

7.12 ~~(25)~~ (20) discharge of indebtedness income resulting from reacquisition of business
 7.13 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

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

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

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

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

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

7.28 (4) amounts disallowed for intangible drilling costs due to differences between
 7.29 this chapter and the Internal Revenue Code in taxable years beginning before January
 7.30 1, 1987, as follows:

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

8.1 (ii) to the extent the disallowed costs are not represented by physical property, an
8.2 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
8.3 290.09, subdivision 8;

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

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

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

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

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

8.18 (6) an amount for interest and expenses relating to income not taxable for federal
8.19 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
8.20 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
8.21 291 of the Internal Revenue Code in computing federal taxable income;

8.22 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for
8.23 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a
8.24 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
8.25 must be apportioned between the lessor and lessee in accordance with rules prescribed
8.26 by the commissioner. In the case of property held in trust, the allowable deduction must
8.27 be apportioned between the income beneficiaries and the trustee in accordance with the
8.28 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
8.29 of the trust's income allocable to each;

8.30 (8) for certified pollution control facilities placed in service in a taxable year
8.31 beginning before December 31, 1986, and for which amortization deductions were elected
8.32 under section 169 of the Internal Revenue Code of 1954, as amended through December
8.33 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
8.34 1986, section 290.09, subdivision 7;

8.35 (9) amounts included in federal taxable income that are due to refunds of income,
8.36 excise, or franchise taxes based on net income or related minimum taxes paid by the

9.1 corporation to Minnesota, another state, a political subdivision of another state, the
 9.2 District of Columbia, or a foreign country or possession of the United States to the extent
 9.3 that the taxes were added to federal taxable income under ~~section 290.01~~, subdivision 19c,
 9.4 clause (1), in a prior taxable year;

9.5 ~~(10) 80 percent of royalties, fees, or other like income accrued or received from a~~
 9.6 ~~foreign operating corporation or a foreign corporation which is part of the same unitary~~
 9.7 ~~business as the receiving corporation, unless the income resulting from such payments or~~
 9.8 ~~accruals is income from sources within the United States as defined in subtitle A, chapter~~
 9.9 ~~1, subchapter N, part 1, of the Internal Revenue Code;~~

9.10 ~~(11)~~ (10) income or gains from the business of mining as defined in section 290.05,
 9.11 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

9.12 ~~(12)~~ (11) the amount of disability access expenditures in the taxable year which are
 9.13 not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue
 9.14 Code;

9.15 ~~(13)~~ (12) the amount of qualified research expenses not allowed for federal income
 9.16 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
 9.17 that the amount exceeds the amount of the credit allowed under section 290.068;

9.18 ~~(14)~~ (13) the amount of salary expenses not allowed for federal income tax purposes
 9.19 due to claiming the Indian employment credit under section 45A(a) of the Internal
 9.20 Revenue Code;

9.21 ~~(15)~~ (14) for a corporation whose foreign sales corporation, as defined in section
 9.22 922 of the Internal Revenue Code, constituted a foreign operating corporation during any
 9.23 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,
 9.24 claiming the deduction under section 290.21, subdivision 4, for income received from
 9.25 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of
 9.26 income excluded under section 114 of the Internal Revenue Code, provided the income is
 9.27 not income of a foreign operating company;

9.28 ~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the
 9.29 Internal Revenue Code, for the taxable year when subpart F income is calculated without
 9.30 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

9.31 ~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an
 9.32 addition is required under subdivision 19c, clause ~~(15)~~ (14), an amount equal to one-fifth
 9.33 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the
 9.34 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (14). The
 9.35 resulting delayed depreciation cannot be less than zero;

10.1 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an
10.2 addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth
10.3 of the amount of the addition; and

10.4 ~~(19)~~ (18) to the extent included in federal taxable income, discharge of indebtedness
10.5 income resulting from reacquisition of business indebtedness included in federal taxable
10.6 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
10.7 to the extent that the income was included in net income in a prior year as a result of the
10.8 addition under ~~section 290.01~~, subdivision 19c, clause ~~(25)~~ (20).

