

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice Seagren, Harry Mares, Tony Kielkucki, Ken Wolf, John Dorn

Senate Conferees: (Signed) Lawrence J. Pogemiller, Linda Scheid, Sandra L. Pappas, Kenric J. Scheevel, Martha R. Robertson

Senator Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2333 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2333 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Olson	Scheid
Belanger	Janezich	Langseth	Ourada	Solon
Berg	Johnson, D.E.	Larson	Pappas	Spear
Berglin	Johnson, D.H.	Lesewski	Pariseau	Stevens
Betzold	Johnson, D.J.	Lessard	Piper	Stumpf
Cohen	Johnson, J.B.	Limmer	Pogemiller	Ten Eyck
Day	Junge	Lourey	Price	Terwilliger
Dille	Kelley, S.P.	Marty	Ranum	Vickerman
Fischbach	Kelly, R.C.	Metzen	Robertson	Wiener
Flynn	Kierlin	Moe, R.D.	Robling	Wiger
Foley	Kiscaden	Murphy	Runbeck	Ziegler
Frederickson	Kleis	Neuville	Sams	
Hanson	Knutson	Novak	Samuelson	
Higgins	Krentz	Oliver	Scheevel	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2223, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2223: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as

amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

Senate File No. 2223 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senators Pogemiller, Sams and Solon introduced--

S.F. No. 2279: A bill for an act relating to professions; board of accountancy; changing board membership; changing educational requirements; providing for certification of licensed accounting practitioners; appropriating money; amending Minnesota Statutes 1998, sections 326.1655, by adding a subdivision; 326.17; 326.18, subdivisions 4 and 5; 326.192, subdivisions 1, 4, and by adding a subdivision; 326.20, subdivisions 1 and 3; 326.211, subdivisions 5, 6, 7, 8, 9, 10, and by adding subdivisions; 326.212, subdivision 1, and by adding a subdivision; and 326.224; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1998, section 326.212, subdivision 4.

Referred to the Committee on Commerce.

Senator Kelley, S.P. introduced--

S.F. No. 2280: A bill for an act relating to education; appropriating money for the office of research and technology transfer administration for purposes of developing an international technology acquisition and transfer system.

Referred to the Committee on Children, Families and Learning.

Senator Runbeck introduced--

S.F. No. 2281: A bill for an act relating to transportation; appropriating money for work relating to highways 10, 65, and I-35W.

Referred to the Committee on Transportation.

Senator Wiener introduced--

S.F. No. 2282: A bill for an act relating to taxation; authorizing the city of Eagan to establish a tax increment financing district subject to certain modified requirements.

Referred to the Committee on Local and Metropolitan Government.

Senator Langseth introduced--

S.F. No. 2283: A bill for an act relating to metropolitan transit; appropriating money. Referred to the Committee on Transportation.

Senator Kelly, R.C. introduced--

S.F. No. 2284: A bill for an act relating to crime prevention; creating a criminal gang prosecution council to support work of the Minnesota criminal gang council and strike force, prosecute crimes committed by criminal gangs throughout the state, and develop criminal gang prosecution guidelines; providing the attorney general jurisdiction to prosecute criminal gang cases referred by the Minnesota gang oversight council or Minnesota gang strike force; amending Minnesota Statutes 1998, sections 8.01; and 299A.64, by adding subdivisions.

Referred to the Committee on Crime Prevention.

Senators Flynn, Hottinger, Dille and Betzold introduced--

S.F. No. 2285: A bill for an act relating to smoking; prohibiting tobacco advertisements and promotions in areas frequented by youth; prohibiting smoking in workplaces; providing for smoke-free areas in multitenant buildings; providing that the deposit of partially burned cigarettes is littering; providing penalties; amending Minnesota Statutes 1998, sections 85.20, subdivision 6; 169.42, subdivision 1; 169.421, subdivision 3; 144.413, subdivision 2; 144.414, subdivision 1, and by adding a subdivision; 144.415; and 609.68; proposing coding for new law in Minnesota Statutes, chapters 144; and 325E.

Referred to the Committee on Health and Family Security.

MOTIONS AND RESOLUTIONS - CONTINUED

Senators Moe, R.D. and Day introduced--

Senate Resolution No. 89: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 81st Legislature, 1999 session and the convening of the 81st Legislature, 2000 session.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in commissions and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Secretary of the Senate shall classify as "permanent" for purposes of Minnesota Statutes, sections 3.095 and 43A.24 the Senate employees certified as "permanent" by the Committee on Rules and Administration.

The Secretary of the Senate may employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 1999 regular session. The Secretary of the Senate may employ the necessary employees to prepare for the 2000 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and

Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering service upon proper verification of the expenses incurred, and for such other expenses authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 1999 session. The Secretary of the Senate may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after May 17, 1999.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies, equipment, and other goods and services necessary to carry out the work of the Senate. Contracts in excess of \$10,000 must be signed by the Chair of the Committee on Rules and Administration and another member designated by the Chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts referred to in this resolution.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, are reserved for use by the Senate and its standing committees only and must not be released or used for any other purpose except upon the authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration or its Chair.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature under Senate Concurrent Resolution No. 2.

Mr. Moe, R.D. moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Olson	Scheid
Belanger	Janezich	Langseth	Ourada	Solon
Berg	Johnson, D.E.	Larson	Pappas	Spear
Berglin	Johnson, D.H.	Lesewski	Pariseau	Stevens
Betzold	Johnson, D.J.	Lessard	Piper	Stumpf
Cohen	Johnson, J.B.	Limmer	Pogemiller	Ten Eyck
Day	Junge	Lourey	Price	Terwilliger
Dille	Kelley, S.P.	Marty	Ranum	Wiener
Fischbach	Kelly, R.C.	Metzen	Robertson	Wiger
Flynn	Kierlin	Moe, R.D.	Robling	Ziegler
Foley	Kiscaden	Murphy	Runbeck	
Frederickson	Kleis	Neuville	Sams	
Hanson	Knutson	Novak	Samuelson	
Higgins	Krentz	Oliver	Scheevel	

The motion prevailed. So the resolution was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED**Senators Moe, R.D. and Day introduced--**

Senate Concurrent Resolution No. 9: A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2000.

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 17, 1999, the Senate may set its next day of meeting for Tuesday, February 1, 2000, at 12:00 noon and the House of Representatives may set its next day of meeting for Tuesday, February 1, 2000, at 12:00 noon.

2. By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Senator Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Senator Ranum moved that S.F. No. 2224 be taken from the table. The motion prevailed.

S.F. No. 2224: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, section 322B.115, subdivision 4.

Senator Ranum moved to amend S.F. No. 2224 as follows:

Page 3, after line 1, insert:

"Sec. 2. [CORRECTION 1.] Minnesota Statutes 1998, section 256.476, subdivision 8, as amended by Laws 1999, chapter 10, section 3, is amended to read:

Subd. 8. [COMMISSIONER RESPONSIBILITIES.] The commissioner shall:

- (1) transfer and allocate funds pursuant to this section;
- (2) determine allocations based on projected and actual local agency use;
- (3) monitor and oversee overall program spending;
- (4) evaluate the effectiveness of the program;
- (5) provide training and technical assistance for local agencies and consumers to help identify potential applicants to the program;
- (6) develop guidelines for local agency program administration and consumer information; and
- (7) apply for a federal waiver or take any other action necessary to maximize federal funding for the program by ~~June~~ September 1, 1999.

Sec. 3. [CORRECTION 2.] 1999 S.F. No. 626, section 44, if enacted, is amended to read:

Sec. 44. [PRIVATE SALE OF TAX-FORFEITED AND SURPLUS STATE LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may sell by private sale the tax-forfeited land that is described in paragraph (c), clauses (1) to (11), under the remaining provisions of Minnesota Statutes, chapter 282. Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c), clause (12).

(b) The land described in paragraph (c) may be sold by private sale to the Iron Range Resource and Rehabilitation Board for economic development. The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal descriptions to correct errors and ensure accuracy. The consideration for the conveyance must be equal to the fair market value of the land plus the cost of appraisal. The conveyance shall not include stockpiled iron-bearing material held under control of the commissioner of natural resources. The commissioner may sell the stockpiled iron-bearing material located on these lands according to Minnesota Statutes, section 93.41.

(c) The lands to be conveyed are located in St. Louis county and are described as:

(1) ~~the Northwest Quarter of the Northwest Quarter~~ Government Lot 3, Section 5, Township 58 North, Range 15 West;

(2) ~~the Northeast Quarter of the Northwest Quarter~~ Government Lot 4, Section 5, Township 58 North, Range 15 West;

(3) ~~the Southwest Quarter of the Northwest Quarter~~ Government Lot 5, Section 5, Township 58 North, Range 15 West;

(4) ~~the Northwest Quarter of the Southwest Quarter~~ Government Lot 6, Section 5, Township 58 North, Range 15 West;

(5) ~~the Southeast Quarter of the Northeast Quarter~~ Government Lot 9, Section 6, Township 58 North, Range 15 West;

(6) ~~the Northwest Quarter of the Southeast Quarter~~ Government Lot 10, Section 6, Township 58 North, Range 15 West;

(7) ~~the Northeast Quarter of the Southeast Quarter~~ Government Lot 11, Section 6, Township 58 North, Range 15 West;

(8) ~~the Southwest Quarter of the Southeast Quarter~~ Government Lot 12, Section 6, Township 58 North, Range 15 West;

(9) ~~the Southeast Quarter of the Southeast Quarter, Section 6, Township 58 North, Range 15 West;~~

(10) ~~the Northeast Quarter of the Southeast Quarter~~ Government Lot 6, Section 31, Township 59 North, Range 15 West;

(11) ~~the Southeast Quarter of the Southeast Quarter, Section 31, Township 59 North, Range 15 West;~~

(12) (10) ~~the Northwest Quarter of the Southwest Quarter~~ Government Lot 4, Section 32, Township 59 North, Range 15 West;

(13) (11) ~~the Northeast Quarter of the Southwest Quarter~~ Government Lot 5, Section 32, Township 59 North, Range 15 West; and

(14) ~~the Southwest Quarter of the Southwest Quarter, Section 32, Township 59 North, Range 15 West; and~~

(15) (12) ~~the Southeast Quarter of the Southwest Quarter, the surface of the beds of Wine (Wynne) and Syracuse lakes, below the natural ordinary high water mark thereof, as originally surveyed in Sections 5 and 6 of Township 58 North, Range 15 West, and the Southwest Quarter of Section 32, Township 59 North, Range 15 West.~~

(d) The county has determined that the county's land management interests would best be served if the tax-forfeited lands were returned to private ownership. The commissioner has determined that the surplus land is no longer needed for any state purpose and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 4. [CORRECTION 3.] Minnesota Statutes 1998, section 124D.54, subdivision 1, as amended by 1999 H.F. No. 1467, article 4, section 7, if enacted, is amended to read:

Subdivision 1. [AID ELIGIBILITY.] Adult high school graduation aid for eligible pupils age 21 or over equals:

(1) for fiscal year 2000: 1.30 multiplied by the average daily membership under section 126C.05, subdivision 12, multiplied by the greater of (i) \$1,676 or (ii) \$3,251,000 divided by the state total weighted average daily membership, not to exceed \$2,295;

(2) for fiscal year 2001 and later fiscal years: \$2,338 multiplied by 1.30 multiplied by the average daily membership under section 126C.05, subdivision 12.

Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 5. [CORRECTION 4.] 1999 H.F. No. 1825, section 12, if enacted, is amended to read:

Sec. 12. [349.173] [CONDUCT OF RAFFLES.]

Raffle tickets at a minimum must list the three most expensive prizes to be awarded. If additional prizes will be awarded that are not contained on the raffle ticket, the raffle ticket must contain the statement "A complete list of additional prizes is available upon request." Notwithstanding section 349.12, subdivision 33, raffles conducted under the exemptions in section 349.166 may use tickets that contain only the sequential number of the raffle ticket and no other information if the organization makes a list of prizes and a statement of other relevant information required by rule available to persons purchasing tickets and if tickets are only sold at the event and on the date when the tickets are sold drawn.

Sec. 6. [CORRECTION 5.] 1999 S.F. No. 2221, article 1, section 13, subdivision 1, if enacted, is amended to read:

Sec. 13. CORRECTIONS

Subdivision 1. Total

Appropriation	325,897,000	343,753,000
	<u>328,484,000</u>	<u>346,365,000</u>

Summary by Fund

General	327,362,000	345,243,000
Special Revenue	1,122,000	1,122,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Any unencumbered balances remaining in the first year do not cancel but are available for the second year of the biennium.

Positions and administrative money may be transferred within the department of corrections as the commissioner considers necessary, upon the advance approval of the commissioner of finance.

For the biennium ending June 30, 2001, the commissioner of corrections may, with the approval of the commissioner of finance, transfer funds to or from salaries.

During the biennium ending June 30, 2001, the commissioner may enter into contracts with private corporations or governmental units of the state of Minnesota to house adult offenders committed to the commissioner of corrections. Every effort shall be made to house individuals committed to the commissioner of corrections in Minnesota correctional facilities.

If the commissioner deems it necessary to reduce staff positions during the biennium ending June 30, 2001, the commissioner shall reduce at least the same percentage of management and supervisory personnel as line and support personnel to ensure employee safety, inmate safety, and facility security. By January 15, 2002, the commissioner shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding on whether it was necessary to reduce staff positions, and, if so, the percentage of management and supervisory personnel positions that were reduced compared with the number of line and support personnel positions reduced.

During the biennium ending June 30, 2001, if it is necessary to reduce services or staffing within a correctional facility, the commissioner or the commissioner's designee shall meet with affected exclusive representatives. The commissioner shall make every reasonable effort to retain correctional officer and prison industry employees should reductions be necessary.

During the biennium ending June 30, 2001, the commissioner shall consider ways to reduce the per diem in adult correctional facilities. As part of this consideration, the commissioner shall consider reduction in management and supervisory personnel levels in addition to line staff levels within adult correctional institutions, provided this objective can be accomplished without compromising safety and security. By January 15, 2002, the commissioner shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding on what methods were considered to reduce per diems under this paragraph and what changes, if any, were implemented to achieve the reductions.

Sec. 7. [CORRECTION 6.] Minnesota Statutes 1998, section 124D.135, subdivision 3, as amended by 1999 H.F. No. 1467, article 1, section 43, if enacted, is amended to read:

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] For fiscal years ~~2000 and year 2001~~ to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, by September 30 of each year, the commissioner shall establish a tax rate for early childhood education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue.

Sec. 8. [CORRECTION 7.] 1999 S.F. No. 2221, article 1, section 12, subdivision 1, if enacted, is amended to read:

Sec. 12. BOARD OF PUBLIC DEFENSE

Subdivision 1. Total

Appropriation	44,272,000	47,617,000
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None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The ~~state public defender~~ board of public defense may use money appropriated as part of the ~~office's~~ agency's base budget to hire a personnel director.

Sec. 9. [CORRECTION 8A.] 1999 S.F. No. 2226, section 5, subdivision 4, if enacted, is amended to read:

Subd. 4. Forest Management

34,670,000	35,175,000
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Summary by Fund

General	34,207,000	34,701,000
Natural Resources	463,000	474,000

\$3,599,000 the first year and \$3,688,000 the second year are for presuppression and suppression costs of emergency fire fighting. If the appropriation for either year is insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund. If money is spent under the appropriation in the preceding sentence, the commissioner of natural resources shall, by 15 days after the end of the following quarter, report on how the money was spent to the chairs of the house of representatives ways and means committee, the environment and agriculture budget division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee. The appropriations may not be transferred.

\$722,000 the first year and \$724,000 the second year are for programs and practices on state, county, and private lands to regenerate and protect Minnesota's white pine. Up to \$280,000 of the appropriation in each year may be used by the commissioner to provide 50 percent matching funds to implement cultural practices for white pine management on nonindustrial, private forest lands at rates specified in the Minnesota stewardship incentives program manual. Up to \$150,000 of the appropriation in each year may be used by the commissioner to provide funds to implement cultural practices for white pine management on county-administered lands through grant agreements with individual counties, with priorities for areas that experienced wind damage in July 1995. \$40,000 each year is for a study of the natural regeneration process of white pine. The remainder of the funds in each fiscal year will be available to the commissioner for white pine regeneration and protection on department-administered lands.

\$150,000 the first year and \$150,000 the second year are for a grant to the University of Minnesota's College of Natural Resources for research to reduce the impact of blister rust on Minnesota's white pine.

The commissioner may contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

\$61,000 the first year and \$62,000 the second year are for the focus on community forests program, to provide communities with natural resources technical assistance.

\$225,000 the first year is for grants to local community forest ecosystem health programs. This appropriation is available until June 30, 2001. The commissioner of natural resources shall allocate individual grants of up to \$25,000 to local communities that match the grants with nonstate money to undertake projects that improve the health of forest ecosystems, including insect and disease suppression programs, community-based forest health education programs, and other arboricultural treatments.

\$100,000 the first year and \$100,000 the second year are an increase in the base appropriation for the Minnesota conservation corps program activities.

\$500,000 each year is for the activities of the forest resources council. This is a one-time appropriation.

Sec. 10. [CORRECTION 8B.] 1999 S.F. No. 2226, section 6, if enacted, is amended to read:

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

18,896,000 18,228,000

\$5,480,000 the first year and \$5,480,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 each year is for a grant to the North Shore Management Board, \$35,000 each year is for a grant to the St. Louis River Board, \$100,000 each year is for a grant to the Minnesota River Basin Joint Powers Board, and \$27,000 each year is for a grant to the Southeast Minnesota Resources Board.

The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1998 allocation.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,867,000 the first year and \$3,867,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$4,120,000 the first year and \$4,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, \$32,000 the first year is for a grant to the Blue Earth county soil and water conservation districts for stream bank stabilization on the LeSueur river within the city limits of St. Clair; and at least \$1,500,000 the first year and \$1,500,000 the second year are for grants for cost-sharing contracts for water quality management on feedlots. Priority must be given to feedlot operators who have received notices of violation and for feedlots in counties that are

conducting or have completed a level 2 or level 3 feedlot inventory. This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red river basin board to develop a Red river basin water management plan and to coordinate water management activities in the states and provinces bordering the Red river. This appropriation is only available to the extent it is matched by a proportionate amount in United States currency from the states of North Dakota and South Dakota and the province of Manitoba. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$1,203,000 the first year and \$450,000 the second year are for the administrative costs of easement and grant programs.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

Sec. 11. [CORRECTION 8C.] Minnesota Statutes 1998, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4), (5), and (9), and 3, clauses (2), (3), and (7), and licenses issued under section 97B.301, subdivision 4.

(b) At least \$2 from each deer license shall be used for deer habitat improvement or deer management programs.

(c) At least \$1 from each deer license and each bear license shall be used for deer and bear management programs, including a computerized licensing system. Fifty cents from each deer license is appropriated for emergency deer feeding. Money appropriated for emergency deer feeding is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding at the end of a fiscal year exceeds \$750,000 \$1,500,000 for the first time, \$750,000 is canceled to the unappropriated balance of the game and fish fund and the amount appropriated for emergency deer feeding is reduced to 25 cents from each deer license.

Thereafter, when the unencumbered balance in the appropriation for emergency deer feeding exceeds \$1,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$1,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 12. [CORRECTION 10A.] 1999 H.F. No. 2390, article 1, section 4, subdivision 4, if enacted, is amended to read:

Subd. 4. Workforce Preparation

	17,273,000	11,718,000	
			Summary by Fund
General		11,221,000	10,666,000
Workforce Development Fund		6,052,000	1,052,000

\$775,000 the first year and \$775,000 the second year are for job training programs under Minnesota Statutes, sections 268.60 to 268.64. This appropriation is from the workforce development fund.

\$2,049,000 the first year and \$2,054,000 the second year are for displaced homemaker programs under Minnesota Statutes, section 268.96. Of this appropriation, \$227,000 each year is a one-time appropriation from the workforce development fund. The commissioner shall prepare and report to the legislature a plan for a sliding scale fee structure for this program. Of this amount, \$100,000 the first year and \$100,000 the second year are for one-time grants to the St. Paul district 5 planning council. These grants are to operate a community work empowerment support group demonstration project. A project consists of empowerment groups of individuals that are in the process of obtaining or have obtained jobs, including those in the welfare-to-work programs, or are working out problems of attaining self-sufficiency. The groups must separately meet at least monthly for at least two hours. Each group meeting must include empower mentors whose responsibility will be to conduct the meeting. The sites will report to the commissioner on a semiannual basis regarding the progress achieved at the meetings. The purpose of the group is to:

- (1) share information among group members as to the successes and problems encountered in the individual's employment goals;
- (2) provide a forum for individuals involved in moving to self-sufficiency to share their experiences and strategies and to support and empower each other; and
- (3) to provide feedback to the commissioner concerning the best strategies to achieve the empowerment support group's objectives.

\$5,000,000 the first year is a one-time appropriation from the workforce development

fund to match available United States Department of Labor Welfare-to-Work funds. The commissioner shall explore sources of noncash match for these funds. To the extent this appropriation is not needed for these purposes, the balance is available for the Welfare-to-Work program.

\$1,425,000 the first year and \$1,425,000 the second year are for youth intervention programs under Minnesota Statutes, section 268.30. Funding from this appropriation may be used to expand existing programs to serve unmet needs and to create new programs in underserved areas. Of this appropriation, \$3,750 is for a grant to the Minnesota Youth Intervention Programs Association (YIPA) to provide collaborative training and technical assistance to community-based grantees of the program.

\$851,000 the first year and \$852,000 the second year are for the Youthbuild program under Minnesota Statutes, sections 268.361 to 268.366. Of this amount, \$100,000 in the first year and \$100,000 in the second year are one-time appropriations from the ~~workforce development~~ general fund for the YOUTHBUILD technical program under Minnesota Statutes, section 268.368. A Minnesota YOUTHBUILD program funded under this section as authorized in Minnesota Statutes, sections 268.361 to 268.367, qualifies as an approved training program under Minnesota Rules, part 5200.0930, subpart 1.

\$116,000 the first year and \$116,000 the second year are appropriated for youth violence prevention programs to match the federal juvenile accountability incentive block grant. This is a one-time appropriation.