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

10.11 Sec. ... Minnesota Statutes 2010, section 290.0921, subdivision 3, is amended to read:

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

10.19 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
10.20 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
10.21 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
10.22 income tax purposes, including any modification made in a taxable year under section
10.23 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
10.24 paragraph (c).

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

10.29 (2) The portion of the depreciation deduction allowed for federal income tax
10.30 purposes under section 168(k) of the Internal Revenue Code that is required as an addition
10.31 under section 290.01, subdivision 19c, clause ~~(15)~~ (14), is disallowed in determining
10.32 alternative minimum taxable income.

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

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

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

11.5 (6) The special rule for dividends from section 936 companies under section
11.6 56(g)(4)(C)(iii) does not apply.

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

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

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

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

11.16 (11) For purposes of calculating the tax preference for accelerated depreciation or
11.17 amortization on certain property placed in service before January 1, 1987, under section
11.18 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
11.19 deduction allowed under section 290.01, subdivision 19e.

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

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

11.28 (13) For purposes of determining the amount of adjusted current earnings under
11.29 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
11.30 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
11.31 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
11.32 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
11.33 290.01, subdivision 19d, clause (9), ~~or (iii) the amount of royalties, fees or other like~~
11.34 ~~income subtracted as provided in section 290.01, subdivision 19d, clause (10).~~

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

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

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

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

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

12.9 Sec. ... Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

12.10 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly
12.11 within this state or partly within and partly without this state is part of a unitary business,
12.12 the entire income of the unitary business is subject to apportionment pursuant to section
12.13 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary
12.14 business is considered to be derived from any particular source and none may be allocated
12.15 to a particular place except as provided by the applicable apportionment formula. The
12.16 provisions of this subdivision do not apply to business income subject to subdivision 5,
12.17 income of an insurance company, or income of an investment company determined under
12.18 section 290.36.

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

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

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

12.34 (e) Unity of ownership is not deemed to exist when a corporation is involved unless
12.35 that corporation is a member of a group of two or more business entities and more than 50

13.1 percent of the voting stock of each member of the group is directly or indirectly owned
13.2 by a common owner or by common owners, either corporate or noncorporate, or by one
13.3 or more of the member corporations of the group. For this purpose, the term "voting
13.4 stock" shall include membership interests of mutual insurance holding companies formed
13.5 under section 66A.40.

13.6 (f) The net income and apportionment factors under section 290.191 or 290.20 of
13.7 foreign corporations and other foreign entities which are part of a unitary business shall
13.8 not be included in the net income or the apportionment factors of the unitary business.
13.9 A foreign corporation or other foreign entity which is required to file a return under this
13.10 chapter shall file on a separate return basis. ~~The net income and apportionment factors~~
13.11 ~~under section 290.191 or 290.20 of foreign operating corporations shall not be included in~~
13.12 ~~the net income or the apportionment factors of the unitary business except as provided in~~
13.13 ~~paragraph (g).~~ The provisions of this paragraph are not severable from the provisions of
13.14 section 290.01, subdivision 5, clauses (4) to (6); if any of those provisions are found to be
13.15 unconstitutional, the provisions of this paragraph are void for the respective taxable years.

13.16 ~~(g) The adjusted net income of a foreign operating corporation shall be deemed to~~
13.17 ~~be paid as a dividend on the last day of its taxable year to each shareholder thereof, in~~
13.18 ~~proportion to each shareholder's ownership, with which such corporation is engaged in~~
13.19 ~~a unitary business. Such deemed dividend shall be treated as a dividend under section~~
13.20 ~~290.21, subdivision 4.~~

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

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

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

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

13.35 ~~(h)~~ (g) For purposes of determining the net income of a unitary business and the
13.36 factors to be used in the apportionment of net income pursuant to section 290.191 or

14.1 290.20, there must be included only the income and apportionment factors of domestic
 14.2 corporations or other domestic entities ~~other than foreign operating corporations~~ that are
 14.3 determined to be part of the unitary business pursuant to this subdivision, notwithstanding
 14.4 that foreign corporations or other foreign entities might be included in the unitary
 14.5 business, except that foreign corporations or other foreign entities that are included on a
 14.6 federal income tax return must be included on the combined report. Income of a foreign
 14.7 partnership or other foreign entity treated as a partnership included in federal taxable
 14.8 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended
 14.9 through the date named in section 290.01, subdivision 19, and the proportionate amount of
 14.10 apportionment factors, must be included in the combined report.