Notwithstanding Minnesota Statutes, section 268.022, subdivision 2, the commissioner of finance shall transfer to the general fund from the dedicated fund on June 25, 1999, \$29,000,000 of the money collected through the special assessment established in Minnesota Statutes, section 268.022, subdivision 1. This paragraph is effective the day following final enactment.

\$572,000 in the first year is for enterprise zone incentive grants under Minnesota Statutes, section 469.305.

Sec. 13. [CORRECTION 10B.] 1999 H.F. No. 2390, article 1, section 17, subdivision 1, if enacted, is amended to read:

Sec. 17. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total		
Appropriation	24,934,000	27,794,000
		<u>24,794,000</u>

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Sec. 14. [CORRECTION 11A.] 1999 S.F. No. 2221, article 1, section 2, subdivision 4, if enacted, is amended to read:

Subd. 4. State Court Administration

13,498,000	12,595,000
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\$1,500,000 the first year and \$1,500,000 the second year are to begin development and implementation of the infrastructure for a coordinated and integrated statewide criminal and juvenile justice information system; and for implementation of the judicial branch justice information network. This appropriation must be included in the budget base for the 2002-2003 biennium.

\$50,000 the first year and \$50,000 the second year are for a grant writer.

\$25,000 the first year and \$25,000 the second year are for court document translation costs.

\$1,000,000 the first year is for regional adult detention facility construction planning grants under article 2, section 22. Of this amount, \$200,000 is for a grant to plan, develop, and issue a request for proposals for the construction and operation of a regional adult detention facility by a private vendor. This is a one-time appropriation.

\$150,000 the first year and \$150,000 the second year are for the state's share of the costs associated with the precommitment detention of persons as described in Minnesota Statutes, section 253B.185, subdivision 5. This is a one-time appropriation.

The appropriation in Laws 1998, chapter 367, article 1, section 2, subdivision 4, for the parental cooperation task force is available until expended.

~~\$75,000 each year is transferred from the base amount to the Center for Crime Victim Services to operate the mediation programs for crime victims and offenders under Minnesota Statutes, section 611A.77.~~

Sec. 15. [CORRECTION 11B.] 1999 S.F. No. 2221, article 1, section 7, subdivision 6, if enacted, is amended to read:

Subd. 6. Law Enforcement and Community Grants

10,290,000

7,583,000

\$1,000,000 the first year is for grants to pay the costs of developing or implementing a criminal justice information integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7. The commissioner shall make a minimum of two grants from this appropriation. This is a one-time appropriation.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for costs related to developing or implementing a criminal justice information system integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7.

\$400,000 the first year is for a grant to the city of Marshall to construct, furnish, and equip a regional emergency response training center. The balance, if any, does not cancel but is available for the fiscal year ending June 30, 2001.

\$10,000 the first year is for the commissioner of public safety to reconvene the task force that developed the statewide master plan for fire and law enforcement training facilities under Laws 1998, chapter 404, section 21, subdivision 3, for the purpose of developing specific recommendations concerning the siting, financing and use of these training facilities. The commissioner's report shall include detailed recommendations concerning the following issues:

- (1) the specific cities, counties, or regions of the state where training facilities should be located;
- (2) the reasons why a training facility should be sited in the recommended location, including a description of the public safety training needs in that part of the state;
- (3) the extent to which neighboring cities and counties should be required to collaborate in funding and operating the recommended training facilities;
- (4) an appropriate amount for a local funding match (up to 50 percent) for cities and counties using the training facility to contribute in money or other resources to build, expand, or operate the facility;
- (5) the feasibility of providing training at one or more of the recommended facilities for both law enforcement and fire safety personnel;

(6) whether the regional or statewide need for increased public safety training resources can be met through the expansion of existing training facilities rather than the creation of new facilities and, if so, which facilities should be expanded; and

(7) any other issues the task force deems relevant.

By January 15, 2000, the commissioner shall submit the report to the chairs and ranking minority members of the house and senate committees and divisions with jurisdiction over capital investment issues and criminal justice funding and policy.

\$746,000 the first year and \$766,000 the second year are for personnel and administrative costs for the criminal gang oversight council and strike force described in Minnesota Statutes, section 299A.64.

\$1,171,000 the first year and \$2,412,000 the second year are for the grants authorized under Minnesota Statutes, section 299A.66, subdivisions 1 and 2. Of this appropriation, \$1,595,000 each year shall be included in the 2002-2003 biennial base budget.

By January 15, 2000, the criminal gang oversight council shall submit a report to the chairs and ranking minority members of the senate and house committees and divisions with jurisdiction over criminal justice funding and policy describing the following:

(1) the types of crimes on which the oversight council and strike force have primarily focused their investigative efforts since their inception;

(2) a detailed accounting of how the oversight council and strike force have spent all funds and donations they have received since their inception, including donations of goods and services;

(3) the extent to which the activities of the oversight council and strike force overlap or duplicate the activities of the fugitive task force or the activities of any federal, state, or local task forces that investigate interjurisdictional criminal activity; and

(4) the long-term goals that the criminal gang oversight council and strike force hope to achieve.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for

criminal gang prevention and intervention activities to (1) help gang members separate themselves, or remain separated, from gangs; and (2) prevent individuals from becoming affiliated with gangs.

\$50,000 the first year is for a grant to the Minnesota Safety Council to continue the crosswalk safety awareness campaign. The Minnesota Safety Council shall work with the department of transportation to develop a long range plan to continue the crosswalk safety awareness campaign.

\$500,000 the first year is for grants under Minnesota Statutes, section 299A.62, subdivision 1. These grants shall be distributed as provided in Minnesota Statutes, section 299A.62, subdivision 2. This is a one-time appropriation.

Up to \$30,000 of the appropriation for grants under Minnesota Statutes, section 299A.62, is for grants to requesting local law enforcement agencies to purchase dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per county.

\$500,000 the first year is a one-time appropriation for a grant to the Ramsey county attorney's office to establish and fund the domestic assault and child abuse prosecution unit. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for grants to the northwest Hennepin human services council to administer the northwest community law enforcement project, to be available until June 30, 2001. This is a one-time appropriation.

\$30,000 the first year is to assist volunteer ambulance services, licensed under Minnesota Statutes, chapter 144E, in purchasing automatic external defibrillators. Ambulance services are eligible for a grant under this provision if they do not already possess an automatic external defibrillator and if they provide a 25 percent match in nonstate funds. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for grants under Minnesota Statutes, section 119A.31, subdivision 1, clause (12), to organizations that focus on intervention and prevention of teenage prostitution.

The commissioner of public safety shall administer a program to distribute tire deflators to local or state law enforcement agencies

selected by the commissioner of public safety and to distribute or otherwise make available a computer-controlled driving simulator to local or state law enforcement agencies or POST-certified skills programs selected by the commissioner of public safety.

Before any decisions are made on which law enforcement agencies will receive tire deflators or the driving simulator, a committee consisting of a representative from the Minnesota chiefs of police association, a representative from the Minnesota sheriffs association, a representative from the state patrol, and a representative from the Minnesota police and peace officers association shall evaluate the applications. The commissioner shall consult with the committee concerning its evaluation and recommendations on distribution proposals prior to making a final decision on distribution.

Law enforcement agencies that receive tire deflators under this section must: (i) provide any necessary training to their employees concerning use of the tire deflators; (ii) compile statistics on use of the tire deflators and the results; (iii) provide a one-to-one match in nonstate funds; and (iv) report this information to the commissioner as required.

Law enforcement agencies or POST-certified skills programs that receive a computer-controlled driving simulator under this section must:

- (1) provide necessary training to their employees in emergency vehicle operations and in the conduct of police pursuits;
- (2) provide a five-year plan for maintaining the hardware necessary to operate the driving simulator;
- (3) provide a five-year plan to update software necessary to operate the driving simulator;
- (4) provide a plan to make the driving simulator available at a reasonable cost and with reasonable availability to other law enforcement agencies to train their officers; and
- (5) provide an estimate of the availability of the driving simulator for use by other law enforcement agencies.

By January 15, 2001, the commissioner shall report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over criminal

justice matters on the tire deflators and the driving simulator distributed under this section.

\$285,000 the first year is for a one-time grant to the city of Minneapolis to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$795,000 the first year is for a one-time grant to Hennepin county to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$420,000 the first year is for a one-time grant to the fourth judicial district public defender's office to accommodate the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$150,000 the first year and \$150,000 the second year are for weed and seed grants under Minnesota Statutes, section 299A.63. Money not expended the first year is available for grants during the second year. This is a one-time appropriation.

\$200,000 each year is a one-time appropriation for a grant to the center for reducing rural violence to continue the technical assistance and related rural violence prevention services the center offers to rural communities.

\$500,000 the first year and \$500,000 the second year are to operate the weekend camp program at Camp Ripley described in Laws 1997, chapter 239, article 1, section 12, subdivision 3, as amended by Laws 1998, chapter 367, article 10, section 13. The powers and duties of the department of corrections with respect to the weekend program are transferred to the department of public safety under Minnesota Statutes, section 15.039. The commissioner shall attempt to expand the program to serve 500 juveniles per year within this appropriation.

An additional \$125,000 the first year and \$125,000 the second year are for the weekend camp program at Camp Ripley.

\$500,000 the first year and \$500,000 the second year are for Asian-American juvenile crime intervention and prevention grants under

Minnesota Statutes, section 256.486. The powers and duties of the department of human services, with respect to that program, are transferred to the department of public safety under Minnesota Statutes, section 15.039. This is a one-time appropriation.

Sec. 16. [CORRECTION 11C.] 1999 S.F. No. 2221, article 1, section 8, subdivision 3, if enacted, is amended to read:

Subd. 3. Crime Victims
Assistance

11,491,000	29,402,000
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The executive director of the center and the commissioner of human services shall, in consultation with affected parties, report by October 15, 1999, to the governor, the commissioner of finance, and appropriate legislative committee chairs, on a complete plan and legislation necessary for implementation of the transfer of payments to battered women's shelters from the department to the center effective July 1, 2000. The plan must not exceed funding appropriated for that purpose in fiscal year 2001 and shall assume funding at that same level for the following biennium.

\$50,000 the first year and \$50,000 the second year are for the crime victim emergency fund.

\$109,000 the second year is for the administration of the battered women's shelter per diem payments.

\$37,000 the first year and \$38,000 the second year are for the pilot project grant program to provide neighborhood-based services to crime victims and witnesses described in article 2, section 23. This appropriation must be used by the grant recipient to begin offering services in new locations. This is a one-time appropriation.

\$103,000 the first year and \$103,000 the second year are for grants under Minnesota Statutes, section 611A.32, to an existing battered women's shelter in the city of Bloomington.

\$103,000 the first year and \$103,000 the second year are for grants under Minnesota Statutes, section 611A.32, to an American Indian battered women's shelter in the city of Duluth.

\$50,000 the first year is for a grant to the Minnesota state colleges and universities board to be used by the center for applied research and policy analysis at Metropolitan state university to conduct a research project to assess violence in the Asian-Pacific communities and improve data

collection practices of mainstream systems and institutions that work with Asian-Pacific communities. By March 1, 2000, the center shall report the results of the study to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding.

\$143,000 the first year is for grants to the family violence coordinating council in the fourth judicial district for the development of a plan and the evaluation and report by the domestic fatality review team under article 2, section 27. This appropriation is available until expended.

\$300,000 the first year and \$300,000 the second year shall be used to award a grant for the residential program for women leaving prostitution described in article 2, section 25. This is a one-time appropriation.

\$30,000 the first year and \$30,000 the second year are for grants to the city of St. Paul to provide support services to the surviving family members of homicide, suicide, and accidental death victims. This is a one-time appropriation.

\$75,000 the first year and \$75,000 the second year are for grants for mediation programs for crime victims and offenders under Minnesota Statutes, section 611A.77. The powers and duties of the supreme court, with respect to the program, are transferred to the center for crime victim services under Minnesota Statutes, section 15.039. However, notwithstanding Minnesota Statutes, section 15.039, subdivision 7, no positions are transferred.

Sec. 17. [CORRECTION 11D.] 1999 S.F. No. 2221, article 1, section 18, if enacted, is amended to read:

Sec. 18. AUTOMOBILE THEFT PREVENTION BOARD

2,277,000

1,886,000

This appropriation is from the automobile theft prevention account in the special revenue fund.

Of this appropriation, up to \$400,000 the first year is transferred to the commissioner of public safety for the purchase and distribution of tire deflators to local or state law enforcement agencies and for the purchase of a computer-controlled driving simulator. Any amount not spent by the commissioner of public safety for this purpose shall be returned to the automobile theft prevention account in the special revenue fund and may be used for other automobile theft prevention activities.

The automobile theft prevention board may not spend any money it receives from surcharges in the fiscal year 2000-2001 biennium, more than \$2,277,000 the first year and \$1,886,000 the second year, unless the legislature approves the spending.

The executive director of the auto theft prevention board may not sit on the automobile theft prevention board."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ranum then moved to amend the Ranum amendment to S.F. No. 2224, adopted by the Senate May 17, 1999, as follows:

Page 10, after line 19, insert:

"Sec. 12. [CORRECTION 9A] 1999 H.F. No. 2390, article 2, section 81, if enacted, is amended to read:

Sec. 81. [EFFECTIVE DATES.]

Section 48 is effective March 1, 2000.

Sections 59, 61, 62, 64, 65, and 79 are effective the day following final enactment.

Section 67 is effective June 30, 1999.

Section 80, paragraph (a), is effective July 1, 1999.

Section 80, ~~paragraph~~ paragraphs (b) and (c), is ~~are~~ effective July 1, 2000.

~~Section 80, paragraph (c), is effective July 1, 2001.~~

Sec. 13. [CORRECTION 9B.] 1999 H.F. No. 2390, article 1, section 2, subdivision 2, if enacted, is amended to read:

Subd. 2. Business and Community Development

38,488,000 28,186,000

Summary by Fund

General	25,338,000	15,486,000
TANF	1,500,000	1,500,000
Environmental Fund	700,000	700,000
Workforce Development Fund	10,950,000	10,500,000

\$5,017,000 the first year and \$4,017,000 the second year are for Minnesota investment fund grants. Of this amount, \$1,000,000 in the first year is a one-time appropriation and is not added to the agency's budget base.

\$400,000 the first year is for a one-time grant to Advantage Minnesota, Inc. The funds are available only if matched on at least a dollar-for-dollar basis from other sources. The commissioner may release the funds only upon:

(1) certification that matching funds from each participating organization are available; and

(2) review and approval by the commissioner of the proposed operations plan of Advantage Minnesota, Inc. for the biennium.

\$14,067,000 the first year and \$14,073,000 the second year are for the job skills partnership program. If the appropriation for either year is insufficient, the appropriation for the other year is available. Of this appropriation, \$10,000,000 in each year is a one-time appropriation from the workforce development fund. It is the intention of the legislature that this program base funding be \$5,931,000 per year in the 2002-2003 biennium. This appropriation does not cancel.

\$500,000 the first year and \$500,000 the second year are one-time appropriations from the workforce development fund for the pathways program.

\$1,500,000 the first year and \$1,500,000 the second year are appropriated from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a. It is the intention of the legislature that the general fund base funding to the pathways program be \$1,500,000 per year in the 2002-2003 biennium.

\$500,000 the first year is for a one-time grant to the city of Fridley for costs of the design and construction of infrastructure improvements required by a large business campus development in the Moore lakes area of the city.

\$551,000 the first year and \$565,000 the second year are from fees collected under Minnesota Statutes, section 446A.04, subdivision 5, to administer the programs of the public facilities authority.

\$500,000 in the first year is for a one-time grant to the community resources program under Minnesota Statutes, chapter 466A.

\$200,000 the first year is for a one-time grant to the board of the rural policy and development center for operation of the center. This appropriation is available as matched in cash on a dollar-for-dollar basis from nonstate sources.

\$155,000 the first year and \$155,000 the second

year are for grants to the metropolitan economic development association. This is a one-time appropriation and is not added to the agency's budget base.

\$265,000 the first year and \$265,000 the second year are for one-time grants to WomenVenture. WomenVenture must implement a program to encourage and assist women to enter nontraditional careers in the trades and technical occupations. The program shall consist of outreach to women and girls and training, job placement, and job retention support that meet women's specific needs. The program must be accessible to low-income working mothers, including MFIP recipients.

\$450,000 the first year is for a one-time grant to the St. Paul rehabilitation center for its current programs, including those related to developing job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This appropriation is from the workforce development fund.

\$250,000 is for a grant to the city of Windom to provide loans to assist an expanding business. This is a one-time appropriation and is not added to the agency's budget base.

\$350,000 is for the biennium ending June 30, 2001, for a grant to the Camp Heartland center. The grant may be used for phase II capital expenditures including, without limitation, a septic system upgrade and bath/shower house construction, construction of a family lodge, renovation of a medical facility, construction of staff housing and offices, or expansion and upgrade of the dining room and kitchen. This is a one-time appropriation and is not added to the agency's budget base.

\$4,800,000 the first year and \$2,800,000 the second year are for purposes of the contamination cleanup and development grant program under Minnesota Statutes, sections 116J.551 to 116J.558. Of this appropriation, \$2,000,000 is a one-time appropriation and is not added to the agency's budget base.

\$75,000 is for a grant to the city of Lake Benton for planning costs associated with a new visitor center and railroad depot building. This is a one-time appropriation and is not added to the agency's budget base.

\$220,000 the first year and \$220,000 the second

year are for microenterprise technical assistance under Minnesota Statutes, section 116J.8745. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 in 2000 is for a grant to the Chatfield brass band music lending library. The money must be used for computer hardware and software to catalog the music collection and create a Web site. This is a one-time appropriation and must not be added to the agency's budget base.

\$50,000 in fiscal year 2000 is for a one-time grant to the Duluth Economic Development Authority for the purchase and installation of railroad ties to improve the Lake Superior Mississippi Railroad scenic railway along the St. Louis Bay in Duluth.

\$100,000 is appropriated for a grant to the city of Lanesboro for predevelopment costs for the Root River Regional Arts Center. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 the first year is for a one-time grant to county and district agricultural societies and associations that are eligible to receive aid under Minnesota Statutes, section 38.02. The commissioner shall administer this appropriation pursuant to a need-based competitive grant process.

\$216,000 in the first year is for one-time rural job creation grants under Minnesota Statutes, section 469.309.

\$450,000 is for a grant to the city of Duluth to support the development of the Duluth Technology Village. The grant shall be used to establish international partnerships, attract software businesses, recruit and train workers for the software industry, and support a software business incubator facility. This is a one-time appropriation and is not part of the agency base budget. This appropriation is not available unless matched by nonstate money.

\$150,000 the first year is for a grant to the suburban Hennepin regional park district for restoration of the Grimm farmstead.

\$150,000 in the first year is for a one-time grant to the city of Ely for rehabilitation of the Ely technical building.

\$50,000 in the first year is for a one-time grant to the Highland Park district council for the

enhancement of the West Seventh Street/Gateway area, which serves as a major transportation and commercial corridor for visitors from the Minneapolis-St. Paul International Airport, Mall of America, and other destinations. The appropriation may be used to make improvements to the public right-of-way including, but not limited to, landscaping, lighting, signage, and roadway improvements. This appropriation must be matched one-for-one by nonstate funds.

\$3,000,000 in the first year is for the redevelopment account under Minnesota Statutes, sections 116J.561 to 116J.567. The appropriation is available for the biennium ending June 30, 2001. This is a one-time appropriation and is not added to the agency's budget base.

\$75,000 in the first year is for a one-time grant to Perham Business Technology Center to equip the training center with interactive television and for program funds to implement the business plan.

\$300,000 in the first year is for a one-time grant to the city of Owatonna for city infrastructure improvements.

Sec. 14. [CORRECTION 9C.] 1999 H.F. No. 2390, article 1, section 2, subdivision 4, if enacted, is amended to read:

Subd. 4. Tourism

10,805,000 10,910,000

Summary by Fund

General	10,060,000	10,144,000
Trunk Highway	745,000	766,000

To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

If an appropriation for either year for grants is

not sufficient, the appropriation for the other year is available for it.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the partnership program.

Any unexpended money from general fund appropriations made under this subdivision does not cancel but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

This appropriation may be used for a grant to Minnesota Festivals and Events Association for the following purposes:

(1) for a partnership with the University of Minnesota's tourism center to build the methodology for a low-cost economic impact model that will allow festival and event managers to conduct research independently in their own communities;

(2) to promote regional workshops to increase production value and professionalism for events in the state, increase event service and entertainment value for local residents, build community awareness of opportunities to generate new tourism, and assure production of high quality, safe, and meaningful tourism products that are in line with the vision, mission, and growth goals of individual towns and cities in Minnesota;

(3) for a partnership with the University of Minnesota's tourism center to enhance professionalism via its certified festival manager program, training event managers and volunteer staff to implement value-added festivals and events for visitors to the state;

(4) for a partnership with the Minnesota office of tourism to publish a pull-out mini-magazine advertising the statewide festivals and events calendar for the year; and

(5) to expand the Minnesota Festivals and Events Association website, to provide travel planners with more festival and event intensive links to communities hosting such activities.

\$250,000 in the first year is for a one-time grant for the purpose of the Upper Red Lake business loan program.

\$829,000 the first year and \$829,000 the second year are for the Minnesota film board. \$329,000 of this appropriation in each year is available only upon receipt by the board of \$1 in matching

contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation. Of this amount, \$500,000 the first year and \$500,000 the second year are for grants to the Minnesota film board for a film production jobs fund to stimulate feature film production in Minnesota. This appropriation is to reimburse film producers for two to five percent of documented wages which they paid to Minnesotans for film production after January 1, 1999.

\$100,000 the first year is for a grant to promote tourism in the Mille Lacs area. This is a one-time appropriation and is not added to the agency's budget base.

\$100,000 the first year is for a one-time grant to promote tourism in the areas near the northern border of Minnesota, including the Northwest Angle.

\$37,000 the first year is for a one-time grant to the Mississippi River parkway commission."

Page 20, after line 46, insert:

"Sec. 21. [CORRECTION 12A.] 1999 H. F. No. 2420, article 6, section 2, if enacted, is amended to read:

Sec. 2. [275.078] [AUTHORIZATION; TAX RATE INCREASE.]