14.11 ~~(h)~~ (h) Deductions for expenses, interest, or taxes otherwise allowable under
 14.12 this chapter that are connected with or allocable against dividends, ~~deemed dividends~~
 14.13 ~~described in paragraph (g), or royalties, fees, or other like income described in section~~
 14.14 ~~290.01, subdivision 19d, clause (10),~~ shall not be disallowed.

14.15 ~~(h)~~ (i) Each corporation or other entity, except a sole proprietorship, that is part of
 14.16 a unitary business must file combined reports as the commissioner determines. On the
 14.17 reports, all intercompany transactions between entities included pursuant to paragraph
 14.18 ~~(h)~~ (g) must be eliminated and the entire net income of the unitary business determined in
 14.19 accordance with this subdivision is apportioned among the entities by using each entity's
 14.20 Minnesota factors for apportionment purposes in the numerators of the apportionment
 14.21 formula and the total factors for apportionment purposes of all entities included pursuant
 14.22 to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula. All sales of the
 14.23 unitary business made within Minnesota pursuant to section 290.191 or 290.20 must be
 14.24 included on the separate combined report of a corporation that is a member of the unitary
 14.25 business and is subject to the jurisdiction of this state to impose tax under this chapter.

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

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

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

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

14.35 Sec. ... Minnesota Statutes 2010, section 290.191, subdivision 5, is amended to read:

15.1 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
15.2 rules apply in determining the sales factor.

15.3 (a) The sales factor includes all sales, gross earnings, or receipts received in the
15.4 ordinary course of the business, except that the following types of income are not included
15.5 in the sales factor:

15.6 (1) interest;

15.7 (2) dividends;

15.8 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

15.9 (4) sales of property used in the trade or business, except sales of leased property of
15.10 a type which is regularly sold as well as leased; and

15.11 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
15.12 Code or sales of stock; ~~and~~

15.13 ~~(6) royalties, fees, or other like income of a type which qualify for a subtraction from~~
15.14 ~~federal taxable income under section 290.01, subdivision 19d(10).~~

15.15 (b) Sales of tangible personal property are made within this state if the property is
15.16 received by a purchaser at a point within this state, and the taxpayer is taxable in this state,
15.17 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
15.18 of the property.

15.19 (c) Tangible personal property delivered to a common or contract carrier or foreign
15.20 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
15.21 regardless of f.o.b. point or other conditions of the sale.

15.22 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
15.23 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
15.24 licensed by a state or political subdivision to resell this property only within the state of
15.25 ultimate destination, the sale is made in that state.

15.26 (e) Sales made by or through a corporation that is qualified as a domestic
15.27 international sales corporation under section 992 of the Internal Revenue Code are not
15.28 considered to have been made within this state.

15.29 (f) Sales, rents, royalties, and other income in connection with real property is
15.30 attributed to the state in which the property is located.

15.31 (g) Receipts from the lease or rental of tangible personal property, including finance
15.32 leases and true leases, must be attributed to this state if the property is located in this
15.33 state and to other states if the property is not located in this state. Receipts from the
15.34 lease or rental of moving property including, but not limited to, motor vehicles, rolling
15.35 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts

16.1 factor to the extent that the property is used in this state. The extent of the use of moving
16.2 property is determined as follows:

16.3 (1) A motor vehicle is used wholly in the state in which it is registered.

16.4 (2) The extent that rolling stock is used in this state is determined by multiplying
16.5 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
16.6 which is the miles traveled within this state by the leased or rented rolling stock and the
16.7 denominator of which is the total miles traveled by the leased or rented rolling stock.

16.8 (3) The extent that an aircraft is used in this state is determined by multiplying the
16.9 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
16.10 the number of landings of the aircraft in this state and the denominator of which is the
16.11 total number of landings of the aircraft.

16.12 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
16.13 the state is determined by multiplying the receipts from the lease or rental of the property
16.14 by a fraction, the numerator of which is the number of days during the taxable year the
16.15 property was in this state and the denominator of which is the total days in the taxable year.