On or before October 1, 1999, and each subsequent year, the county auditor shall certify to the governing body of each home rule charter or statutory city with a population greater than 500 in the county and to the county board, the following information for the taxing jurisdiction:

(1) the taxing jurisdiction's certified levy under section 275.08 for the previous year, taxes payable in the current year, excluding any amount levied to pay general obligation bonds, less (i) the areawide portion of the levy under section 276A.06, subdivision 3, or 473F.08, subdivision 3, if any, for taxes payable in the following year; and (ii) the sum of the net tax capacity adjustment amount and the fiscal disparities adjustment amount under section 273.1398, subdivision 2, if any, for aids payable in the following year;

(2) the taxing jurisdiction's taxable net tax capacity for the current assessment year, for taxes payable in the following year; and

(3) the tax rate obtained by dividing the amount in clause (1) by the amount in clause (2), rounded to the nearest hundredth percent.

In order to impose a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the tax rate certified by the county auditor under clause (3), the governing body of the city with a population greater than 500 or the county board must adopt a resolution, after holding a public hearing, authorizing a higher tax rate and file a copy of the resolution with the county auditor on or before October 20, 1999, and each year thereafter. A county auditor is prohibited from fixing a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the rate certified under clause (3) if a resolution has not been filed, unless the higher rate is due solely to a reduction in the taxing jurisdiction's net tax capacity certified under clause (2) resulting from classification changes, exemptions, tax court judgments, or clerical or administrative errors made by the county. For purposes of this section, "public hearing" includes, but is not limited to, regularly scheduled city council hearings and county board meetings.

Sec. 22. [CORRECTION 12B.] 1999 H.F. No. 2420, article 16, section 24, if enacted, is amended to read:

Sec. 24. Minnesota Statutes 1998, section 414.11, is amended to read:

414.11 [MUNICIPAL BOARD SUNSET.]

The municipal board shall terminate on ~~June~~ July 1, 1999, and all of its authority and duties under this chapter shall be transferred to the office of strategic and long-range planning according to section 15.039, and any money remaining available on that date of the amount appropriated to the municipal board for fiscal year 2000 is transferred and appropriated to the director of the office of strategic and long-range planning to be used for the purposes of this chapter.

Sec. 23. [CORRECTION 12C.] 1999 H.F. No. 2420, article 5, section 18, if enacted, is amended to read:

Sec. 18. Minnesota Statutes 1998, section 273.13, is amended by adding a subdivision to read:

Subd. 24a. [TRANSIT ZONE PROPERTIES; PERSONAL PROPERTY TAX.] (a) Notwithstanding the provisions of section 272.02 or any other law to the contrary, a personal property tax is imposed on the leasehold of a tenant of a structure described in subdivision 24, paragraph (c), clause (2), item (i)(A) or (i)(C).

This subdivision does not apply to a structure if either of the following occur:

(1) the structure upon initial occupancy is owner-occupied by the entity initially constructing the structure or an affiliated entity; or

(2) the structure is leased by a single entity or affiliated entity at the time of initial occupancy.

(b) The tax equals the amount obtained by multiplying the sum of the local tax rates by:

(1) the estimated market value of the structure multiplied by

(2) the square footage of the structure under lease that qualifies under subdivision 24, clause (c)(1), divided by

(3) the total square footage of the structure that qualifies under subdivision 24, clause (c)(1), multiplied by

(4) the difference between the class rate under subdivision 24, paragraph (a), for the second tier and the class rate under subdivision 24, paragraph (c), for the second tier for the qualifying parts of a structure.

(c) The tax under this subdivision does not apply to a lease that:

(1) was executed before May 1, 1999;

(2) was entered according to a binding written agreement executed before May 1, 1999; or

(3) is a lease entered under an expansion option contained in a lease or binding written agreement qualifying under clause (1) or (2).

(d) The tax imposed under this subdivision is a personal property tax and is imposed on the lessee or tenant and not on the structure or the real property. The tax is an obligation of the lessee or tenant and must be collected in the manner provided for personal property taxes.

(e) The personal property tax applies only to a year in which the leased structure qualifies for the transit zone class rate."

Renumber the sections in sequence

The motion prevailed. So the amendment to the amendment was adopted.

Senator Ranum moved that S.F. No. 2224 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1876 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1876

A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

May 17, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1876, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1876 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 126C.55, subdivision 7, is amended to read:

Subd. 7. [ELECTION AS TO MANDATORY APPLICATION.] A district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Sec. 2. Minnesota Statutes 1998, section 272.02, is amended by adding a subdivision to read:

Subd. 1b. [TREATMENT OF PROPERTY OF CERTAIN LIMITED LIABILITY COMPANIES.] For purposes of the exemptions granted by subdivision 1, property owned or

operated by a limited liability company consisting of a sole member shall be treated as if owned or operated by that member.

Sec. 3. Minnesota Statutes 1998, section 383D.41, subdivision 1, is amended to read:

Subdivision 1. [HOUSING AND REDEVELOPMENT AUTHORITY COMMUNITY DEVELOPMENT AGENCY.] There is hereby created in Dakota county a public body corporate and politic, to be known as the Dakota county housing and redevelopment authority community development agency, having all of the powers and duties of a housing and redevelopment authority under sections 469.001 to 469.047; which act applies and all powers and duties of a county housing and redevelopment authority under any other provisions of Minnesota law. Sections 469.001 to 469.047 and 469.090 to 469.1081 apply to the county of Dakota. For the purposes of applying the provisions of the municipal housing and redevelopment act sections 469.001 to 469.047 and 469.090 to 469.1081 to Dakota county, and subject to the provisions of this section, the county has all of the powers and duties of a municipality, the county board has all of the powers and duties of a governing body, the chair of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.

Sec. 4. Minnesota Statutes 1998, section 383D.41, subdivision 2, is amended to read:

Subd. 2. This section shall not limit or restrict any existing housing and redevelopment authority or prevent a municipality from creating an authority. The county shall not exercise jurisdiction in any municipality where a municipal housing and redevelopment authority is established. A municipal housing and redevelopment authority may request the Dakota county housing and redevelopment authority community development agency to handle the housing duties of the authority and, in such an event, If the municipal authority makes the request, the Dakota county housing and redevelopment authority community development agency shall act and have exclusive jurisdiction for housing in the municipality pursuant to sections 469.001 to 469.047. A transfer of duties relating to housing shall does not transfer any duties relating to redevelopment.

Sec. 5. Minnesota Statutes 1998, section 383D.41, subdivision 3, is amended to read:

Subd. 3. If any housing or project, development district, redevelopment project, or economic development project is constructed in Dakota county pursuant to this authorization, and such the project is within the boundaries of any incorporated home rule charter or statutory city, the location of such the project shall must be approved by the governing body of the city, and:

(1) in the case of any housing project or housing development project, by the municipal housing and redevelopment authority established for the city if it has not previously requested that the Dakota county community development agency or its predecessor agency handle the housing duties of the authority; or

(2) in the case of any redevelopment project by the municipal housing and redevelopment authority established for the city.

Sec. 6. Minnesota Statutes 1998, section 383D.41, is amended by adding a subdivision to read:

Subd. 7. [DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY.] (a) After December 31, 1999, the Dakota county housing and redevelopment authority shall be known as the Dakota county community development agency. In addition to the other powers granted in this section, the Dakota county community development agency shall have the powers of an economic development authority under sections 469.090 to 469.1081 that are granted to the agency by resolution adopted by the Dakota county board of commissioners, except as provided in paragraph (b). The agency may exercise any of the powers granted to it under sections 469.001 to 469.047 and any of the powers of an economic development authority granted to it by the Dakota county board of commissioners for the purposes described in these sections.

(b) The Dakota county community development agency may not levy the tax described in section 469.107, but with the approval of the Dakota county board may increase its levy of the

special tax described in section 469.033, subdivision 6, to an amount not exceeding 0.01813 percent of net tax capacity, or any higher limit authorized under section 469.107 or 469.033, subdivision 6.

Sec. 7. Minnesota Statutes 1998, section 383D.41, is amended by adding a subdivision to read:

Subd. 8. [OFFERS OF TAX-FORFEITED LANDS.] Notwithstanding any other law, Dakota county may offer to the Dakota county community development agency, under the conditions and policies established by the county, nonconservation tax-forfeited land prior to making the properties available to cities in Dakota county.

Sec. 8. Minnesota Statutes 1998, section 469.155, subdivision 4, is amended to read:

Subd. 4. [REFINANCING HEALTH NONPROFIT FACILITIES.] It may issue revenue bonds to pay, purchase, or discharge all or any part of the outstanding indebtedness of a contracting party that is an organization described in section 501(c)(3) of the Internal Revenue Code primarily engaged in health care-related activities or in activities for mentally or physically disabled persons or that is engaged primarily in the operation of one or more nonprofit hospitals or nursing homes previously incurred in the acquisition or betterment of its existing hospital or nursing home facilities to the extent deemed necessary by the governing body of the municipality or redevelopment agency; this may include any unpaid interest on the indebtedness accrued or to accrue to the date on which the indebtedness is finally paid, and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase, or defease the outstanding indebtedness. If revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 469.153, subdivision 2, clause (b), (c), or (d).

Sec. 9. Minnesota Statutes 1998, section 469.305, subdivision 1, is amended to read:

Subdivision 1. [INCENTIVE GRANTS.] (a) An incentive grant is available to businesses located in an enterprise zone that meet the conditions of this section. Each city designated as an enterprise zone is allocated \$3,000,000 to be used to provide grants under this section for the duration of the program. Each city of the second class designated as an economically depressed area by the United States Department of Commerce is allocated \$300,000 to be used to provide grants under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 469.31 shall continue to apply until the amount designated in this subdivision is expended. For the allocation in fiscal year 1998 and subsequent years, the commissioner may use up to 15 percent of the allocation to the city of Minneapolis for a grant to the city of Minneapolis and up to 15 percent of the allocation to the city of St. Paul for a grant to the city of St. Paul, for administration of the program or employment services provided to the employers and employees involved in the incentive grant program under this section. The commissioner may authorize the use of grant funds for employer-focused workforce development initiatives designed to promote the hiring and retention of city residents.

(b) The incentive grant is in an amount equal to 20 percent of the wages paid to an employee, not to exceed \$5,000 per employee per calendar year. The incentive grant is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 110 percent of the federal poverty level for a family of four, as determined by the United States Department of Agriculture. The incentive grant is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a grant, and must have been employed for at least one year at the business. A grant may be provided only for new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before May 6, 1994. The incentive grant authority is available for the five calendar years after the application has been approved to the extent the allocation to the city remains available to fund the grants, and if the city certifies to the commissioner on an annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents. The employer may designate an organization that provides employment services to receive all or a portion of the employer's incentive grant.

Sec. 10. Minnesota Statutes 1998, section 473.39, is amended by adding a subdivision to read:

Subd. 1g. [OBLIGATIONS; 2000-2002.] In addition to the authority in subdivisions 1a, 1b, 1c, 1d, and 1e, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$36,000,000, which may be used for capital expenditures, other than for construction, maintenance, or operation of light rail transit, as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. The funds must be proportionally spent on capital improvement projects as recommended by the regional transit capital evaluation committee.

Sec. 11. [APPLICATION.]

Section 10 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 12. Minnesota Statutes 1998, section 473.898, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS.] (a) The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of \$10,000,000 plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

(b) In addition to the amount authorized under paragraph (a), the council may issue bonds under subdivision 1 in a principal amount of \$3,306,300, plus the amount the council determines necessary to pay the cost of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph may not be used to finance portable or subscriber radio sets.

Sec. 13. Minnesota Statutes 1998, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any municipality issuing obligations under any law may sell original issue discount obligations having a stated principal amount in excess of the authorized amount and the sale price, provided that:

(1) the sale price does not exceed by more than two percent the amount of obligations otherwise authorized to be issued;

(2) the underwriting fee, discount, or other sales or underwriting commission does not exceed two percent of the sale price; and

(3) the discount rate necessary to present value total principal and interest payments over the term of the issue to the sale price does not exceed the lesser of the maximum rate permitted by law for municipal obligations or ten percent.

(c) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 7,500, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.

Sec. 14. Minnesota Statutes 1998, section 475.58, is amended by adding a subdivision to read:

Subd. 3a. [YOUTH ICE FACILITIES.] A municipality may, without regard to the election requirement under subdivision 1 or under any other provision of law or home rule charter, issue and sell obligations to refund existing debt of an indoor ice arena that is used predominantly for youth athletic activity if all the following conditions are met:

(1) the obligations are secured by a pledge of revenues from the facility; and

(2) the governing body of the municipality finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the municipality's general purpose state aid.

Sec. 15. Minnesota Statutes 1998, section 475.60, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISEMENT.] All obligations shall be negotiated and sold by the governing body, except when authority therefor is delegated by the governing body or by the charter of the municipality to a board, department, or officers of the municipality. Except as provided in section 475.56, obligations shall be sold at not less than par value plus accrued interest to date of delivery and not greater than two percent greater than the amount authorized to be issued plus accrued interest. Except as provided in subdivision 2 all obligations shall be sold at public competitive sale after notice given at least ten days in advance by publication in a legal newspaper having general circulation in the municipality and ten days in advance by publication in a daily or weekly periodical published in a Minnesota city of the first class, or its metropolitan area, which circulates throughout the state and furnishes financial news as a part of its service as provided in subdivision 3.

Sec. 16. Minnesota Statutes 1998, section 475.60, subdivision 3, is amended to read:

Subd. 3. [PUBLISHED NOTICE.] Published notice The notice of sale to prospective bidders, where required, shall specify the maximum principal amount of the obligations, the place of receipt and consideration of bids and such other details as to the obligations and terms of sale as the governing body or the municipality's authorized financial consultant deems suitable. The published notice shall either specify the date and time for receipt of bids or provide that the bids will be received at a date and time not less than ten nor more than 60 days after the date of publication. If the published notice does not state the specific date or amount for the sale, it shall specify the manner in which notice of the date or amount of the sale will be given to prospective

~~bidders. Notification of prospective bidders shall be given by mail, facsimile, electronic data transmission or other form of communication common to the municipal bond trade at least four two days (omitting Saturdays, Sundays, and legal holidays) before the date for receipt of bids to at least five firms determined by the governing body or its financial consultant to be prospective bidders, or shall be published in a newspaper or other periodical which circulates throughout the state and furnishes financial news as part of its service. If within five days after the date of publication a prospective bidder requests in writing to be notified by mail, the municipality shall do so. Failure to give the notice as described in the preceding sentence to a bidder this subdivision shall not affect the validity of the sale or of the obligations. Bids may be accepted by facsimile or other electronic transmission or in writing as specified by the governing body or its financial consultant. The governing body may employ an agent to receive and open the bids at any place within or outside the corporate limits of the municipality, in the presence of an officer of the municipality or the officer's designee, but the obligations shall not be sold except by action of the governing body or authorized officers of the municipality after communication of the bids to them. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be opened considered and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers, in which event, or if no offers have been received, it may award the obligations to any person who within 30 days thereafter presents an offer complying with the terms of sale and deemed more favorable than any received previously, or upon like notice the governing body may invite other bids upon the same or different terms and conditions, except that if the original published notice does not state the specific date or amount for the sale and if the material terms and conditions of the sale remain the same, except for the date and amount, notice of the date or amount may be given in the manner provided above.~~

Sec. 17. [CUYUNA RANGE JOINT POWERS ECONOMIC DEVELOPMENT AUTHORITY.]

The Cuyuna Range joint powers economic development authority, originally established by resolutions of the member cities, is authorized to act as an economic development authority and may exercise the powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, that are delegated to it by the member cities, including, without limitation, the authority to own and operate a civic center facility that includes athletic and other public facilities.

Sec. 18. [CERTAIN TAXES.]

The provisions of Laws 1997, chapter 231, article 1, sections 4, 5, 6, 8, and 15, are reenacted.

Sec. 19. [TAX ABATEMENT.]

The provisions of Laws 1997, chapter 231, article 2, sections 45 to 48, inclusive, are reenacted.

Sec. 20. [TAX INCREMENT.]

The provisions of Laws 1997, chapter 231, article 10, are reenacted.

Sec. 21. [CITY OF DULUTH; REFUNDING BONDS; DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY.]

The Duluth city council may by ordinance provide for the issuance and sale of general obligation revenue refunding bonds to refund in advance of their maturity, the city's gross revenue recreation facility bonds Duluth Entertainment Convention Center/Imax Dome Theater Project series 1994, dated as of December 1, 1994. These refunding bonds must be issued with the full faith and credit of the city. The Duluth entertainment and convention center authority shall pledge the net revenues of the authority's facilities for payment and principal and interest on these refunding bonds. The issuance of the refunding bonds is subject to the provisions of Minnesota Statutes, chapter 475, except that no election is required unless a referendum on the ordinance is required under section 52 of the Duluth city charter.

Sec. 22. [AUTHORIZATION.]

If the Long Prairie housing and redevelopment authority issues bonds under Minnesota Statutes, section 469.034, subdivision 2, to provide funds to renovate the Hotel Reichert building on the National Register of Historic Places for a qualified housing development project, the project is not required to be owned by the authority for the term of the bonds. The bonds are subject to all other requirements of Minnesota Statutes, section 469.034, subdivision 2.

Sec. 23. [COMPETITIVE BIDDING; STRUCTURED PARKING.]

A structured parking facility qualifies under Minnesota Statutes, section 469.015, subdivision 4, paragraph (a), clause (2)(i), if the structured parking facility is immediately adjacent to the development and the bonds are issued before February 1, 2000.

Sec. 24. [BONDS AUTHORIZED.]

The city of Woodbury may issue general obligations to provide funding for the construction of a highway interchange at the intersection of I-494 and Tamarack Road and for road and bridge improvements on the portion of the interchange that are required as a result of construction of the interchange. The obligations must be issued under Minnesota Statutes, chapter 475, except that no referendum is required under Minnesota Statutes, section 475.58.

Sec. 25. [INSTRUCTION TO THE REVISOR.]

In the 2000 edition of Minnesota Statutes, the revisor of statutes shall change "Dakota county housing and redevelopment authority" to "Dakota county community development agency" wherever it appears.

Sec. 26. [EFFECTIVE DATES.]

Sections 3 to 7 are effective upon compliance by the Dakota county board of commissioners with the provisions of Minnesota Statutes, section 645.021. Section 18 is effective retroactive for taxes payable in 1999 and thereafter. Section 19 is effective retroactive for the 1997 assessment and thereafter, for taxes payable in 1998 and thereafter. Section 20 is effective retroactive to the dates specified in Laws 1997, chapter 231, article 10, section 25. Section 21 is effective upon approval by the Duluth city council and the Duluth entertainment and convention center authority, and upon compliance with the provisions of Minnesota Statutes, section 645.021. Section 22 is effective the day after the latter of the certificates of approval of the Long Prairie city council and the board of commissioners of the Long Prairie housing and redevelopment authority is filed in compliance with Minnesota Statutes, section 645.021, subdivision 3. The rest of this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; imposing and modifying conditions and limitations on the use of public debt; providing for the Dakota county community development agency and the Cuyuna Range joint powers economic development authority; reenacting certain provisions relating to taxes, abatements, and tax increments; clarifying the treatment of property of certain limited liability companies for certain property tax exemption purposes; broadening certain revenue bonding authority involving certain nonprofit facilities and to refund certain youth-based-ice facility debt; authorizing the city of Duluth to provide for certain refunding bonds; removing a condition for the issuance of certain bonds by the Long Prairie housing and redevelopment authority; temporarily expanding an exception to competitive bidding requirements for certain bond-financed structured parking facilities; authorizing the city of Woodbury to issue general obligations to finance construction of a highway interchange and related improvements; authorizing the use of enterprise zone incentive grants for certain purposes by Minneapolis and St. Paul; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 383D.41, subdivisions 1, 2, 3, and by adding subdivisions; 469.155, subdivision 4; 469.305, subdivision 1; 473.39, by adding a subdivision; 473.898, subdivision 3; 475.56; 475.58, by adding a subdivision; and 475.60, subdivisions 1 and 3."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Don Betzold, Gen Olson

House Conferees: (Signed) Ron Abrams, Dan McElroy, Ann H. Rest

Senator Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1876 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1876 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kleis	Neuville	Scheevel
Belanger	Higgins	Knutson	Novak	Scheid
Berg	Hottinger	Krentz	Oliver	Solon
Berglin	Janezich	Laidig	Olson	Spear
Betzold	Johnson, D.E.	Langseth	Ourada	Stevens
Cohen	Johnson, D.J.	Larson	Pariseau	Stumpf
Day	Johnson, J.B.	Lesewski	Piper	Ten Eyck
Dille	Junge	Lessard	Pogemiller	Terwilliger
Fischbach	Kelley, S.P.	Lourey	Price	Vickerman
Flynn	Kelly, R.C.	Marty	Robertson	Wiener
Foley	Kierlin	Metzen	Robling	Wiger
Frederickson	Kiscaden	Moe, R.D.	Runbeck	Ziegler

Those who voted in the negative were:

Ranum

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 878 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 878: A bill for an act relating to public administration; making deficiency appropriations for state government operations; imposing certain conditions and directions; providing a sales tax rebate; providing agricultural property tax relief; changing income tax rates and brackets; appropriating money; amending Minnesota Statutes 1998, sections 290.06, subdivisions 2c and 2d; and 290.091, subdivisions 1, 2, and 6.

Senator Price moved to amend H.F. No. 878, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and

"2001," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	\$349,954,000	\$308,497,000	\$658,451,000
State Government Special Revenue	13,986,000	13,884,000	27,870,000
For 1999 - \$465,000			
Health Care Access	1,842,000	1,871,000	3,713,000
Environmental	236,000	242,000	478,000
Solid Waste Fund	660,000	670,000	1,330,000
Lottery Prize Fund	110,000	-0-	110,000
Highway User Tax Distribution	2,129,000	2,173,000	4,302,000
Trunk Highway	39,000	39,000	78,000
Workers' Compensation	7,024,000	6,959,000	13,983,000
TOTAL	\$376,420,000	\$334,854,000	\$711,274,000
For 1999 - \$465,000			

APPROPRIATIONS
Available for the Year
Ending June 30

Sec. 2. LEGISLATURE

Subdivision 1. Total
Appropriation

	2000	2001
Subdivision 1. Total Appropriation	58,340,000	63,117,000
Summary by Fund		
General	58,151,000	62,928,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Senate	19,138,000	20,523,000
\$40,000 the first year is for senate media services to produce a videotape on the legislative process and to distribute it, along with a teachers' guide, to all secondary schools in the state, and for senate information services to construct and maintain a Worldwide Web site to publicize and promote the videotape.		