16.16 (h) Royalties and other income not described in paragraph (a), clause (6), received
16.17 for the use of or for the privilege of using intangible property, including patents,
16.18 know-how, formulas, designs, processes, patterns, copyrights, trade names, service names,
16.19 franchises, licenses, contracts, customer lists, or similar items, must be attributed to the
16.20 state in which the property is used by the purchaser. If the property is used in more
16.21 than one state, the royalties or other income must be apportioned to this state pro rata
16.22 according to the portion of use in this state. If the portion of use in this state cannot be
16.23 determined, the royalties or other income must be excluded from both the numerator
16.24 and the denominator. Intangible property is used in this state if the purchaser uses the
16.25 intangible property or the rights therein in the regular course of its business operations in
16.26 this state, regardless of the location of the purchaser's customers.

16.27 (i) Sales of intangible property are made within the state in which the property is
16.28 used by the purchaser. If the property is used in more than one state, the sales must be
16.29 apportioned to this state pro rata according to the portion of use in this state. If the
16.30 portion of use in this state cannot be determined, the sale must be excluded from both the
16.31 numerator and the denominator of the sales factor. Intangible property is used in this
16.32 state if the purchaser used the intangible property in the regular course of its business
16.33 operations in this state.

16.34 (j) Receipts from the performance of services must be attributed to the state where
16.35 the services are received. For the purposes of this section, receipts from the performance
16.36 of services provided to a corporation, partnership, or trust may only be attributed to a state

17.1 where it has a fixed place of doing business. If the state where the services are received is
17.2 not readily determinable or is a state where the corporation, partnership, or trust receiving
17.3 the service does not have a fixed place of doing business, the services shall be deemed
17.4 to be received at the location of the office of the customer from which the services were
17.5 ordered in the regular course of the customer's trade or business. If the ordering office
17.6 cannot be determined, the services shall be deemed to be received at the office of the
17.7 customer to which the services are billed.

17.8 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
17.9 from management, distribution, or administrative services performed by a corporation
17.10 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
17.11 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
17.12 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
17.13 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
17.14 fund owned by shareholders residing within Minnesota at the beginning and end of each
17.15 year; and (2) the average of the total number of outstanding shares in the fund at the
17.16 beginning and end of each year. Residence of the shareholder, in the case of an individual,
17.17 is determined by the mailing address furnished by the shareholder to the fund. Residence
17.18 of the shareholder, when the shares are held by an insurance company as a depositor for
17.19 the insurance company policyholders, is the mailing address of the policyholders. In
17.20 the case of an insurance company holding the shares as a depositor for the insurance
17.21 company policyholders, if the mailing address of the policyholders cannot be determined
17.22 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
17.23 Residence of other shareholders is the mailing address of the shareholder.

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

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

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

18.1 does not consist principally of the holding of the stocks and the collection of the income
18.2 and gains therefrom; and

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

18.7 (ii) the remaining 20 percent of dividends if the dividends are received from a
18.8 corporation which is subject to tax under section 290.36 and which is a member of an
18.9 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
18.10 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
18.11 amended through December 31, 1989, or is deducted under an election under section
18.12 243(b) of the Internal Revenue Code; or

18.13 (iii) the remaining 20 percent of the dividends if the dividends are received from a
18.14 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
18.15 member of an affiliated group of corporations as defined by the Internal Revenue Code
18.16 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
18.17 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
18.18 under an election under section 243(b) of the Internal Revenue Code.

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

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

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

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

19.1 The dividend deduction provided in this subdivision applies to the amount of
19.2 regulated investment company dividends only to the extent determined under section
19.3 854(b) of the Internal Revenue Code.

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

19.7 (d) If dividends received by a corporation that does not have nexus with Minnesota
19.8 under the provisions of Public Law 86-272 are included as income on the return of
19.9 an affiliated corporation permitted or required to file a combined report under section
19.10 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the
19.11 determination as to whether the trade or business of the corporation consists principally
19.12 of the holding of stocks and the collection of income and gains therefrom shall be made
19.13 with reference to the trade or business of the affiliated corporation having a nexus with
19.14 Minnesota.

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

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

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

19.25 Page 7, after line 32, insert:

19.26 "Sec. ... **REPEALER.**

19.27 Minnesota Statutes 2010, sections 290.01, subdivision 6b; and 290.0921, subdivision
19.28 7, are repealed.

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

19.31 Page 24, after line 21, insert:

19.32 "Sec. ... Minnesota Statutes 2011 Supplement, section 123B.75, subdivision 5, is
19.33 amended to read:

20.1 Subd. 5. **Levy recognition.** ~~(a) For fiscal years 2009 and 2010, in June of each~~
20.2 ~~year, the school district must recognize as revenue, in the fund for which the levy was~~
20.3 ~~made, the lesser of:~~

20.4 ~~(1) the sum of May, June, and July school district tax settlement revenue received in~~
20.5 ~~that calendar year, plus general education aid according to section 126C.13, subdivision~~
20.6 ~~4, received in July and August of that calendar year; or~~

20.7 ~~(2) the sum of:~~

20.8 ~~(i) 31 percent of the referendum levy certified according to section 126C.17, in~~
20.9 ~~calendar year 2000; and~~

20.10 ~~(ii) the entire amount of the levy certified in the prior calendar year according to~~
20.11 ~~section 124D.86, subdivision 4, for school districts receiving revenue under sections~~
20.12 ~~124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph~~
20.13 ~~(a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457, and 126C.48,~~
20.14 ~~subdivision 6; plus~~

20.15 ~~(iii) zero percent of the amount of the levy certified in the prior calendar year for the~~
20.16 ~~school district's general and community service funds, plus or minus auditor's adjustments,~~
20.17 ~~not including the levy portions that are assumed by the state, that remains after subtracting~~
20.18 ~~the referendum levy certified according to section 126C.17 and the amount recognized~~
20.19 ~~according to item (ii).~~

20.20 ~~(b)~~ (a) For fiscal year 2011 and later years, in June of each year, the school district
20.21 must recognize as revenue, in the fund for which the levy was made, the lesser of:

20.22 (1) the sum of May, June, and July school district tax settlement revenue received in
20.23 that calendar year, plus general education aid according to section 126C.13, subdivision
20.24 4, received in July and August of that calendar year; or

20.25 (2) the sum of:

20.26 (i) the greater of 48.6 percent of the referendum levy certified according to section
20.27 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified
20.28 according to section 126C.17 in calendar year 2000; plus

20.29 (ii) the entire amount of the levy certified in the prior calendar year according to
20.30 section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under
20.31 sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2,
20.32 paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48,
20.33 subdivision 6; plus

20.34 (iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the
20.35 school district's general and community service funds, plus or minus auditor's adjustments,

21.1 that remains after subtracting the referendum levy certified according to section 126C.17
21.2 and the amount recognized according to item (ii).

21.3 (b) The levy recognition percentage under paragraph (a), clause (2), must be lowered
21.4 to the nearest one-tenth of a percentage allowed by the amount of the certified revenue
21.5 remaining after the application of revenue under section 127A.45, subdivision 18, until
21.6 such time as the levy recognition percentage is lowered to zero.

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

21.8 Page 28, line 21, before "70.2" insert "67.6 in fiscal year 2012 and" and strike "
21.9 2012" and insert "2013"

21.10 Page 28, after line 22, insert:

21.11 "Sec. ... Minnesota Statutes 2010, section 127A.45, is amended by adding a subdivision
21.12 to read:

21.13 Subd. 18. **Shift repayment; appropriations.** On July 1 of each year, the
21.14 commissioner of revenue must certify to the commissioner of education the estimated
21.15 amount of revenue raised under this act during the current calendar year. The certified
21.16 amount is annually appropriated from the general fund to the Department of Education.
21.17 The commissioner of education must increase the aid payment percentage under
21.18 subdivision 2 to the lesser of 90 or the amount funded by the certified revenue amount.
21.19 Once the aid payment percentage is restored to 90, any additional certified revenue
21.20 amount must be used to lower the property tax recognition shift under section 123B.75,
21.21 subdivision 5.

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

21.23 Page 29, line 14, delete "\$430,094,000" and insert "\$233,206,000"

21.24 Renumber the sections in sequence and correct the internal references

21.25 Amend the title accordingly