Summary by Fund

General	58,151,000	62,928,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

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Subd. 3. House of Representatives	25,361,000	27,670,000
Subd. 4. Legislative Coordinating Commission	13,841,000	14,924,000

Summary by Fund

General	13,652,000	14,735,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

\$5,600,000 the first year and \$6,372,000 the second year are for the office of the revisor of statutes.

\$1,184,000 the first year and \$1,217,000 the second year are for the legislative reference library.

\$4,963,000 the first year and \$5,096,000 the second year are for the office of the legislative auditor.

The legislative commission on pensions and retirement shall study and report to the legislature by January 15, 2000, on the comparability of pension and other postretirement benefits between public sector and private sector employees. When comparing the benefits, the commission shall select comparable job classifications and salary ranges. The study must compare pension portability, initial monthly benefits, average annual benefit increases, employer and employee contribution rates, availability of early retirement incentives, administrative costs, and other factors as necessary to compare benefits.

Sec. 3. GOVERNOR AND
LIEUTENANT GOVERNOR

	4,052,000	4,171,000
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This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Not later than September 30, 1999, the governor, in consultation with the commissioners of agriculture and trade and economic development, shall prepare and submit an application for federal permits as may be needed to authorize the growing of experimental and demonstration plots of industrial hemp. The governor shall also direct the commissioner of agriculture, in consultation with the commissioner of public safety and other appropriate commissioners, to establish standards and forms for persons wishing to register for growing experimental and demonstration plots of industrial hemp.

Sec. 4. STATE AUDITOR	8,967,000	9,311,000
Sec. 5. STATE TREASURER	2,563,000	2,283,000

\$1,030,000 the first year and \$1,061,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

\$75,000 the first year is a one-time appropriation for a project to maximize the use of electronic payments and electronic receipts for state transactions. The state treasurer shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001.

\$278,000 the first year is to pay the cost of clearing sales tax rebate checks through commercial banks.

Sec. 6. ATTORNEY GENERAL	27,853,000	28,177,000
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Summary by Fund

General	25,545,000	25,852,000
State Government		
Special Revenue	1,713,000	1,717,000
Environmental	135,000	138,000
Solid Waste	460,000	470,000

\$991,000 the first year and \$912,000 the second year are one-time appropriations to improve information technology. The attorney general shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001.

The attorney general and commissioner of finance shall continue to review the funding mechanism for legal services. By February 15, 2000, they shall submit a joint report to the committees responsible for funding the office of

the attorney general that details further refinements to the legal services funding mechanism.

The report should attempt to do the following:

- (1) identify criteria that differentiate between a partner and a pooled agency;
- (2) clarify whose responsibility it is to request funding for pooled agencies: the attorney general, the agency, or both;
- (3) determine what process the billing rate should follow before implementation;
- (4) establish a mechanism to ensure that legal service resources are allocated as intended by the legislature and a process to address situations where demand exceeds resources;
- (5) determine if partner agencies should continue to have general fund dollars set aside in the attorney general's base; and
- (6) determine what method is used to ascertain how much funding for legal services the attorney general has in its base for each agency.

Sec. 7. SECRETARY OF STATE	11,844,000	6,160,000
\$5,803,000 the first year is a one-time appropriation to upgrade the office's computer systems by converting stored data to digital images, by bringing the systems into compliance with year 2000 requirements, and by completing phase 2 of the office computer system upgrade project. The secretary of state shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001.		
Sec. 8. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	712,000	707,000
Sec. 9. INVESTMENT BOARD	2,310,000	2,376,000
Sec. 10. ADMINISTRATIVE HEARINGS	7,064,000	6,859,000

Summary by Fund

General	400,000	
Workers' Compensation	6,664,000	6,859,000

The chief administrative law judge, in cooperation with the state court administrator, shall develop and present to the legislature by January 15, 2000, a plan for funding the cost of child support hearings out of appropriations to the judicial branch without increasing those appropriations.

The appropriation from the workers' compensation special compensation fund is for considering workers' compensation claims.

Sec. 11. OFFICE OF STRATEGIC
AND LONG-RANGE PLANNING

6,891,000

4,417,000

\$100,000 the first year is to integrate the office's information technology and is available until June 30, 2003. The director shall report on the progress of the unit to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$1,600,000 the first year is for a generic environmental impact statement on animal agriculture.

\$200,000 the first year is to perform program evaluations of agencies in the executive branch.

The program evaluation division will report to the legislature by December 1, 2000, ways to reduce state government expenditures by five to ten percent.

\$100,000 the first year is to provide administrative support to community-based planning efforts.

\$150,000 the first year is for a grant of \$50,000 to the southwest regional development commission for the continuation of the pilot program and two additional grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director of strategic and long-range planning, to support planning work on behalf of local units of government. The planning work shall include, but need not be limited to:

- (1) development of local zoning ordinances;
- (2) land use plans;
- (3) community or economic development plans;
- (4) transportation and transit plans;
- (5) solid waste management plans;
- (6) wastewater management plans;
- (7) workforce development plans;
- (8) housing development plans and/or market analysis;
- (9) rural health service plans;
- (10) natural resources management plans; or
- (11) development of geographical information

systems database to serve a region's needs, including hardware and software purchases and related labor costs.

\$200,000 the first year is to prepare the generic environmental impact statement on urban development required by section 108. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$24,000 the first year is for the southwest Minnesota wind monitoring project.

Sec. 12. ADMINISTRATION

Subdivision 1. Total Appropriation	50,288,000	36,692,000
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For 1999 - \$465,000

Summary by Fund

General	38,155,000	24,925,000
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State Government Special Revenue	11,873,000	11,767,000
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For 1999 - \$465,000

Workers' Compensation	260,000	-0-
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management

4,007,000	4,155,000
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Subd. 3. Office of Technology

5,499,000	2,707,000
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The commissioner of administration shall develop and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan identifying the mission and goals of the office of technology. The appropriation for the second year is not available until the plan has been approved by a law enacted at the 2000 regular session.

Summary by Fund

General	5,071,000	2,707,000
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State Government Special Revenue	168,000	-0-
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Workers' Compensation	260,000	-0-
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Administrative Services

2,871,000	2,707,000
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\$468,000 the first year and \$468,000 the second year are for ongoing costs of the North Star II project under Minnesota Statutes, section 16E.07.

\$220,000 the first year is to continue the intergovernmental information systems advisory council for one more year.

(b) One-Stop Business Licensing

\$500,000 the first year is a one-time appropriation for the one-stop business licensing system project under Minnesota Statutes, section 16E.08. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001. Before the system is put into operation, the security information technology project of the commissioner of administration shall perform a security audit of the system and submit a report on the audit to the chairs of the governmental operations budget division of the senate and the state government finance committee of the house of representatives.

(c) Small Agency Infrastructure

Summary by Fund

General	1,700,000	-0-
State Government Special Revenue	168,000	-0-
Workers' Compensation	260,000	-0-

This appropriation is for a one-time transfer to eligible small agencies for the small agency infrastructure project. The commissioner of administration shall determine priorities for which projects should be funded, except that \$323,000 is for the public utilities commission. An agency whose strategic plan for information technology was not approved before April 1, 1999, may not receive money from this appropriation. This appropriation is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

Subd. 4. Intertechnologies Group

21,121,000

12,626,000

Summary by Fund

General	9,416,000	859,000
State Government		
Special Revenue	11,705,000	11,767,000
For 1999 - \$465,000		

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

\$2,075,000 the first year is a one-time appropriation to create a directory services infrastructure to support the electronic delivery of government services and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$340,000 the first year is a one-time appropriation to conduct coordinated security impact analysis and planning in state agencies to support the electronic delivery of government services. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, and 2001.

\$1,400,000 the first year is a one-time appropriation to create the security infrastructure for network-based systems to enable the electronic delivery of government services and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$350,000 the first year is for costs related to the operation of the year 2000 project office.

\$2,150,000 the first year is a one-time appropriation to modify state business systems to address year 2000 changes . Up to \$150,000 of this appropriation may be allocated for year 2000 project office costs. The appropriation is available only upon approval of the commissioner of finance after the commissioner has determined that all other money allocated for replacement or enhancement of existing technology for year 2000 compliance will be expended. Notwithstanding Minnesota Statutes, section 16A.285, after notice to the commissioner of finance, any unexpended

balance of this appropriation remaining after all year 2000 problems have been addressed may be transferred and added to any of the appropriations in this act for information technology projects that are available until June 30, 2003. A transfer must be reported to the chairs of the senate governmental operations budget division and the house state government finance committee.

\$2,260,000 the first year is a one-time appropriation to the department of administration for the ongoing costs incurred by the state agencies participating in the state-county collaboration project. For the biennium beginning July 1, 2001, and thereafter, the base appropriations attributable to agencies other than the department of administration must be included in the budgets of those other state agencies.

Subd. 5. Facilities Management

11,602,000 9,418,000

\$5,447,000 the first year and \$5,460,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$1,672,000 the first year is to demolish the capitol square building and restructure the site as a temporary parking lot.

\$520,000 the first year is to rebuild and upgrade electronic security systems in the capitol complex. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000.

The commissioner of administration shall install on the automatically operated landscape irrigation system in the capitol area a device, commonly known as a rain check, to prevent the system from being activated when a predetermined amount of precipitation has accumulated.

\$100,000 the first year is for grants to places of public accommodation to assist them in achieving compliance with the bleacher safety requirements of new Minnesota Statutes, section 16B.616. The commissioner shall give highest priority to grant requests from political subdivisions for whom the cost of achieving compliance is the greatest financial hardship. State grants are available when the commissioner has determined that matching funds in an amount

equal to the grant have been committed. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Subd. 6. Management Services

3,622,000 3,670,000

\$250,000 the first year and \$200,000 the second year are for the information policy training program under Minnesota Statutes, section 13.073.

\$150,000 the first year and \$150,000 the second year are for a one-time transfer to the Minnesota historical society for the information policy training program under Minnesota Statutes, sections 13.073 and 138.17, subdivisions 7 and 8.

\$192,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

Subd. 7. Fiscal Agent

994,000 786,000

\$72,000 the first year and \$74,000 the second year are for the developmental disabilities council.

\$660,000 the first year and \$450,000 the second year are for the STAR program.

\$2,000 the first year and \$2,000 the second year are for the state employees' band.

\$260,000 the first year and \$260,000 the second year are for a grant to the Minnesota Children's Museum, of which \$100,000 the first year and \$100,000 the second year are an appropriation for administrative costs of Project Greenstart.

Subd. 8. Public Broadcasting

3,443,000 3,330,000

\$1,450,000 the first year and \$1,450,000 the second year are for matching grants for public television.

\$600,000 the first year and \$600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$113,000 the first year is for grants to noncommercial television stations to assist with conversion to a digital broadcast signal as mandated by the federal government. In order to qualify for a grant, a station must meet the

criteria established for grants in Minnesota Statutes, section 129D.12, subdivision 2.

\$441,000 the first year and \$441,000 the second year are for grants for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

\$320,000 the first year and \$320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14. Of this appropriation, \$30,000 the first year and \$30,000 the second year are for station WTIP-FM in Grand Marais, which need not meet the requirements of Minnesota Statutes, section 129D.14, until July 1, 2002.

\$494,000 the first year and \$494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

888,000

306,000

\$586,000 the first year is to design and construct a memorial to Hubert H. Humphrey; to make a grant to the National World War II Memorial Fund, 2300 Clarendon Boulevard, Suite 501, Arlington, Virginia 22201, as a contribution to a national World War II memorial; and for the capitol area architectural and planning board, in cooperation with the Minnesota historical society and the Philippine study group of Minnesota, to install in the capitol rotunda a plaque that corrects inaccurate historical information presented on the current Spanish-American War commemorative plaque.

Sec. 14. FINANCE

Subdivision 1. Total
Appropriation

24,448,000

17,925,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. State Financial Management

7,805,000	7,993,000
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Subd. 3. Information and Management Services

16,643,000	9,932,000
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\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.

The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:

- (1) the development of joint planning agreements to implement a unified growth management strategy;
- (2) joint service ventures, such as planning or zoning administration in urban fringe areas;
- (3) orderly growth and annexation agreements between cities and townships;
- (4) feedlot regulations in urban fringe areas and future growth corridors;
- (5) service strategies for unsewered subdivisions;
- (6) other joint ventures for city, county, and township service delivery in fringe areas;
- (7) feasibility of a rural township taxing district; and
- (8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.

The city of Mankato shall report the results of the study to the legislature by January 15, 2002.

\$6,839,000 the first year is a one-time appropriation to upgrade the human resources and payroll system and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

The commissioner of finance shall work with the commissioners of employee relations and administration and shall develop as part of the human resource and payroll systems upgrade, and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan for the statewide business systems: human resources, payroll, accounting, and procurement. The plan must detail each system's original development costs, its expected life cycle, the estimated cost of upgrading software to newer versions during its life cycle, its operating costs to date, and the factors that are expected to drive future operating costs within the departments of finance, administration, and employee relations. The plan must also include an evaluation of and recommendations on whether, for the statewide business systems, the state should use software that is developed and maintained in house; proprietary software, either modified or unmodified; a private vendor; or a particular combination of these options.

The commissioner of finance, in consultation with senate and house fiscal staff and the commissioner of administration, shall develop recommendations for inclusion in the governor's fiscal year 2002-2003 budget document on the presentation of internal service funds. The commissioner of finance shall submit the recommendations to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total
Appropriation

	10,530,000	10,398,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employee Insurance

2,755,000	2,446,000	
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\$310,000 the first year is to prepare to implement an optional, participant-paid, long-term care insurance program to be available to state employees and their spouses and parents, as provided in new Minnesota Statutes, section 43A.318.

\$2,375,000 the first year and \$2,376,000 the second year are for transfer to the state employees insurance fund to self-insure all medical coverage provided through the state employees group insurance program, including the University of Minnesota.

During the biennium ending June 30, 2001, the amount necessary to pay premiums for coverage by the workers' compensation reinsurance association under Minnesota Statutes, section 79.34, is appropriated from the general fund to the commissioner.

Subd. 3. Human Resources
Management

7,775,000	7,952,000
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\$123,000 the first year and \$115,000 the second year are for a grant to the government training service, of which \$48,000 the first year and \$40,000 the second year are a one-time appropriation for information technology and \$25,000 the first year and \$25,000 the second year are a one-time appropriation to conduct conferences.

Subd. 4. Technology Budget Book

The department shall prepare a separate budget book for the biennium beginning July 1, 2001, containing all of the administration's technology initiatives. The book must also include a complete inventory of state-owned and leased technology, along with a projected replacement schedule. The inventory must include information on how the technology fits into the state's master plan.

Sec. 16. REVENUE

Subdivision 1. Total
Appropriation

99,988,000	89,515,000
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Summary by Fund

General	95,866,000	85,317,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000

Solid Waste	200,000	200,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Tax System Management

97,942,000	87,477,000
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Summary by Fund

General	93,380,000	82,760,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000
Solid Waste	200,000	200,000

\$12,000,000 the first year is a one-time appropriation for the income tax reengineering initiative and is available until June 30, 2003, if the carryforward from one biennium to the next is approved by the commissioner of finance after receiving the recommendation of the chairs of the funding committees overseeing the department and in accordance with the department's technology plan approved by the commissioner of administration. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. The commissioner of revenue shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$400,000 the first year is a one-time appropriation to administer the farm relief program enacted by the 1999 legislature.

Subd. 3. Accounts Receivable Management

2,486,000	2,557,000
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Subd. 4. Other Provisions

The building located in the capitol complex at 600 North Robert Street, St. Paul, is designated and named the Harold E. Stassen building.

Sec. 17. MILITARY AFFAIRS

Subdivision 1. Total

Appropriation	10,896,000	11,041,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training
Facilities

6,777,000

6,869,000

\$1,325,000 the first year and \$1,325,000 the second year are appropriated for asset preservation and facility repair. This appropriation may be transferred between programs, to the extent it is used for the same purpose. The adjutant general may use other available funding for this purpose, to the extent it is not inconsistent with any other law.

Subd. 3. General Support

1,690,000

1,742,000

\$35,000 the first year and \$35,000 the second year are a one-time appropriation to assist in the operation and staffing of the Minnesota national guard youth camp at Camp Ripley. This appropriation is available only as matched, dollar for dollar, by money from nonstate sources.

Subd. 4. Enlistment Incentives

2,354,000

2,355,000

Obligations for the reenlistment bonus program, suspended on December 31, 1991, shall be paid from the amounts available within the enlistment incentives program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Subd. 5. Emergency Services

75,000

75,000

These appropriations are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 18. VETERANS AFFAIRS

5,885,000

4,369,000

\$1,544,000 the first year and \$1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$12,000 the first year and \$13,000 the second year are one-time funding to provide grants to local veterans' organizations that provide transportation services for veterans to veterans administration medical facilities.

The commissioner of veterans affairs, in cooperation with the board of directors of the

Minnesota veterans homes and the United States Veterans Administration, shall study the feasibility and desirability of supplementing the missions of the veterans homes and the Veterans Administration hospitals in Minnesota by entering into agreements with health care providers throughout the state to provide free or reduced-cost comprehensive health care to veterans close to their places of residence as a supplement to private health insurance. The commissioner shall report the results of the study and any recommendations to the legislature by January 15, 2000.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. Before the transfer, the commissioner of veterans affairs shall explain why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate governmental operations budget committee and the house state government finance committee.

\$275,000 the first year and \$275,000 the second year are for a grant to the Vinland National Center.

\$1,485,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

\$105,000 the first year is to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

\$233,000 the first year and \$235,000 the second year are for grants to county veterans offices for training of county veterans service officers.

Sec. 19. VETERANS OF FOREIGN
WARS

41,000

41,000

For carrying out the provisions of Laws 1945,
chapter 455.

Sec. 20. MILITARY ORDER OF
THE PURPLE HEART

20,000

20,000

Sec. 21. DISABLED AMERICAN VETERANS

13,000

13,000

For carrying out the provisions of Laws 1941, chapter 425.

Sec. 22. GAMBLING CONTROL	2,183,000	2,241,000
Sec. 23. RACING COMMISSION	390,000	402,000
Sec. 24. STATE LOTTERY	110,000	

This appropriation is from the lottery prize fund to the commissioner of human services for a grant to Project Turnabout in Granite Falls to provide compulsive gambling treatment and education. The appropriation is available until June 30, 2001, and must not become part of the base appropriation.

The director of the state lottery shall reimburse the general fund \$150,000 the first year and \$150,000 the second year for lottery-related costs incurred by the department of public safety.

Sec. 25. AMATEUR SPORTS COMMISSION	6,619,000	639,000
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\$4,000,000 the first year is for grants for ice centers under Minnesota Statutes, section 240A.09, as amended by this act. The prohibition in Minnesota Statutes, section 240A.09, on grants to colleges and universities does not apply to the project at the University of Minnesota-Duluth for which a grant application was pending on the effective date of the amendment. Up to \$1,000,000 of this amount may be used for renovation grants for existing ice arenas, including renovation of bleachers to meet code requirements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$2,000,000 the first year is for grants for amateur athletic facilities and programs under section 84 and to prepare the plan for soccer facilities required by this section. \$200,000 may be used for special events or programs and \$30,000 may be used for the soccer plan. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

The commission shall develop a plan to stimulate the development of new facilities primarily for soccer throughout the state and to make grants to assist with the development of these facilities. The plan shall include an assessment of needs, development and financing alternatives, geographic and demographic considerations, management and use policies, and standards for

the design and construction of soccer fields. Before adopting the plan, the commission shall hold public meetings in at least three locations throughout the state to receive comment. The plan must cover a 20-year development period.

Sec. 26. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	13,064,000	13,094,000
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Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

Subd. 2. Operations and Services

989,000	1,019,000
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Subd. 3. Grants Program

8,540,000	8,540,000
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Subd. 4. Regional Arts Councils

3,535,000	3,535,000
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Sec. 27. MINNESOTA HUMANITIES COMMISSION

1,397,000	1,409,000
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Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$500,000 the first year and \$500,000 the second year are a one-time appropriation for the Motherhead/Fatheread program.

Sec. 28. GENERAL CONTINGENT ACCOUNTS

600,000	600,000
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Summary by Fund

General	100,000	100,000
State Government		
Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund and for transfer to the health boards if required

for unforeseen expenditures of an emergency nature. The boards receiving the additional services or supplemental appropriations shall set their fees to cover the costs.

Sec. 29. TORT CLAIMS 275,000 275,000

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 30. MINNESOTA STATE RETIREMENT SYSTEM 3,998,000 4,014,000

The amounts estimated to be needed for each program are as follows:

(a) Legislators

3,800,000 3,800,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers

198,000 214,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 31. MINNEAPOLIS EMPLOYEES RETIREMENT FUND 6,442,000 6,442,000

\$5,892,000 the first year and \$5,892,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must be made in four equal installments, March 15, July 15, September 15, and November 15 each year.

\$550,000 the first year and \$550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 32. POLICE AND FIRE AMORTIZATION AID 6,295,000 6,303,000

\$4,925,000 the first year and \$4,925,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of

local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02.

\$1,000,000 the first year and \$1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

\$370,000 the first year and \$378,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 33. BOARD OF GOVERNMENT
INNOVATION AND COOPERATION

1,014,000

1,018,000

Sec. 34. [STATEWIDE SYSTEMS ACCOUNT.]

Subdivision 1. [CONTINUATION.] The statewide systems account is a separate account in the general fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources system, procurement system, and related information access systems.

Subd. 2. [BILLING PROCEDURES.] The commissioner of finance may bill up to \$7,520,000 in fiscal year 2000 and \$7,520,000 in fiscal year 2001 for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota state colleges and universities, and other entities. Billing must be based only on usage of services relating to statewide systems provided by the intertechnologies division. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner of finance in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota state colleges and universities.

Subd. 3. [APPROPRIATION.] Money transferred into the account is appropriated to the commissioner of finance to pay for statewide systems services during fiscal years 2000 and 2001.

Sec. 35. Minnesota Statutes 1998, section 3.3005, is amended by adding a subdivision to read:

Subd. 3a. [CHANGE IN PURPOSE.] If a request to spend federal money is included in a governor's budget request and approved according to subdivision 2a, but the purpose for which the money is to be used changes from the time of the request and approval, the amount may be allotted for expenditure after a revised request is submitted according to subdivision 2 or the requirements of subdivision 5 are met.

Sec. 36. Minnesota Statutes 1998, section 3.17, is amended to read:

3.17 [JOURNALS.]

A journal of the daily proceedings in each house shall be printed and laid before each member at the beginning of the next day's session. After it has been publicly read and corrected, a copy, kept by the secretary and chief clerk, respectively, and a transcript as approved shall be certified by the secretary or clerk to the printer, who shall print the corrected permanent journal. Executive messages, addresses, reports, communications, and voluminous documents other than amendments to the constitution or to bills and resolutions and the protests of members submitted under the constitution, article 4, section 11, shall be omitted from the journals, unless otherwise

ordered by vote. Before distributing journals and other publications to members, legislative staff, and others, each house shall notify prospective recipients of the cost of the publications and the availability of the same information on the Internet.

Sec. 37. Minnesota Statutes 1998, section 3C.12, subdivision 2, is amended to read:

Subd. 2. [FREE DISTRIBUTION.] The revisor shall distribute without charge copies of each edition of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota to the persons or bodies listed in this subdivision. Before distributing the copies, the revisor shall ask inform these persons or bodies of the cost of the publication and the availability of statutes and session laws on the Internet, and shall ask whether their work requires the full number of copies authorized by this subdivision. Unless a smaller number is needed, the revisor shall distribute:

- (a) 30 copies to the supreme court;
- (b) 30 copies to the court of appeals;
- (c) one copy to each judge of a district court;
- (d) one copy to the court administrator of each district court for use in each courtroom of the district court;
- (e) one copy to each judge, district attorney, clerk of court of the United States, and deputy clerk of each division of the United States district court in Minnesota;
- (f) 100 copies to the office of the attorney general;
- (g) ten copies each to the governor's office, the departments of agriculture, commerce, corrections, children, families, and learning, finance, health, transportation, labor and industry, economic security, natural resources, public safety, public service, human services, revenue, and the pollution control agency;
- (h) two copies each to the lieutenant governor and the state treasurer;
- (i) 20 copies each to the department of administration, state auditor, and legislative auditor;
- (j) one copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;
- (k) one copy to each member of the legislature;
- (l) 150 copies for the use of the senate and 200 copies for the use of the house of representatives;
- (m) 50 copies to the revisor of statutes from which the revisor shall send the appropriate number to the Library of Congress for copyright and depository purposes;
- (n) four copies to the secretary of the senate;
- (o) four copies to the chief clerk of the house of representatives;
- (p) 100 copies to the state law library;
- (q) 100 copies to the law school of the University of Minnesota;
- (r) five copies each to the Minnesota historical society and the secretary of state;
- (s) one copy each to the public library of the largest municipality of each county if the library is not otherwise eligible to receive a free copy under this section or section 15.18; and
- (t) one copy to each county library maintained pursuant to chapter 134, except in counties containing cities of the first class. If a county has not established a county library pursuant to chapter 134, the copy shall be provided to any public library in the county.

Sec. 38. Minnesota Statutes 1998, section 8.15, subdivision 1, is amended to read:

Subdivision 1. [FEE SCHEDULES.] The attorney general in consultation with the commissioner of finance shall develop a fee schedule to be used by the attorney general in developing the agreements authorized in subdivision 3. The attorney general must submit a billing rate for the next biennium to the commissioner of finance by August 1 of each even-numbered year.

The attorney general may not assess a county any fee for legal services rendered in connection with a commitment proceeding under section 253B.185 for which the attorney general assumes responsibility under section 8.01.

Sec. 39. Minnesota Statutes 1998, section 8.15, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL BUDGET REQUEST.] (a) The attorney general in consultation with the commissioner of finance shall designate which agencies will have their legal service requests included in the budget request of the attorney general.

(b) All other agencies, in consultation with the attorney general and the commissioner of finance, shall include a request for legal services in their biennial budget requests.

(c) The budget request of the attorney general must include a consolidated listing that shows on one page all the appropriations that will be used to support the office of the attorney general and the finance division from which they will be requested.

Sec. 40. Minnesota Statutes 1998, section 8.15, subdivision 3, is amended to read:

Subd. 3. [AGREEMENTS.] (a) To facilitate the delivery of legal services, the attorney general may:

(1) enter into agreements with executive branch agencies, political subdivisions, or quasi-state agencies to provide legal services for the benefit of the citizens of Minnesota; and

(2) in addition to funds otherwise appropriated by the legislature, accept and spend funds received under any agreement authorized in clause (1) for the purpose set forth in clause (1), subject to a report of receipts to the chairs of the senate finance committee and the house ways and means committee by October 15 each year.

(b) When entering into an agreement for legal services, the attorney general must notify the committees responsible for funding the office of the attorney general. When the attorney general enters into an agreement with a state agency, the attorney general must also notify the committees responsible for funding that agency.

Funds received under this subdivision must be deposited in the general fund and are appropriated to the attorney general for the purposes set forth in this subdivision.

Sec. 41. Minnesota Statutes 1998, section 13.03, subdivision 2, is amended to read:

Subd. 2. [PROCEDURES.] (a) The responsible authority in every state agency, political subdivision, and statewide system shall establish procedures, consistent with this chapter, to insure that requests for government data are received and complied with in an appropriate and prompt manner.

(b) The responsible authority shall prepare public access procedures in written form and update them no later than August 1 of each year as necessary to reflect any changes in personnel or circumstances that might affect public access to government data. The responsible authority shall make copies of the written public access procedures easily available to the public by distributing free copies of the procedures to the public or by posting a copy of the procedures in a conspicuous place within the government entity that is easily accessible to the public.

(c) Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Sec. 42. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 11. [PRIVATIZATION.] (a) If a government entity enters into a contract with a private person to perform any of its functions, the government entity shall include in the contract terms that make it clear that all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in performing those functions is subject to the requirements of this chapter and that the private person must comply with those requirements as if it were a government entity. The remedies in section 13.08 apply to the private person under this subdivision.

(b) This subdivision does not create a duty on the part of the private person to provide access to public data to the public if the public data are available from the government entity, except as required by the terms of the contract.

Sec. 43. Minnesota Statutes 1998, section 13.073, is amended by adding a subdivision to read:

Subd. 6. [PREPARATION OF MODEL POLICIES AND PROCEDURES.] The commissioner shall, in consultation with affected government entities, prepare model policies and procedures to assist government entities in complying with the requirements of this chapter that relate to public access to government data and rights of subjects of data. Upon completion of a model for a governmental level, the commissioner shall offer that model for formal adoption by that level of government. Government entities may adopt or reject the model offered by the commissioner. A government entity that adopts the commissioner's model shall notify the commissioner in a form prescribed by the commissioner.

Sec. 44. Minnesota Statutes 1998, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time, after a public hearing, amend a comprehensive use plan for the capitol area, called the area in this subdivision, which consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the center line of the Arch-Pennsylvania freeway and the center line of Marion Street, thence southerly along the center line of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the center line of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the center line of Summit Avenue to the center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Exchange Street, thence easterly along the south line of Exchange Street to the west line of Cedar Street, thence northerly along the west line of Cedar Street to the center line of Tenth Street, thence northeasterly along the center line of Tenth Street to the center line of Minnesota Street, thence northwesterly along the center line of Minnesota Street to the center line of Eleventh Street, thence northeasterly along the center line of Eleventh Street to the center line of Jackson Street, thence northwesterly along the center line of Jackson Street to the center line of the Arch-Pennsylvania freeway extended, thence westerly along the center line of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. ~~If construction of the labor interpretive center does not commence prior to December 31, 2000, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.~~

Under the comprehensive plan, or a portion of it, the board may regulate, by means of zoning rules adopted under the Administrative Procedure Act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of Saint Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when it requests reports for its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction may be built or altered on any public lands within the area unless the plans for the project conform to the comprehensive use plan as specified in paragraph (d) and to the requirement for competitive plans as specified in paragraph (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under paragraph (e) may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement may be made to public lands or buildings in the area without the written approval of the board.

(e) The board shall secure by competitions plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. A competition must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected become the property of the state of Minnesota, and the board may award one or more premiums in each competition and may pay the costs and fees that may be required for its conduct. At the option of the board, plans for projects estimated to cost less than \$1,000,000 may be approved without competition provided the plans have been considered by the advisory committee described in paragraph (h). Plans for projects estimated to cost less than \$400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) Notwithstanding paragraph (e), an architectural competition is not required for the design of any light rail transit station and alignment within the capitol area. The board and its advisory committee shall select a preliminary design for any transit station in the capitol area. Each stage of any station's design through working drawings must be reviewed by the board's advisory committee and approved by the board to ensure that the station's design is compatible with the comprehensive plan for the capitol area and the board's design criteria. The guideway and track design of any light rail transit alignment within the capitol area must also be reviewed by the board's advisory committee and approved by the board.

(g) Of the amount available for the light rail transit design, adequate funds must be available to the board for design framework studies and review of preliminary plans for light rail transit alignment and stations in the capitol area.

(h) The board may not adopt any plan under paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee may not be contestants under paragraph (e). The comments and criticism must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose, the committee must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any data prepared by any public employee or agency must be filed with the board promptly upon completion.

The board may employ stenographic or technical help that may be reasonable to assist the committee to perform its duties.

When so directed by the board, the committee may serve as, and any member or members of the committee may serve on, the jury or as professional advisor for any architectural competition, and the board shall select the architectural advisor and jurors for any competition with the advice of the committee.

The city of Saint Paul shall advise the board.

(i) The comprehensive plan for the area must be developed and maintained in close cooperation with the commissioner of trade and economic development, the planning department and the council for the city of Saint Paul, and the board of the arts, and no plan or amendment of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts and without a public hearing with opportunity for public testimony.

(j) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed under this paragraph are binding upon the commissioner of administration. The provisions of chapter 14, including section 14.386, do not apply to this paragraph.

(k) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall report any changes to the comprehensive plan adopted by the board to the committee on governmental operations and gambling of the house of representatives and the committee on governmental operations and reform of the senate and upon request shall provide testimony concerning the changes. The board shall also provide testimony to the legislature on proposals for memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(l) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it may also acquire an interest less than a fee simple interest in the property, if it finds that the property is needed for future expansion or beautification of the area.

(m) The board is the successor of the state veterans service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and amendments to it.

(n) The board shall meet at the call of the chair and at such other times as it may prescribe.

(o) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which a part that the commissioner of administration and commissioner of veterans affairs may mutually determine must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to other state departments and agencies as the commissioner may deem desirable.

Sec. 45. Minnesota Statutes 1998, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] By the fourth ~~Monday~~ Tuesday in January of each odd-numbered year, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 46. Minnesota Statutes 1998, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the legislative commission on planning and fiscal policy, delivery to the legislature must include a presentation to the commission. The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chair of the senate state government finance committee, the chair of the house committee on ways and means, and house and senate fiscal staff. In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents. A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Sec. 47. Minnesota Statutes 1998, section 16A.11, is amended by adding a subdivision to read:

Subd. 7. [FEES.] The detailed operating budget for each executive branch agency must include proposals for any new fees or any increases in existing fees. For purposes of this section, "fees" has the meaning given in section 16A.1283, but excludes charges listed in paragraph (b) of that section.

Sec. 48. Minnesota Statutes 1998, section 16A.126, subdivision 3, is amended to read:

Subd. 3. [REPAYMENT SCHEDULES.] The commissioner shall make schedules for repayment to the general fund of the transferred money. A schedule to repay money used to buy equipment may extend over the equipment's useful life. Otherwise, a schedule may not extend beyond five years. The repayment must include interest at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the revolving fund to which the transfer was made.

Sec. 49. [16A.1283] [LEGISLATIVE APPROVAL REQUIRED.]

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause (3), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) the Minnesota state colleges and universities system;

(3) charges for goods and services provided for the direct and primary use of a private individual, business, or other entity.

(c) An executive branch agency may reduce a fee that was set by rule before the effective date of this section without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph.

Sec. 50. Minnesota Statutes 1998, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. The fund to which general fund cash was advanced must pay interest on the cash advance at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the nongeneral fund to which the cash advance was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 51. Minnesota Statutes 1998, section 16A.45, subdivision 1, is amended to read:

Subdivision 1. [CANCEL; CREDIT.] ~~Once each fiscal year the commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants, except warrants issued for federal assistance programs, that have been issued and delivered for more than six months prior to that date and credit to the general fund the respective amounts of the canceled warrants on or before June 30 of the preceding year and credit state amounts subject to section 345.43 and federal amounts to the appropriate account in the federal fund. These warrants are presumed abandoned under section 345.38 and are subject to the provisions of sections 345.31 to 345.60. The commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants issued for federal assistance programs that have been issued and delivered for more than the period of time set pursuant to the federal program and credit to the general fund and the appropriate account in the federal fund, the amount of the canceled warrants.~~

Sec. 52. Minnesota Statutes 1998, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, commissions and the legislature of the kinds of property identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease. ~~The master lease may be used only to finance the following kinds of purchases:~~

~~(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.~~

~~(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.~~

~~(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.~~

~~(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.~~

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16C. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to make master lease payments.

Sec. 53. Minnesota Statutes 1998, section 16B.03, is amended to read:

16B.03 [APPOINTMENTS.]

The commissioner is authorized to appoint staff, including a ~~deputy commissioner~~ two deputy commissioners, in accordance with chapter 43A.

Sec. 54. Minnesota Statutes 1998, section 16B.104, is amended to read:

16B.104 [PROCUREMENT REQUIREMENTS.]

~~(a) The commissioner, in consultation with the office of technology,~~ shall develop nonvisual technology access standards. The standards must be included in all contracts for the procurement of information technology by, or for the use of, agencies, political subdivisions, and the Minnesota state colleges and universities. The University of Minnesota is encouraged to consider similar standards.

(b) The nonvisual access standards must include the following minimum specifications:

(1) that effective, interactive control and use of the technology including the operating system, applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

(2) that the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

(3) that nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

(4) that the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

(c) Nothing in this section requires the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

Sec. 55. Minnesota Statutes 1998, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, the Duluth government center, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the ~~depreciation and bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund.~~ Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 56. Minnesota Statutes 1998, section 16B.31, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATIONS.] Plans must be paid for out of money appropriated for the purpose of improving or constructing the building. No part of the balance may be expended until the commissioner has secured suitable plans and specifications, prepared by a competent architect or engineer, and accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, and no improvement made or building constructed by the commissioner or any other agency to whom an appropriation is made for a capital improvement, that contemplates the expenditure for its completion of more money than the appropriation for it, unless otherwise provided in this section or the act making the appropriation. The commissioner or other agency may not direct or permit any expenditure beyond that appropriated, and any agent of the commissioner violating this provision is guilty of a gross misdemeanor.

Sec. 57. Minnesota Statutes 1998, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; EFFICIENCY PROGRAM.] (a) The commissioner of administration in consultation with the department of public service, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced by at least 25 percent from consumption in the base year of 1990. All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.

(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

(c) This subdivision expires January 1, 2001.

Sec. 58. Minnesota Statutes 1998, section 16B.415, is amended to read:

16B.415 [OPERATION OF INFORMATION SYSTEMS.]

The commissioner, through a division of technology management, is responsible for ongoing operations of state agency information technology activities. These include records management, activities relating to the Government Data Practices Act, arranging for operation of the state information infrastructure, and activities necessary to make state information systems year 2000 compliant.

Sec. 59. Minnesota Statutes 1998, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The intergovernmental information systems advisory council is composed of (1) two members from each of the following groups: counties outside of the seven-county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, school districts outside the metropolitan area, and public libraries; (3) one member each appointed by the state departments of children, families, and learning, human services, revenue, and economic security, the office of strategic and long-range planning, ~~office of technology~~, administration, and the legislative auditor; (4) one member from the office of the state auditor, appointed by the auditor; (5) one member appointed by each of the following organizations: League of Minnesota Cities, Association of Minnesota Counties, Minnesota Association of Township Officers, and Minnesota Association of School Administrators; and (6) one member of the house of representatives appointed by the speaker and one member of the senate appointed by the subcommittee on committees of the committee on rules and administration. The legislative members appointed under clause (6) are nonvoting members. The commissioner of administration shall appoint members under clauses (1) and (2). The terms, compensation, and removal of the appointed members of the advisory council are as provided in section 15.059, but the council does not expire until June 30, ~~1999~~ 2000.

Sec. 60. Minnesota Statutes 1998, section 16B.46, is amended to read:

16B.46 [TELECOMMUNICATION; POWERS.]

The commissioner shall supervise and control all state telecommunication facilities and services, including any transmission, emission, or reception of signs, signals, writing, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. Nothing in this section or section 16B.465 modifies, amends, or abridges any powers and duties presently vested in or imposed upon the commissioner of transportation or the commissioner of public safety relating to telecommunications facilities or the commissioner of transportation relating only to radio air navigation facilities or other air navigation facilities.

Sec. 61. Minnesota Statutes 1998, section 16B.465, is amended to read:

16B.465 [STATE INFORMATION INFRASTRUCTURE.]

Subdivision 1. [POLICY.] (a) The state through its departments and agencies shall seek ways to meet its telecommunications needs in a manner that will help to promote investment and growth of the private sector information infrastructure throughout the state.

(b) The commissioner shall ensure that telecommunications services are acquired in a manner that:

(1) promotes the availability of technologies with statewide high-speed or advanced telecommunications capability for both public and private customers in a reasonable and timely fashion;

(2) enables the cost-effective provision of telecommunications services to the entities identified in this section;

(3) uses standards-based open, interoperable networks to the extent practicable;

(4) promotes fair and open competition in the delivery of telecommunications services;

(5) allows effective state information infrastructure network management, responsiveness, and fault protection;

(6) provides networkwide security and confidentiality as appropriate for promoting public safety, health, and welfare; and

(7) meets performance standards that are reasonable and necessary.

(c) The state may purchase, own, or lease customer premises equipment. Customer premises equipment consists of terminal and associated equipment and inside wire located at an end user's premises and connected with communication channels at the point established in a building or a complex to separate customer equipment from the network. Customer premises equipment also includes, but is not limited to, communications devices eligible for distribution to communications impaired persons under section 237.51, subdivision 1.

(d) This section does not prohibit the commissioner or other governmental entity from owning, leasing, operating, and staffing a network operation center that allows the commissioner to test, troubleshoot, and maintain network operations.

Subd. 1a. [CREATION.] Except as provided in subdivision 4, the commissioner, through the state information infrastructure provides, shall arrange for the provision of voice, data, video, and other telecommunications transmission services to state agencies;. The state information infrastructure may also serve educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 124A.41, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. It The commissioner may purchase, own, or lease any telecommunications network facilities or equipment after first seeking bids or proposals and

having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable or timely fashion consistent with policy set forth in this section. The commissioner shall not resell or sublease any services or facilities to nonpublic entities except it may to serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective telecommunications transmission services to state information infrastructure users consistent with the policy set forth in this section.

Subd. 3. [DUTIES.] (a) ~~The commissioner, after consultation with the office of technology, shall:~~

~~(1) provide arrange for voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through an account in the intertechnologies revolving fund;~~

~~(2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the state information infrastructure users;~~

~~(3) set rates and fees for services;~~

~~(4) approve contracts for services, facilities, or equipment relating to the system;~~

~~(5) in consultation with the office of technology, develop the a system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and~~

~~(6) in consultation with the office of technology, commissioner of children, families, and learning in regard to schools, assist state agencies, political subdivisions of the state, and higher education institutions, including private colleges and public and private schools, to identify their telecommunication needs, and develop a plan for interconnection of the network with private colleges and public and private schools in the state plans for interoperability of the network consistent with the policies in subdivision 1, paragraphs (a) and (b). When requested, the commissioner may also assist in identifying, purchasing, or leasing their customer premises equipment.~~

~~(b) The commissioner may purchase, own, or lease any telecommunications network facilities or equipment after first seeking bids or proposals and having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable and timely fashion consistent with the policy set forth in this section.~~

Subd. 4. [PROGRAM PARTICIPATION.] (a) The commissioner may require the participation of state agencies, the state board of education, and the board of trustees of the Minnesota state colleges and universities and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The board of trustees of the Minnesota state colleges and universities may opt out of participation as a subscriber on the network, in whole or in part, if the board is able to secure telecommunications services from another source that ensures it will achieve the policy objectives set forth in subdivision 1 of this section.

Subd. 4a. [ALTERNATIVE AGGREGATION.] The commissioner may, but is not required to, approve community-based aggregation of demand for telecommunications services for state agencies, including Minnesota state colleges and universities. To be considered a community-based aggregation project:

(1) the project must aggregate telecommunications demands of state agencies with that of the private sector in a community or a group of communities in a geographic region to the extent permitted by law; and

(2) the aggregation must result in telecommunications infrastructure improvements that ensure the policy set forth in subdivision 1, paragraphs (a) and (b).

Subd. 4b. [RATES.] (a) The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) Except as otherwise provided in subdivision 4, a direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration.

Subd. 6. [APPROPRIATION.] Money appropriated for the state information infrastructure and fees for telecommunications services must be deposited in an account in the intertechnologies fund. Money in the account is appropriated annually to the commissioner to operate telecommunications services carry out the purposes of this section.

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph (a), clause (5), 16C.08, subdivision 3, clause (7), and 16C.09, clause (6).

Sec. 62. [16B.616] [BLEACHER SAFETY.]

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

(b) "Place of public accommodation" means a public or privately owned sports or entertainment arena, gymnasium, auditorium, stadium, hall, special event center in a public park, or other facility for public assembly.

(c) "Bleacher" refers to any tiered or stepped seating facility, whether temporary or permanent, used in a place of public accommodation for the seating of its occupants.

Subd. 2. [APPLICATION.] All places of public accommodation must comply with the provisions of this section.

Subd. 3. [SAFETY REQUIREMENTS.] In places of public accommodation using bleacher seating, all bleachers or bleacher open spaces over 30 inches above grade or the floor below, must conform to the following safety requirements:

(1) the open space between bleacher footboards, seats, and guardrails must not exceed four inches, unless approved safety nets are installed;

(2) bleachers must have vertical perimeter guardrails with no more than four-inch rail spacing between vertical rails or other approved guardrails that address climbability and are designed to prevent accidents; and

(3) the state building official shall determine whether the safety nets and guardrail climbability meet the requirements of the alternate design section of the State Building Code. All new bleachers manufactured, installed, sold, or distributed after January 1, 2001, must comply with the State Building Code in effect and clauses (1), (2), and (3).

Subd. 4. [ENFORCEMENT.] (a) A statutory or home rule charter city that is not covered by the code because of action taken under section 16B.72 or 16B.73 is responsible for enforcement in the city of the code's requirements for bleacher safety. In all other areas where the code does not apply because of action taken under section 16B.72 or 16B.73, the county is responsible for enforcement of those requirements.

(b) Municipalities that have not adopted the code may enforce the code requirements for bleacher safety by either entering into a joint powers agreement for enforcement with another municipality that has adopted the code or contracting for enforcement with a qualified and certified building official or state licensed design professional to enforce the code.

(c) Municipalities, school districts, organizations, individuals, and other persons operating or

owning places of public accommodation with bleachers shall provide a signed certification of compliance to the commissioner by January 1, 2001. The certification shall be prepared by a qualified and certified building official or state licensed design professional and shall certify that the bleachers have been inspected and are in compliance with the requirements of this section and are structurally sound.

Subd. 5. [PENALTIES.] The commissioner, in addition to other remedies provided for violations of this chapter, shall forbid use of bleachers not in compliance with this section.

Subd. 6. [PERIODIC INSPECTIONS.] Bleacher footboards and guardrails must be reinspected at least every five years and a structural inspection must be made at least every ten years. Inspections may be completed in the same manner as provided in subdivision 4. This section does not preclude a municipal authority from establishing additional reinspections under the State Building Code.

Sec. 63. Minnesota Statutes 1998, section 16B.72, is amended to read:

16B.72 [REFERENDA ON STATE BUILDING CODE IN NONMETROPOLITAN COUNTIES.]

Notwithstanding any other provision of law to the contrary, a county that is not a metropolitan county as defined by section 473.121, subdivision 4, may provide, by a vote of the majority of its electors residing outside of municipalities that have adopted the State Building Code before January 1, 1977, that no part of the State Building Code except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety applies within its jurisdiction.

The county board may submit to the voters at a regular or special election the question of adopting the building code. The county board shall submit the question to the voters if it receives a petition for the question signed by a number of voters equal to at least five percent of those voting in the last general election. The question on the ballot must be stated substantially as follows:

"Shall the State Building Code be adopted in County?"

If the majority of the votes cast on the proposition is in the negative, the State Building Code does not apply in the subject county, outside home rule charter or statutory cities or towns that adopted the building code before January 1, 1977, except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety do apply.

Nothing in this section precludes a municipality or town that has not adopted the State Building Code from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 64. Minnesota Statutes 1998, section 16B.73, is amended to read:

16B.73 [STATE BUILDING CODE IN MUNICIPALITIES UNDER 2,500; LOCAL OPTION.]

The governing body of a municipality whose population is less than 2,500 may provide that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, will not apply within the jurisdiction of the municipality, if the municipality is located in whole or in part within a county exempted from its application under section 16B.72. If more than one municipality has jurisdiction over an area, the State Building Code continues to apply unless all municipalities having jurisdiction over the area have provided that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, does not apply within their respective jurisdictions. Nothing in this section precludes a municipality or town from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 65. [16C.065] [COST-BENEFIT ANALYSIS.]

(a) The commissioner or an agency official to whom the commissioner has delegated duties under section 16C.03, subdivision 16, may not approve a contract or purchase of goods or services in an amount greater than \$5,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public. The management analysis division must perform or direct the performance of the analysis. A cost-benefit analysis must be performed for a project if an aggregation of contracts or purchases for a project exceeds \$5,000,000.

(b) All cost-benefit analysis documents under this section, including preliminary drafts and notes, are public data.

(c) If a cost-benefit analysis does not show a positive benefit to the public, the governor may approve a contract or purchase of goods or services if a cost-effectiveness study had been done that shows the proposed project is the most effective way to provide a necessary public good.

(d) This section applies to contracts for goods or services that are expected to have a useful life of more than three years. This section does not apply for purchase of goods or services for response to a natural disaster if an emergency has been declared by the governor.

Sec. 66. Minnesota Statutes 1998, section 16C.14, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT CONDITIONS.] The commissioner may contract to purchase by installment payments capital or other equipment or services intended to improve the energy efficiency of a state building or facility if:

(1) the term of the contract does not exceed ten years, with not more than a ten-year payback beginning at the completion of the project;

(2) the entire cost of the contract is a percentage of the resultant savings in energy costs only. "Savings in energy cost" means a comparison of energy cost and energy usage under the precontract conditions, including reasonable projections of energy cost and usage if no change is made to the precontract conditions, against energy cost and usage with the changes made under the contract. If it is impractical to directly measure energy cost and/or energy usage, reasonable engineering estimates may be substituted for measured results;

(3) the contract for purchase must be completed using a solicitation;

(4) the commissioner has determined that the contract vendor is a responsible vendor;

(5) the contract vendor can finance or obtain financing for the performance of the contract without state assistance or guarantee; and

(6) the state may unilaterally cancel the agreement if the legislature fails to appropriate funds to continue the contract or if the contractor at any time during the term of the contract fails to perform its contractual obligations, including failure to deliver or install equipment or materials, failure to replace faulty equipment or materials in a timely fashion, and failure to maintain the equipment as agreed in the contract.

Sec. 67. Minnesota Statutes 1998, section 16D.04, subdivision 2, is amended to read:

Subd. 2. [AGENCY PARTICIPATION.] (a) A state agency may, at its option, refer debts to the commissioner for collection. The ultimate responsibility for the debt, including the reporting of the debt to the commissioner of finance and the decision with regard to the continuing collection and uncollectibility of the debt, remains with the referring state agency.

(b) When a debt owed to a state agency becomes 121 days past due, the state agency must refer the debt to the commissioner for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner, in consultation with the commissioner of finance, may provide

that certain types of debt need not be referred to the commissioner for collection under this paragraph. Methods and procedures for referral must follow internal guidelines prepared by the commissioner of finance.

Sec. 68. Minnesota Statutes 1998, section 16E.01, subdivision 1, is amended to read:

~~Subdivision 1. [PURPOSE.] The office of technology, referred to in this chapter as the "office," is an agency in the executive branch managed by an executive director appointed by the governor under the supervision of the commissioner of administration. The office shall provide leadership and direction for information and communications technology policy in Minnesota. The office shall coordinate strategic investments in information and communications technology to encourage the development of a technically literate society and to ensure sufficient access to and efficient delivery of government services.~~

Sec. 69. Minnesota Statutes 1998, section 16E.02, is amended to read:

16E.02 [OFFICE OF TECHNOLOGY STRUCTURE AND PERSONNEL.]

~~Subdivision 1. [OFFICE MANAGEMENT AND STRUCTURE.] The executive director commissioner of administration is the state's chief information officer and technology advisor to the governor. The salary of the executive director may not exceed 85 percent of the governor's salary. The executive director may employ a deputy director, assistant directors, and other employees that the executive director may consider necessary. The executive director and the deputy and assistant directors and one confidential secretary serve in the unclassified service. The staff of the office must include individuals knowledgeable in information and communications technology. The executive director may appoint other personnel as necessary to operate the office of technology in accordance with chapter 43A.~~

~~Subd. 2. [INTERGOVERNMENTAL PARTICIPATION.] The executive director commissioner of administration or the director's commissioner's designee shall serve as a member of the Minnesota education telecommunications council, the geographic information systems council, the library planning task force, or their respective successor organizations, and as a member of Minnesota Technology, Inc., the Minnesota health data institute as a nonvoting member, and the Minnesota world trade center corporation.~~

Sec. 70. Minnesota Statutes 1998, section 16E.08, is amended to read:

16E.08 [BUSINESS LICENSE INFORMATION.]

The office shall coordinate the design, establishment, implementation, and maintenance of an electronic system to allow the public to retrieve by computer information prepared by the department of trade and economic development bureau of business licenses on licenses and their requirements. The office shall establish the format and standards for retrieval consistent with state information and data interchange policies. The system must also be designed to allow the public to apply for and obtain business licenses and permits on line. The office shall integrate the system with the North Star online information system. The office shall work in collaboration with the department of trade and economic development bureau of business licenses. The bureau is responsible for creating and operating the system.

Sec. 71. Minnesota Statutes 1998, section 43A.047, is amended to read:

43A.047 [CONTRACTED SERVICES.]

(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.

(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.

(c) Agencies must report to the ~~senate finance and house ways and means committees~~ commissioner of administration by ~~August~~ November 1 each year on implementation of this section during the previous fiscal year. The reports must include amounts spent on professional and technical service contracts during the previous fiscal year. The commissioner shall compile the reports into a uniform format and forward them to the chairs of the ~~senate finance and house ways and means committees~~ by November 15.

Sec. 72. Minnesota Statutes 1998, section 43A.22, is amended to read:

43A.22 [BENEFITS; INTENT.]

(a) It is the intent of the state to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental benefits coverage through provider organizations, hereafter referred to as "carriers," authorized to do business in the state.

(b) The commissioner may self-insure any hospital and medical plan offered under sections 43A.22 to 43A.31 to promote reasonably stable and predictable premiums for hospital and medical benefits paid by the state and its employees and to promote affordable, ongoing relationships between employees and dependents and their medical providers. The commissioner shall consult with the commissioners of commerce and health and human services regarding the development and reporting of quality of care measures.

Sec. 73. Minnesota Statutes 1998, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to underwrite and service the benefit plans. Contracts entered into with carriers are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage provisions with all carriers licensed under chapters 62A, 62C, and 62D. The commissioner may also negotiate reasonable restrictions to be applied to all carriers under chapters 62A, 62C, and 62D. Contracts to underwrite the benefit plans must be bid or negotiated separately from contracts to service the benefit plans, which may be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C, and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. A carrier licensed under chapter 62A is exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

Sec. 74. Minnesota Statutes 1998, section 43A.23, subdivision 2, is amended to read:

Subd. 2. [CONTRACT TO CONTAIN STATEMENT OF BENEFITS.] (a) Each contract under sections 43A.22 to 43A.30 shall contain a detailed statement of benefits offered and shall include any maximums, limitations, exclusions, and other definitions of benefits the commissioner

deems necessary or desirable. Each hospital and medical benefits contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

(b) All summaries of benefits describing the hospital and medical service benefits offered to state employees must comply with laws and rules for content and clarity applicable to the licensed carrier administering the product. Referral procedures must be clearly described. The commissioners of commerce and health, as appropriate, shall review the summaries of benefits, whether written or electronic, and advise the commissioner of employee relations on any changes needed to ensure compliance.

Sec. 75. Minnesota Statutes 1998, section 43A.30, is amended by adding a subdivision to read:

Subd. 6. [CONTINGENCY RESERVE.] The commissioner shall maintain a contingency reserve within the employee insurance trust fund. The reserve must be used to increase the controls over medical plan provisions and insurance costs for the state's employee populations. The reserve consists of appropriations from the general fund, receipts from billings to agencies, and credited investment gains and losses attributable to balances in the account. The state board of investment shall invest the assets of the account according to section 11A.24.

Sec. 76. Minnesota Statutes 1998, section 43A.31, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER REPORTS.] The commissioner shall transmit a report each biennium to the legislative commission on employee relations concerning the operation of sections 43A.22 to 43A.30, including a study of local and statewide market trends regarding provider concentration, costs, and other factors as they may relate to the state's health benefits purchasing strategy. The commissioner shall consult with the commissioners of commerce and health in the conduct of this study. The commissioner shall also report the number, type, and disposition of complaints relating to the insurance programs offered by the commissioner.

Sec. 77. Minnesota Statutes 1998, section 43A.31, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER ASSISTANCE.] The commissioner shall employ staff for the purposes of assisting state employees and their dependents in:

- (1) understanding their benefits and coverage levels;
- (2) obtaining information and responses to questions regarding issues of coverage, benefits, and service from carriers and providers; and
- (3) making use of all grievance, appeals, and complaint resolution processes provided by law or contract.

Sec. 78. [43A.318] [PUBLIC EMPLOYEES GROUP LONG-TERM CARE INSURANCE PROGRAM.]

Subdivision 1. [DEFINITIONS.] (a) [SCOPE.] For the purposes of this section, the terms defined have the meaning given them.

(b) [ADVISORY COMMITTEE; COMMITTEE.] "Advisory committee" or "committee" means the committee created under subdivision 3.

(c) [COMMITTEE MEMBER; MEMBER.] "Committee member" or "member" means a person serving on the advisory committee created under subdivision 3.

(d) [ELIGIBLE PERSON.] "Eligible person" means:

- (1) an active member of a public pension plan of the state;
- (2) an employee or elected official of the state who is not eligible for participation in a public employee pension plan of the state; or
- (3) a spouse or parent of a person described in clause (1) or (2), regardless of the enrollment status in the program of the person described in clause (1) or (2).

(e) [PROGRAM.] "Program" means the statewide public employees long-term care insurance program created under subdivision 2.

(f) [PUBLIC EMPLOYEE PENSION PLAN.] "Public employee pension plan" means any Minnesota public pension plan or fund that provides pension or retirement coverage for state employees.

(g) [QUALIFIED VENDOR.] "Qualified vendor" means an entity licensed or authorized to underwrite, provide, or administer group long-term care insurance benefits in this state.

Subd. 2. [PROGRAM CREATION; GENERAL PROVISIONS.] (a) The commissioner may administer a program to make long-term care coverage available to eligible persons. The commissioner may determine the program's funding arrangements, request bids from qualified vendors, and negotiate and enter into contracts with qualified vendors. Contracts are not subject to the requirements of section 16C.16 or 16C.19. Contracts must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The program may not be self-insured until the commissioner has completed an actuarial study of the program and reported the results of the study to the legislature and self-insurance has been specifically authorized by law.

(b) The program may provide coverage for home, community, and institutional long-term care and any other benefits as determined by the commissioner. Coverage is optional. The enrolled eligible person must pay the full cost of the coverage.

(c) The commissioner shall promote activities that attempt to raise awareness of the need for long-term care insurance among residents of the state and encourage the increased prevalence of long-term care coverage. These activities must include the sharing of knowledge gained in the development of the program.

(d) The commissioner may employ and contract with persons and other entities to perform the duties under this section and may determine their duties and compensation consistent with this chapter.

(e) The benefits provided under this section are not terms and conditions of employment as defined under section 179A.03, subdivision 19, and are not subject to collective bargaining.

(f) The commissioner shall establish underwriting criteria for entry of all eligible persons into the program. Eligible persons who would be immediately eligible for benefits may not enroll.

(g) Eligible persons who meet underwriting criteria may enroll in the program upon hiring and at other times established by the commissioner.

(h) An eligible person enrolled in the program may continue to participate in the program even if an event, such as termination of employment, changes the person's employment status.

(i) Participating public employee pension plans and public employers may provide automatic pension or payroll deduction for payment of long-term care insurance premiums to qualified vendors contracted with under this section.

(j) The premium charged to program enrollees must include an administrative fee to cover all program expenses incurred in addition to the cost of coverage. All fees collected are appropriated to the commissioner for the purpose of administrating the program.

Subd. 3. [ADVISORY COMMITTEE.] (a) The committee consists of:

(1) the executive directors or designees of the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association;

(2) one member of the investment advisory committee of the state board of investment provided under section 11A.08 appointed by the board;

(3) one staff member of the department of human services appointed by the commissioner of human services;

(4) one staff member of the department of commerce appointed by the commissioner of commerce;

(5) one member of the medical community with clinical knowledge of long-term care appointed by the commissioner of employee relations; and

(6) six members representing the interests of eligible persons, including exclusive representatives of employees as defined by section 179A.03, subdivision 8, and unrepresented employees appointed by the commissioner of employee relations.

(b) Appointment to and removal from the committee must be in the manner provided in section 15.059.

(c) The members of the committee described in paragraph (a), clauses (1) to (5), serve without term limits. The terms of members described in paragraph (a), clause (6), are governed by section 15.059, subdivision 2.

(d) Members serve without compensation, but are eligible for reimbursement of expenses in the same manner and amount as authorized under section 43A.18, subdivision 2.

(e) The committee shall advise the commissioner on program issues, including, but not limited to, benefits, coverage, funding, eligibility, enrollment, underwriting, and marketing.

Subd. 4. [LONG-TERM CARE INSURANCE TRUST FUND.] (a) The long-term care insurance trust fund in the state treasury consists of deposits of the premiums received from persons enrolled in the program. All money in the fund is appropriated to the commissioner to pay premiums, claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money sufficient to cover the actuarially estimated costs of claims incurred but unpaid. The trust fund must be used solely for the purpose of the program.

(b) The state board of investment shall invest the money in the fund according to section 11A.24. Investment income and losses attributable to the fund must be credited to or deducted from the fund.

Subd. 5. [PRIVATE SOURCES.] This section does not prohibit or limit individuals or local governments from purchasing long-term care insurance through other private sources.

Sec. 79. Minnesota Statutes 1998, section 128C.02, is amended by adding a subdivision to read:

Subd. 3a. [PARTICIPATION IN EXHIBITIONS.] Minnesota amateur sports commission exhibitions in which high school students participate individually or as members of a team do not qualify as games, contests, or other extracurricular activities for state high school league purposes under this chapter.

Sec. 80. Minnesota Statutes 1998, section 138.17, subdivision 7, is amended to read:

Subd. 7. [RECORDS MANAGEMENT PROGRAM.] A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The state records center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records, (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government. When requested by the commissioner, public officials shall

assist in the preparation of an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records and the commissioner, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be forwarded to the commissioner and the archivist by the head of the governmental unit or agency. The archivist shall maintain a list of all records destroyed.

Sec. 81. Minnesota Statutes 1998, section 138.17, subdivision 8, is amended to read:

Subd. 8. [EMERGENCY RECORDS PRESERVATION.] In light of the danger of nuclear or natural disaster, the commissioner of administration, with the assistance of the director of the historical society, shall establish and maintain a program for the selection and preservation of public records considered essential to the operation of government and to the protection of the rights and interests of persons, and shall make or cause to be made preservation duplicates or designate as preservation duplicates existing copies of such essential public records. Preservation duplicates shall be durable, accurate, complete, and clear, and such duplicates reproduced by photographic or other process which accurately reproduces and forms a durable medium for so reproducing the original shall have the same force and effect for all purposes as the original record whether the original record is in existence or not. A transcript, exemplification, or certified copy of such preservation duplicate shall be deemed for all purposes to be a transcript, exemplification, or certified copy of the original record. Such preservation duplicates shall be preserved in the place and manner of safekeeping prescribed by the commissioner.

Every county, municipality, or other subdivision of government may institute a program for the preservation of necessary documents essential to the continuity of government. Such a program shall first be submitted to the commissioner for approval or disapproval and no such program shall be instituted until such approval is obtained.

Sec. 82. Minnesota Statutes 1998, section 192.49, subdivision 3, is amended to read:

Subd. 3. [ALLOWANCES FOR MILITARY EXPENSE.] (a) Allowances for the necessary military expenses of all organizations, units, or detachments of the military forces, including clerk hire, office supplies, postage, and other actual outlay, shall ~~may~~ be paid by the adjutant general out of the funds appropriated for the maintenance of the military forces, ~~such~~. These allowances annually may not to exceed:

(1) for the state headquarters and for the division headquarters when located in this state ~~\$2,000~~ \$2,500 each;

(2) \$3,000 a-year for the commanding general of troops;

(3) for any other organization commanded by a general officer ~~\$1,000 plus \$100 for each immediately and directly subordinate organization or unit~~ \$2,200;

(4) for any brigade, group, battalion, squadron, or equivalent organization ~~\$200~~ \$500 plus \$100 for each immediately and directly subordinate organization or unit; and ~~\$300~~

(5) \$600 for incidental expenses of each company, battery, or detachment; ~~and at the time of the annual encampment or maneuvers, for each division or camp headquarters mess \$200; for each officers' mess of a regiment, group, or higher headquarters \$200; and for the officers' mess of each battalion or equivalent headquarters \$100.~~

(b) Allowances authorized under this section shall be expended and accounted for as prescribed by the ~~commander-in-chief in orders or rules~~ adjutant general.

Sec. 83. Minnesota Statutes 1998, section 197.79, subdivision 10, is amended to read:

Subd. 10. [DEADLINE FOR APPLICATIONS.] The application period for the bonus program

established in this section shall be November 1, 1997, to June 30, ~~1999~~ 2001. The department may not receive or accept new applications after June 30, ~~1999~~ 2001.

Sec. 84. Minnesota Statutes 1998, section 202A.18, is amended by adding a subdivision to read:

Subd. 2a. [PREFERENCE BALLOT.] Prior to the opening of nominations for the election of permanent offices and delegates, a ballot must be distributed to permit caucus participants to indicate their preference for the offices of president of the United States or governor. The results of preference voting must be reported to the secretary of state immediately upon conclusion of the voting, in the manner provided by the secretary of state. The secretary of state shall provide the appropriate forms to the party for reporting the results.

Sec. 85. Minnesota Statutes 1998, section 202A.20, subdivision 2, is amended to read:

Subd. 2. [REPORTING CAUCUS RESULTS.] The secretary of state may provide a method for the timely reporting of caucus results to the public shall promptly report to the public the results of preference balloting at the precinct caucuses.

Sec. 86. Minnesota Statutes 1998, section 204B.25, subdivision 2, is amended to read:

Subd. 2. [RULES OF SECRETARY OF STATE.] The secretary of state shall adopt rules establishing a program programs for the training of county auditors, local election officials, and election judges by county auditors as required by this section.

Sec. 87. Minnesota Statutes 1998, section 204B.25, is amended by adding a subdivision to read:

Subd. 4. [TRAINING FOR LOCAL ELECTION OFFICIALS.] At least once every two years, the county auditor shall conduct training sessions for the municipal and school district clerks in the county. The training sessions must be conducted in the manner provided by the secretary of state. No local election official may administer an election without receiving training from the county auditor.

Sec. 88. Minnesota Statutes 1998, section 204B.27, is amended by adding a subdivision to read:

Subd. 10. [TRAINING FOR COUNTY AUDITORS; TRAINING MATERIALS.] The secretary of state shall develop a training program in election administration for county auditors and shall certify each county auditor who successfully completes the training program. The secretary of state shall provide each county auditor with materials for use in training local election officials and election judges.

Sec. 89. Minnesota Statutes 1998, section 204B.28, subdivision 1, is amended to read:

Subdivision 1. [TRAINING PROGRAM FOR MEETING WITH ELECTION OFFICIALS.] At least 12 weeks before each state primary regularly scheduled general election, each county auditor shall conduct a training program for meeting with local election officials to review the procedures for the election. The county auditor may require the municipal clerks and the chairs of the election boards in the county to meet for this training program before the election at a time and place set by the county auditor. The training program shall include instruction in election procedures and the duties of municipal clerks and election judges. The chairs of the election boards shall be compensated by the municipalities for the incidental expenses incurred by them to attend a training program attend this meeting.

Sec. 90. Minnesota Statutes 1998, section 240A.09, is amended to read:

240A.09 [PLAN DEVELOPMENT; CRITERIA.]

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from

more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of two or more ice sheets in a single new facility;
- (2) proposals for construction of an additional sheet of ice at an existing ice center;
- (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(c) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(d) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(e) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(f) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(g) The commission may also use the ~~funds~~ money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(i) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

(j) A grant for new facilities may not exceed \$250,000.

(k) The commission may ~~use funds~~ make grants for rehabilitation and renovation ~~grants~~. A rehabilitation or renovation grant may not exceed \$100,000. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

(~~k~~) (l) ~~Grant funds~~ money may be used for ice centers designed for sports other than hockey.

(~~m~~) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 16B.616.

Sec. 91. [240A.12] [GRANTS FOR ATHLETIC FACILITIES AND PROGRAMS.]

Subdivision 1. [GRANTS.] The commission may make matching grants to political subdivisions of the state:

(1) to acquire and better public land and buildings and other public improvements of a capital nature to be used for community facilities and related infrastructure primarily for amateur athletics;

- (2) to renovate existing facilities used primarily for amateur athletics;
- (3) to support recreational programs for children and adolescents; and
- (4) to support special events involving amateur athletics.

Subd. 2. [GEOGRAPHIC DISPERSAL.] To the extent possible, over time, the commission shall disperse grants equally among the state's congressional districts and award one-half of all grants to communities or institutions outside the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 3. [MAXIMUM GRANTS AND MATCHING CONTRIBUTIONS.] Each grant under this section must be matched by recipient communities or institutions in accordance with this subdivision. A matching contribution may include an in-kind contribution of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking. A grant for new facilities may not exceed \$100,000 and must be matched by the recipient at a rate of four times the amount of the grant. A grant for renovation of existing facilities may not exceed \$50,000 and must be matched equally by the recipient. A grant for recreational programs may not exceed \$20,000 and must be matched equally by the recipient. A grant for a special event or program may not exceed \$100,000 and must be matched equally by the recipient.

Sec. 92. Minnesota Statutes 1998, section 297F.08, is amended by adding a subdivision to read:

Subd. 8a. [REVOLVING ACCOUNT.] A heat applied cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase heat applied stamps for resale. The commissioner shall charge distributors for the tax value of the stamps they receive along with the commissioner's cost to purchase the stamps and ship them to the distributor. The stamp purchase and shipping costs recovered must be credited to the revolving account and are appropriated to the commissioner for the further purchases and shipping costs. The revolving account is initially funded by a \$40,000 transfer from the department of revenue.

Sec. 93. [325F.015] [UNSAFE BLEACHERS.]

A person shall not manufacture, sell, distribute, or install bleachers within this state that do not comply with section 16B.616. For purposes of this section, "person" means an individual, public or private entity, however organized, or a unit of state or local government.

Sec. 94. Minnesota Statutes 1998, section 325K.03, is amended by adding a subdivision to read:

Subd. 4. [CERTIFICATION PRACTICE STATEMENT.] The secretary in the role of licensed certification authority may adopt and amend a certification practice statement without using the provisions of chapter 14.

Sec. 95. Minnesota Statutes 1998, section 325K.04, is amended to read:

325K.04 [FEES.]

(a) The secretary may adopt rules establishing shall set reasonable fees for all services rendered under this chapter, in amounts sufficient to compensate for the costs of all services provided by the secretary under this chapter. All fees recovered by the secretary must be deposited in the state general fund. Until July 1, 2001, the fees need not be set by rule.

(b) The digital signature account is created in the special revenue fund. All fees recovered by the secretary must be deposited in the digital signature account. Money in the digital signature account is appropriated to the secretary to pay the costs of all services provided by the secretary.

Sec. 96. Minnesota Statutes 1998, section 325K.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSE CONDITIONS.] To obtain or retain a license, a certification authority must:

- (1) be the subscriber of a certificate published in a recognized repository;
- (2) employ as operative personnel only persons who have not been convicted within the past 15 years of a felony or a crime involving fraud, false statement, or deception;
- (3) employ as operative personnel only persons who have demonstrated knowledge and proficiency in following the requirements of this chapter;
- (4) file with the secretary a suitable guaranty, unless the certification authority is a department, office, or official of a federal, state, city, or county governmental entity that is self-insured;
- (5) use a trustworthy system, including a secure means for limiting access to its private key;
- (6) present proof to the secretary of having working capital reasonably sufficient, according to rules adopted by the secretary, to enable the applicant to conduct business as a certification authority;
- (7) register its business organization with the secretary, unless the applicant is a governmental entity or is otherwise prohibited from registering; and
- (8) require a potential subscriber to appear in person before the certification authority, or an agent of the certification authority, to prove the subscriber's identity before a certificate is issued to the subscriber; and
- (9) comply with all further licensing requirements established by rule by the secretary. The secretary may, by rule, establish standards by which the in-person registration required in clause (8) may be waived.

Sec. 97. Minnesota Statutes 1998, section 325K.09, is amended by adding a subdivision to read:

Subd. 3. [ACCEPTANCE.] A recipient who accepts a digital signature when the certificate was issued by a licensed certification authority becomes a party to and accepts all of the terms and conditions of the licensed certification authority's certification practice statement.

Sec. 98. Minnesota Statutes 1998, section 325K.10, subdivision 5, is amended to read:

Subd. 5. [ORDER OF SUSPENSION OR REVOCATION.] The secretary may order the licensed certification authority to suspend or revoke a certificate that the certification authority issued if, after giving any required notice and opportunity for the certification authority and subscriber to be heard in accordance with the Administrative Procedure Act, chapter 14, the secretary determines that:

- (1) the certificate was issued without substantial compliance with this section; and
- (2) the noncompliance poses a significant risk to persons reasonably relying on the certificate.

Upon determining that an emergency requires an immediate remedy, and in accordance with the Administrative Procedure Act, chapter 14, the secretary may issue an order suspending a certificate for a period not to exceed ~~48~~ 96 hours.

Sec. 99. Minnesota Statutes 1998, section 325K.14, is amended by adding a subdivision to read:

Subd. 9. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 100. Minnesota Statutes 1998, section 325K.15, is amended by adding a subdivision to read:

Subd. 8. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of

chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 101. Minnesota Statutes 1998, section 349.163, subdivision 4, is amended to read:

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the board and the division of alcohol and gambling enforcement may inspect the books, records, inventory, and business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer. The board may charge a manufacturer for the actual cost of conducting scheduled or unscheduled inspections of the manufacturer's facilities, where the amount charged to the manufacturer for such inspections in any year does not exceed \$7,500. The board shall deposit in a separate account in the state treasury all money received as reimbursement for the costs of inspections. ~~Until July 1, 1999,~~ Money in the account is appropriated to the board to pay the costs of the inspections.

Sec. 102. Laws 1993, chapter 192, section 16, is amended to read:

Sec. 16. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	326,000	334,000
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Any unencumbered balance of the appropriation for the first year does not cancel and is available for use in the second year.

\$75,000 the first year and \$82,000 the second year are to create a memorial to Hubert H. Humphrey in the capitol area. Of these amounts, up to \$75,000 may be used by the board to select an appropriate site for the memorial. ~~\$82,000 is available only as matched, one state dollar for three dollars, by contributions from nonstate sources.~~ The board shall establish design requirements, choose the design, and oversee construction of the memorial. In establishing the memorial, the board may accept money from nonstate sources and contract with other private or public agencies. The appropriation is available until expended.

Sec. 103. Laws 1994, chapter 643, section 69, subdivision 1, is amended to read:

Subdivision 1. [TASK FORCE MEMBERSHIP.] ~~An 18-member~~ A 19-member planning task force for library and information services shall be established and shall be composed of: three representatives appointed by the chancellor of the higher education board, one of whom may be serving on the MINITEX advisory committee; two representatives appointed by the president of the University of Minnesota, one of whom may be serving on the MINITEX advisory committee; one representative appointed by the president of the Minnesota private college council; the director of MINITEX; one representative appointed by the commissioner of finance; one representative appointed by the commissioner of administration; one representative appointed by the executive director of the Minnesota higher education coordinating board; the director of the office of library development and services; five representatives of public libraries appointed by the director of library development and services; two representatives of elementary and secondary schools appointed by the commissioner of education; and one representative appointed by the governor. The executive director of the Minnesota higher education coordinating board shall confer with the other appointing authorities to ensure that at least one-half of the task force members are employed in occupations unrelated to library science. The executive director of the Minnesota higher education coordinating board shall convene the first meeting of the task force.

Sec. 104. Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended by Laws 1997, First Special Session chapter 4, article 9, section 2, and Laws 1998, chapter 270, section 4, is amended to read:

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; eight representatives selected by the commissioner of children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; the ~~director~~ commissioner of the office of technology administration; two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

- (1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;
- (2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;
- (3) recommend educational policy relating to telecommunications;
- (4) determine priorities for use;
- (5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;
- (6) review application for telecommunications access grants under Minnesota Statutes, section 124C.74, and recommend to the department grants for funding;
- (7) determine priorities for grant funding proposals; and
- (8) work with the office of technology to ensure consistency of the operation of the learning network with standards of an open system architecture.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Sec. 105. Laws 1995, First Special Session chapter 3, article 12, section 10, is amended to read:

Sec. 10. [ELECTRONIC COST REDUCTION.]

The commissioner of education shall identify methods to reduce the costs of Internet access for school districts. The commissioner shall work in conjunction with MNet the state information infrastructure, the department of administration, and the telecommunication industry to provide Internet access and long distance phone service at a favorable group rate.

Sec. 106. Laws 1997, chapter 202, article 2, section 61, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government shall ~~encourage~~ may allow each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 1999 2001. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of

the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 107. Laws 1998, chapter 366, section 2, is amended to read:

Sec. 2. LEGISLATURE

25,000

This appropriation is to the legislative coordinating commission for a grant to the Council of State Governments to organize and fund a series of meetings between members of the Minnesota legislature and members of the Manitoba and Ontario parliaments. Approximately Up to six members of each body may attend the meetings. Meetings may involve all three bodies or the legislature and one of the parliaments. The meetings shall be at the capital cities of the state or of the provinces. This appropriation is available until June 30, 2000.

Sec. 108. [URBAN DEVELOPMENT ENVIRONMENTAL STEERING COMMITTEE.]

Subdivision 1. [COMMITTEE; DEFINITION.] (a) The environmental quality board shall establish an urban development environmental steering committee consisting of representatives of developers, environmental interests, agricultural landowners, and other stakeholders. The urban development environmental steering committee shall advise the environmental quality board on the scope and content of the generic environmental impact statement required in subdivision 2.

(b) Compensation of members and reimbursement of their expenses is governed by Minnesota Statutes, section 15.059. The committee expires upon completion of the generic environmental impact statement required in subdivision 2 and presentation of the report to the legislature.

(c) For the purposes of this section, "urban development" means development in:

(1) cities with more than 15,000 population; and

(2) areas with densities greater than 200 people per square mile in proximity to cities with more than 15,000 population.

Subd. 2. [GENERIC ENVIRONMENTAL IMPACT STATEMENT.] A generic environmental impact statement must be prepared under the direction of the environmental quality board to examine the long-term effects of urban development, past, present, and future, upon the economy, environment, and way of life of the residents of this state. The study may address:

(1) the overall dimension of urban development in this state, including the past and current trends of settlement and population growth, the types and location of urban development, and the relationship of past and current development patterns to existing land use policies;

(2) environmental quality issues associated with urban development such as the effects of urban development on air, groundwater, surface water, and land, including the impact of urban development on the loss of agricultural land in urbanizing areas;

(3) economic issues such as the comparative economic impact of alternative means of urban development, including the economic efficiency of the alternatives;

(4) social issues such as the comparative social impact of alternative means of urban development; and

(5) the roles of various units of government in regulating various aspects of land use decisions.

Sec. 109. [STATE TRAVEL OFFICE.]

Subdivision 1. [STUDY.] The commissioner of administration shall study the feasibility and potential advantages of establishing a state travel office in the executive branch to manage and oversee arrangements for air and surface travel by state employees and officials. In conducting the study, the commissioner shall consider travel procedures currently used by the state in comparison with those used by the federal government, other states, and private businesses.

Subd. 2. [ISSUES.] The study required by subdivision 1 must address, at a minimum:

- (1) the relative merits of central versus decentralized management and oversight of travel;
- (2) current procedures used by the legislative, judicial, and executive branches of the state as well as the Minnesota state colleges and universities and the University of Minnesota;
- (3) statutory and other authority necessary to manage and oversee state travel;
- (4) the relative merits of state operation of travel services versus the provision of travel services by travel agencies under contract;
- (5) the use of one travel agency versus several preferred agencies;
- (6) the criteria used in selecting the preferred agencies;
- (7) managing frequent-flier miles versus other options; and
- (8) the use of Internet-based travel authorization and booking versus traditional methods.

Subd. 3. [REPORT.] The commissioner shall report to the legislature on the conclusions of the study by January 15, 2000. The report must include recommendations for any legislation that might be necessary to implement the report's conclusions.

Sec. 110. [BUDGET PRINCIPLES; BUDGET REVIEW.]

Subdivision 1. [PRINCIPLES.] The legislative commission on planning and fiscal policy shall establish principles and standards related to budgeting that simplify the process, minimize the number of state funds and special accounts, and are consistent with generally accepted accounting principles. The principles must define when it is appropriate to create special or dedicated funds and accounts, when it is appropriate to create open appropriations from the general fund and open appropriations of dedicated receipts, and the appropriate level of budgetary reserves.

Subd. 2. [REVIEW OF PAST BUDGET ACTIONS.] With the assistance of the commissioner of finance and staff of the house and senate, the commission shall:

- (1) review the biennial budget instructions issued by the commissioner of finance for the 2000-2001 biennial budget, specifically instructions on how to establish the budget base, the inflation factors used, how to calculate caseload adjustments, and related program requirements;
- (2) review all statutory open and standing appropriations and identify any that are inconsistent with the commission's principles;
- (3) review all reserve accounts and the level of reserves and identify any that are inconsistent with the commission's principles; and
- (4) review other related issues as deemed appropriate by the commission.

Subd. 3. [PROCESS TO REVIEW FUTURE BUDGET ACTIONS.] The commission, in consultation with the commissioner of finance, shall develop and recommend to the legislature a process whereby a bill that affects the budget may be reviewed to determine whether the appropriations and accounts it creates are consistent with the principles adopted by the commission. The commission shall consider how this review should be coordinated or integrated with the process for creating fiscal notes and whether the review should be done by staff of the executive branch or by staff of the legislative branch.

Subd. 4. [REPORT.] The commission shall report the principles and standards it has established, the results of its review of past budget actions, and its recommended process for reviewing future budget actions to the legislature and the governor by December 1, 1999.

Sec. 111. [LOAN REPAYMENT.]

The loan made by the Minneapolis community development agency to the Minneapolis park and recreation board in 1986 to acquire property for the central riverfront regional park must not be repaid by any funds from the state of Minnesota or funds of political subdivisions of the state, including the metropolitan council.

Sec. 112. [EMPLOYEE ASSISTANCE PROGRAM; TRANSFER.]

Responsibility for the state employee assistance program under Minnesota Statutes, section 16B.39, subdivision 2, is transferred from the commissioner of administration to the commissioner of employee relations under Minnesota Statutes, section 15.039.

Sec. 113. [OFFICE OF TECHNOLOGY; TRANSFER.]

In accordance with Minnesota Statutes, sections 15.039 and 43A.045, the responsibilities of the executive director of the office of technology under Minnesota Statutes, chapter 16E, and otherwise, are transferred to the commissioner of administration.

Sec. 114. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall renumber Minnesota Statutes, section 256.482, subdivision 5a, as Minnesota Statutes, section 16B.055, subdivision 2, and renumber the existing text of Minnesota Statutes, section 16B.055, as subdivision 1.

(b) In the next edition of Minnesota Statutes, the revisor of statutes shall change the term "executive director of the office of technology" to "commissioner of administration" and the term "executive director," wherever it refers to the executive director of the office of technology, to "commissioner."

(c) The revisor of statutes shall renumber Minnesota Statutes, section 16B.39, subdivision 2, in chapter 43A.

Sec. 115. [REPEALER.]

(a) Minnesota Rules, part 8275.0045, subpart 2, is repealed.

(b) Minnesota Statutes 1998, sections 15.90; 15.91; 15.92; 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13, are repealed.

(c) Laws 1991, chapter 235, article 5, section 3, as amended by Laws 1995, chapter 254, article 1, section 91, is repealed.

(d) Minnesota Statutes 1998, section 16A.1285, subdivisions 4 and 5, are repealed.

(e) Minnesota Statutes 1998, sections 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10, are repealed.

(f) S.F. No. 2223 of the 1999 regular session, if enacted, is repealed.

(g) Minnesota Statutes 1998, sections 4A.08; 4A.09; and 4A.10, are repealed.

Sec. 116. [EFFECTIVE DATE.]

(a) Section 41 is effective January 1, 2001. Section 43 is effective July 1, 2000, with respect to preparation of the model policies and procedures by the commissioner of administration, and January 1, 2001, with respect to the other provisions of section 43.

(b) Sections 62 to 64 and 93 are effective January 1, 2001.

(c) Sections 94 to 100 are effective the day following final enactment.

(d) Sections 47, 49, 55, and 115, paragraphs (d) and (g), are effective July 1, 2001.

(e) Section 61 is effective the day following final enactment and applies only to contracts executed on or after that date.

(f) The commissioner of employee relations may not implement the long-term care insurance plan under section 78 until April 1, 2000.

ARTICLE 2

YEAR 2000

Section 1. Minnesota Statutes 1998, section 12.31, subdivision 2, is amended to read:

Subd. 2. [DECLARATION OF PEACETIME EMERGENCY.] The governor may declare a peacetime emergency. A peacetime declaration of emergency may be declared only when an act of nature, a technological failure or malfunction, a terrorist incident, an industrial accident, a hazardous materials accident, or a civil disturbance endangers life and property and local government resources are inadequate to handle the situation. It must not be continued for more than five days unless extended by resolution of the executive council up to 30 days. An order, or proclamation declaring, continuing, or terminating an emergency must be given prompt and general publicity and filed with the secretary of state.

Sec. 2. Minnesota Statutes 1998, section 12.37, is amended to read:

12.37 [POLITICAL SUBDIVISIONS, AUTHORITY TO ENTER INTO CONTRACTS.]

During an emergency or disaster, each political subdivision, notwithstanding any statutory or charter provision to the contrary, and through its governing body acting within or without the corporate limits of the political subdivision, may:

(1) enter into contracts and incur obligations necessary to combat the disaster by protecting the health and safety of persons and property and by providing emergency assistance to the victims of the disaster; and

(2) exercise the powers vested by this subdivision in the light of the exigencies of the disaster without compliance with time-consuming procedures and formalities prescribed by law pertaining to:

- (i) the performance of public work;
- (ii) entering into contracts;
- (iii) incurring of obligations;
- (iv) employment of temporary workers;
- (v) rental of equipment;
- (vi) purchase of supplies and materials;
- (vii) limitations upon tax levies; and

(viii) the appropriation and expenditure of public funds, for example, but not limited to, publication of ordinances and resolutions, publication of calls for bids, provisions of civil service laws and rules, provisions relating to low bids, and requirements for budgets.

The failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices shall constitute an emergency for the purposes of this section.

Sec. 3. [604B.01] [YEAR 2000 ACTIVITIES; IMMUNITY.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this section have the meanings given them.

Subd. 2. [ASSOCIATION.] "Association" means a trade, professional, governmental, or similar organization the members of which are individuals, enterprises, or governmental units engaged in similar lines of business, services, or activity.

Subd. 3. [STATE AGENCY.] "State agency" means the University of Minnesota, Minnesota state colleges and universities, and the departments, boards, agencies, and commissions in the executive, judicial, and legislative branches.

Subd. 4. [YEAR 2000 SOLUTION INFORMATION.] "Year 2000 solution information" means information related to solutions that address the inability of computer systems, software, or electronically controlled devices to recognize certain dates in 1999 and after December 31, 1999. That inability may cause disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices.

Subd. 5. [ASSOCIATION AND RELATED IMMUNITY.] No cause of action may be maintained against an association for damages or harm resulting from the collection of year 2000 solution information or the publication of that information or against any person or entity for providing year 2000 solution information to the association.

Subd. 6. [STATE AGENCY IMMUNITY.] No cause of action may be maintained against a state agency for damages or harm resulting from the collection of year 2000 solution information or the publication of that information.

Subd. 7. [GOVERNMENTAL UNIT IMMUNITY.] No cause of action may be maintained against a governmental unit as defined in section 462.384, subdivision 2, including governmental units acting jointly under section 471.59, for damages or harm resulting from the collection, publication, or dissemination of year 2000 solution information to other governmental units or to the metropolitan council or agencies.

Subd. 8. [EXCEPTION.] Subdivisions 5 to 7 do not apply if the party against whom the claim is brought knew in fact that the year 2000 solution information provided was materially false.

Subd. 9. [NO IMPLIED CAUSE OF ACTION CREATED.] No liability on the part of any person or any public or private entity is implied or created by this section by the absence of a grant of immunity under this section.

Sec. 4. [EMERGENCIES.]

(a) The governor may declare an emergency under this section for purposes of Minnesota Statutes, sections 12.31, 12.36, and 12.37. The governor may declare an emergency under authority of this section only to the extent that actual or potential failure of computers or electronically controlled devices creates an actual or imminent serious threat to the health or safety of persons or an actual or imminent threat of catastrophic loss to property or the environment.

(b) A declaration for purposes of Minnesota Statutes, section 12.31, must be made according to procedures in that section.

(c) The governor may declare an emergency under this section for purposes of Minnesota Statutes, section 12.36 or 12.37, without declaring a peacetime emergency under Minnesota Statutes, section 12.31. A declaration for purposes of Minnesota Statutes, section 12.36 or 12.37, may specify that it applies to all or certain units of state or local government, must specify the time period for which it applies, and must be filed with the secretary of state.

(d) This section is in addition to and does not limit authority granted to the governor or local government officials by Minnesota Statutes, chapter 12, or other law.

(e) After April 1, 2000, the governor may not use this section as authority to declare an emergency.

(f) If an emergency is declared under authority of this section, a unit of state or local government may omit compliance with the procedures and law listed in Minnesota Statutes, sections 12.36, paragraph (a), clause (2), and 12.37, clause (2), only to the extent necessary to protect health and safety of persons or avoid catastrophic loss to property or the environment. A unit of state or local government must report to the year 2000 project office in the department of administration on omitting compliance with procedures and laws. The report must be filed within 30 days of the action that did not comply with the customary laws.

Sec. 5. [YEAR 2000 PROBLEM REPORTS.]

All electric utilities, as defined in Minnesota Statutes, section 216B.38, subdivision 5, and telephone companies, as defined in Minnesota Statutes, section 237.01, subdivisions 2 and 3, must file status reports on year 2000 problems with the public utilities commission and the department of public service, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been complete to date. The foregoing questions, along with others deemed appropriate, must be included in Y2K status report form that must be provided by the department of public safety, division of emergency management. If a report indicates that all year 2000 problems have been remediated, an entity need not file a subsequent report unless there has been a change.

Sec. 6. [YEAR 2000 PROBLEM EXEMPTION FROM UNIFORM MUNICIPAL CONTRACTING LAW.]

Subdivision 1. [MUNICIPAL CONTRACTS.] Minnesota Statutes, section 471.345, does not apply to the purchase or rental of supplies, materials, and equipment nor to the construction, alteration, repair, and maintenance of real or personal property if the governing body of a municipality determines that there is an urgency due to the actual or potential failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices.

Subd. 2. [SPECIAL PROCEDURE.] A contract exempted from Minnesota Statutes, section 471.345, by subdivision 1 may, at the discretion of the municipality, be made by direct negotiation by obtaining two or more quotations or in the open market. All quotations shall be kept on file for a period of at least one year after receipt.

Subd. 3. [APPLICABILITY OF OTHER LAWS.] This section supersedes any inconsistent law.

Subd. 4. [REPORTS.] A municipality must report to the year 2000 project office in the department of administration on each instance in which it omitted compliance with the uniform municipal contracting law under authority of this section.

Subd. 5. [EXPIRATION.] This section applies only to a contract entered into or goods or services purchased before April 1, 2000.

Sec. 7. [YEAR 2000 PROBLEM; LOCAL GOVERNMENT DEBT.]

Subdivision 1. [SCOPE.] For the purpose of this section, the terms defined in subdivisions 2 to 4 have the meanings given them.

Subd. 2. [YEAR 2000 PROBLEM.] "Year 2000 problem" means disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices in 1999 or on or after January 1, 2000.

Subd. 3. [POLITICAL SUBDIVISION.] "Political subdivision" means a home rule charter city, a statutory city, a school district, a county, a town, the metropolitan council, or any local governmental entity authorized by general or special law or charter to own and operate electronically controlled equipment.

Subd. 4. [YEAR 2000 PROBLEM REMEDIATION COST.] "Year 2000 problem remediation cost" means a cost or expense of any nature incurred by a political subdivision in planning for and taking remedial or preventive action to prepare for or correct the year 2000 problem.

Subd. 5. [AUTHORITY.] Any law or charter provision authorizing a political subdivision to borrow money and incur debt is deemed to include the authority to borrow money and incur that debt for year 2000 problem remediation.

Debt incurred for year 2000 problem remediation is not subject to debt limits and notwithstanding any contrary provision of law or charter provision, need not be approved by the voters of a political subdivision. A political subdivision not otherwise authorized to borrow money and incur debt may, with approval of the appropriate governmental subdivision with taxing authority, incur debt for year 2000 problem remediation in the same manner and subject to the same limitations as statutory cities. A debt may not be incurred until the year 2000 project office in the department of administration certifies to the commissioner of revenue that the proposed use of the debt is related only to remediation of a year 2000 problem.

Subd. 6. [SUNSET.] The authority to incur debt under this section expires December 31, 2000, provided that debt incurred under this section need not be repaid until December 31, 2005.

Subd. 7. [INTERPRETATION.] This section is to be construed liberally to achieve its purpose.

Sec. 8. [DEPARTMENT OF HEALTH; YEAR 2000 ACTIVITY.]

Subdivision 1. [DEPARTMENT OF HEALTH SURVEY.] The department of health must, by July 30, 1999, survey all hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems for year 2000 problems and solutions related to their operations. The department, upon request, must disseminate information about those year 2000 problems and proposed solutions to hospitals, nursing homes, and water supply system operators in a prompt and reasonable manner.

Subd. 2. [STATUS REPORTS.] All hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems must file status reports on year 2000 problems with the department of health, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been completed to date. The foregoing questions, along with others deemed appropriate, must be included in a Y2K status report form that must be provided by the department of public safety, division of emergency management. If there has been no change since the previous report, the report may indicate only that no change has occurred.

Sec. 9. [DEPARTMENT OF HUMAN SERVICES; YEAR 2000 ACTIVITY.]

If year 2000 computer problems create a failure or malfunction in the infrastructure or systems used by the department of human services for payment to health care providers under state government programs or counties, the commissioner of human services shall continue to pay all health care providers paid under state government programs or counties by manual warrant or other measures within the statutorily required time period.

Sec. 10. [STATUS REPORTS.]

(a) The recipients of the status reports required by sections 5 and 8, subdivision 2, including the division of emergency management, shall consult with those required to file those reports concerning the form of the report.

(b) All reports provided under sections 5 and 8 shall be considered Year 2000 Readiness Disclosures.

Sec. 11. [USE OF STATUS REPORTS AS EVIDENCE PROHIBITED.]

The status reports required by sections 5 and 8, subdivision 2, may not be used as evidence in any action seeking damages or other relief because of a year 2000 problem.

Sec. 12. [YEAR 2000 LOAN FUND.]

(a) \$20,000,000 is appropriated from the general fund in fiscal year 2000 to the commissioner of finance to capitalize a fund, to be used to make loans to school districts; counties; joint powers boards; home rule charter and statutory cities; and towns to meet the costs they incur in addressing year 2000 problems.

(b) A loan may not be made until the year 2000 project office of the department of administration certifies to the commissioner of finance that:

(1) the proposed use of the loan is related only to remediation of a year 2000 problem;

(2) the unit of local government has insufficient resources available to address year 2000 problems; and

(3) the loan would be used to remediate problems that are likely to affect public health and safety or cause catastrophic loss to property or the environment.

(c) The local units of government that received the loans must repay them by June 30, 2001. Interest is payable on the loan at the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner of finance. Repayments must be deposited in the general fund.

(d) A unit of local government receiving a loan under this section must report to the year 2000 project office in the department of administration within 60 days of receiving the loan. The report must state how the loan was used in accordance with the criteria of paragraph (b).

(e) This appropriation cancels April 1, 2000.

Any canceled money must be deposited in the general fund.

Sec. 13. [COMMISSIONER REVIEW.]

The commissioner of administration, through staff of the Y2K project office, is responsible for reviewing use of emergency authority and emergency funds under this act and shall review reports from state agencies and political subdivisions under sections 4, 5, 6, and 12. If the commissioner determines that funds obtained under section 12 were not used in a manner consistent with the requirements of section 12, paragraph (b), the political subdivision must pay interest on the loan at the rate of 12 percent, compounded annually from the time the loan was received.

Sec. 14. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment and does not affect or apply to any lawsuit pending on the effective date. Sections 1, 2, and 4 to 13 are effective the day following final enactment.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 1998, section 14.131, is amended to read:

14.131 [STATEMENT OF NEED AND REASONABLENESS.]

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include the following to the extent the agency, through reasonable effort, can ascertain this information:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(5) the probable costs of complying with the proposed rule; and

(6) an assessment of any differences between the proposed rule and existing federal regulations and a specific analysis of the need for and reasonableness of each difference.

~~For rules setting, adjusting, or establishing regulatory, licensure, or other charges for goods and services, the statement of need and reasonableness must include the comments and recommendations of the commissioner of finance and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.~~

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002.

The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.

The agency must send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available for public review.

Sec. 2. Minnesota Statutes 1998, section 14.23, is amended to read:

14.23 [STATEMENT OF NEED AND REASONABLENESS.]

Before the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness, which must be available to the public. ~~The statement of need and reasonableness must include the analysis required in section 14.131 and the comments and recommendations of the commissioner of finance, and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.~~ The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.

The agency shall send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available to the public.

Sec. 3. Minnesota Statutes 1998, section 16B.748, is amended to read:

16B.748 [RULES.]

The commissioner may adopt rules for the following purposes:

(1) ~~to set a fee under section 16A.1285 for processing a construction or installation permit or elevator contractor license application;~~

(2) ~~to set a fee under section 16A.1285 to cover the cost of elevator inspections;~~

(3) to establish minimum qualifications for elevator inspectors that must include possession of a current elevator constructor electrician's license issued by the state board of electricity and proof of successful completion of the national elevator industry education program examination or equivalent experience;

(4) (2) to establish criteria for the qualifications of elevator contractors;

(5) (3) to establish elevator standards under sections 16B.61, subdivisions 1 and 2, and 16B.64;

(6) (4) to establish procedures for appeals of decisions of the commissioner under chapter 14 and procedures allowing the commissioner, before issuing a decision, to seek advice from the elevator trade, building owners or managers, and others knowledgeable in the installation, construction, and repair of elevators; and

(7) (5) to establish requirements for the registration of all elevators.

Sec. 4. Minnesota Statutes 1998, section 18.54, is amended to read:

18.54 [LOCAL SALES AND MISCELLANEOUS.]

Subdivision 1. [SERVICES AND FEES.] The commissioner may make small lot inspections or perform other necessary services for which another charge is not specified. For these services the commissioner shall set a fee plus expenses that will recover the cost of performing this service, as provided in section 16A.1285. The commissioner may set an additional acreage fee for inspection of seed production fields for exporters in order to meet domestic and foreign plant quarantine requirements.

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner shall have the authority to provide special services such as virus disease-free certification and other similar programs. Participation by nursery stock growers shall be voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery stock growers for services and materials that are necessary to conduct this type of work, as provided in section 16A.1285.

Sec. 5. Minnesota Statutes 1998, section 21.92, is amended to read:

21.92 [SEED INSPECTION FUND.]

There is established in the state treasury an account known as the seed inspection fund. Fees and penalties collected by the commissioner under sections 21.80 to 21.92 and interest attributable to money in the account shall be deposited into this account. The rates at which the fees are charged may be adjusted pursuant to section 16A.1285.

Sec. 6. Minnesota Statutes 1998, section 60A.964, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The licensing fee for a viatical settlement provider license is \$750 for initial licensure and \$250 for each annual renewal. The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement. The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 7. Minnesota Statutes 1998, section 60A.972, subdivision 3, is amended to read:

Subd. 3. [FEES.] The licensing fee for a viatical settlement broker is \$750 for initial licensure and \$250 for each annual renewal. Failure to pay the renewal fee within the time required by the commissioner results in an automatic revocation of the license. The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement. The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 8. Minnesota Statutes 1998, section 97B.025, is amended to read:

97B.025 [ADVANCED HUNTER EDUCATION.]

The commissioner may establish advanced education courses for hunters and trappers. The commissioner, with the approval of the commissioner of finance, may impose a fee not to exceed \$10 for each person attending an advanced education course. ~~The commissioner shall establish the fee under section 16A.1285.~~

Sec. 9. Minnesota Statutes 1998, section 103G.301, subdivision 2, is amended to read:

Subd. 2. [PERMIT APPLICATION FEES.] (a) An application for a permit authorized under this chapter, and each request to amend or transfer an existing permit, must be accompanied by a permit application fee to defray the costs of receiving, recording, and processing the application or request to amend or transfer.

~~(b) The application fee for a permit to appropriate water, a permit to construct or repair a dam that is subject to dam safety inspection, a state general permit, or to apply for the state water bank program is \$75. The application fee for a permit to work in public waters or to divert waters for mining must be at least \$75, but not more than \$500, in accordance with a schedule of fees adopted under section 16A.1285.~~

Sec. 10. Minnesota Statutes 1998, section 103I.525, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the well contractor's license until the renewal application, renewal application fee, late fee, and all other information required in subdivision 8 are submitted.

Sec. 11. Minnesota Statutes 1998, section 103I.531, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the limited well contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 12. Minnesota Statutes 1998, section 103I.535, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the elevator shaft contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 13. Minnesota Statutes 1998, section 103I.541, subdivision 5, is amended to read:

Subd. 5. [INCOMPLETE OR LATE RENEWAL.] If a registered person submits a renewal application after the required renewal date:

(1) the registered person must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the registered person may not conduct activities authorized by the monitoring well contractor's registration until the renewal application, renewal application fee, late fee, and all other information required in subdivision 4 are submitted.

Sec. 14. Minnesota Statutes 1998, section 115B.49, subdivision 2, is amended to read:

Subd. 2. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the account:

(1) the proceeds of the fees imposed by subdivision 4;

(2) interest attributable to investment of money in the account;

(3) penalties and interest collected under subdivision 4, paragraph ~~(d)~~ (c); and

(4) money received by the commissioner for deposit in the account in the form of gifts, grants, and appropriations.

Sec. 15. Minnesota Statutes 1998, section 115B.49, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION; FEES.] (a) The owner or operator of a drycleaning facility shall register on or before July 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

(1) \$500, for facilities with a full-time equivalence of fewer than five;

(2) \$1,000, for facilities with a full-time equivalence of five to ten; and

(3) \$1,500, for facilities with a full-time equivalence of more than ten.

(b) A person who sells drycleaning solvents for use by drycleaning facilities in the state shall collect and remit to the commissioner of revenue in a manner prescribed by the commissioner of revenue, on or before the 20th day of the month following the month in which the sales of drycleaning solvents are made, a fee of:

(1) \$3.50 for each gallon of perchloroethylene sold for use by drycleaning facilities in the state; and

(2) 70 cents for each gallon of hydrocarbon-based drycleaning solvent sold for use by drycleaning facilities in the state.

(c) ~~The commissioner shall, after a public hearing but notwithstanding section 16A.1285, subdivision 4, annually adjust the fees in this subdivision as necessary to maintain annual income of at least:~~

~~(1) \$600,000 beginning July 1, 1997;~~

~~(2) \$700,000 beginning July 1, 1998; and~~

~~(3) \$800,000 beginning July 1, 1999.~~

~~Any adjustment under this paragraph must be prorated among all the fees in this subdivision. After adjustment under this paragraph, the fees in this subdivision must not be greater than two times their original amount. The commissioner shall notify the commissioner of revenue of an adjustment under this paragraph no later than March 1 of the year in which the adjustment is to become effective. The adjustment is effective for sales of drycleaning solvents made, and annual registration fees due, beginning on July 1 of the same year.~~

(d) To enforce this subdivision, the commissioner of revenue may examine documents, assess and collect fees, conduct investigations, issue subpoenas, grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), abate penalties and interest, and administer appeals, in the manner provided in chapters 270 and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

Sec. 16. Minnesota Statutes 1998, section 115B.491, subdivision 2, is amended to read:

Subd. 2. [RETURN REQUIRED.] On or before the 20th of each calendar month, every drycleaning facility that has purchased drycleaning solvents for use in this state during the preceding calendar month, upon which the fee imposed by section 115B.49, subdivision 4, paragraph (b), has not been paid to the seller of the drycleaning solvents, shall file a return with the commissioner of revenue showing the quantity of solvents purchased and a computation of the fee under section 115B.49, subdivision 4, paragraph (d) (c). The fee must accompany the return. The return must be made upon a form furnished and prescribed by the commissioner of revenue and must contain such other information as the commissioner of revenue may require.

Sec. 17. Minnesota Statutes 1998, section 115B.491, subdivision 3, is amended to read:

Subd. 3. [APPLICABILITY.] All of the provisions of section 115B.49, subdivision 4, paragraph (d) (c), apply to this section.

Sec. 18. Minnesota Statutes 1998, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. ~~The agency shall adopt rules under section 16A.1285 establishing a system for charging permit fees collected under this subdivision.~~ The fee schedule must reflect reasonable and routine permitting, implementation, and enforcement costs. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), and section 16A.1285, subdivision 2, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., and sections of this chapter and the rules adopted under this chapter related to air contamination and noise. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) ~~The agency shall adopt fee rules in accordance with the procedures in section 16A.1285, subdivision 5, set fees that:~~

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in an air quality account in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand an air emission facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by paragraphs (a) to (d). When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt air permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

Sec. 19. Minnesota Statutes 1998, section 116.12, is amended to read:

116.12 [HAZARDOUS WASTE ADMINISTRATION FEES.]

Subdivision 1. [FEE SCHEDULES.] The agency shall establish the fees provided in subdivisions 2 and 3 ~~in the manner provided in section 16A.1285~~ to cover expenditures of amounts appropriated from the environmental fund to the agency for permitting, monitoring, inspection, and enforcement expenses of the hazardous waste activities of the agency.

Subd. 2. [HAZARDOUS WASTE GENERATOR FEE.] (a) Each generator of hazardous waste shall pay a fee on the hazardous waste generated by that generator. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging fees to generators. The rules must include the basis for determining the amount of fees, and procedures and deadlines for payment of fees.~~ The agency shall base the amount of fees on the quantity of hazardous waste generated and may charge a minimum fee for each generator not exempted by the agency. In adopting the fee rules, the agency shall consider:

(1) reducing the fees for generators using environmentally beneficial hazardous waste management methods, including recycling;

(2) the agency resources allocated to regulating the various sizes or types of generators;

(3) adjusting fees for sizes or types of generators that would bear a disproportionate share of the fees to be collected; and

(4) whether implementing clauses (1) to (3) would require excessive staff time compared to staff time available for providing technical assistance to generators or would make the fee system difficult for generators to understand.

(b) The agency may exempt generators of very small quantities of hazardous wastes otherwise subject to the fee if it finds that the cost of administering a fee on those generators is excessive relative to the proceeds of the fee.

(c) The agency shall reduce fees charged to generators in counties which also charge generator fees to reflect a lesser level of activity by the agency in those counties. The fees charged by the agency in those counties shall be collected by the counties in the manner in which and at the same time as those counties collect their generator fees. Counties shall remit to the agency the amount of the fees charged by the agency by the last day of the month following the month in which they were collected. If a county does not collect or remit generator fees due to the agency, the agency may collect fees from generators in that county according to rules adopted under paragraph (a).

(d) The agency may not impose a volume-based fee under this subdivision on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility. The agency may impose a flat annual fee on a facility that generates the type of material described in the preceding sentence, provided that the fee reflects the reasonable and necessary costs of inspections of the facility.

Subd. 3. [FACILITY FEES.] The agency shall charge hazardous waste facility fees including, but not limited to, an original permit fee, a reissuance fee, a major modification fee, and an annual facility fee for any hazardous waste facility regulated by the agency. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging hazardous waste facility fees.~~ The agency may exempt facilities otherwise subject to the fee if regulatory oversight of those facilities is minimal. The agency may include reasonable and necessary costs of any environmental review required under chapter 116D in the original permit fee for any hazardous waste facility.

Sec. 20. Minnesota Statutes 1998, section 116C.834, subdivision 1, is amended to read:

Subdivision 1. [COSTS.] All costs incurred by the state to carry out its responsibilities under the compact and under sections 116C.833 to 116C.843 shall be paid by generators of low-level radioactive waste in this state through fees assessed by the pollution control agency. ~~The agency shall assess the fees in the manner provided in section 16A.1285.~~ Fees may be reasonably assessed on the basis of volume or degree of hazard of the waste produced by a generator. Costs for which fees may be assessed include, but are not limited to:

- (1) the state contribution required to join the compact;
- (2) the expenses of the Commission member and state agency costs incurred to support the work of the Interstate Commission; and
- (3) regulatory costs.

Sec. 21. Minnesota Statutes 1998, section 144.98, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the biennial fee specified in this subdivision. The fees are for:

- (1) base certification fee, \$500; and
- (2) test category certification fees:

Test Category
Bacteriology

Certification Fee
\$200

Inorganic chemistry, fewer than four constituents	\$100
Inorganic chemistry, four or more constituents	\$300
Chemistry metals, fewer than four constituents	\$200
Chemistry metals, four or more constituents	\$500
Volatile organic compounds	\$600
Other organic compounds	\$600

(b) The total biennial certification fee is the base fee plus the applicable test category fees. The biennial certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional \$1,200 fee.

(d) ~~The commissioner of health may adjust fees under section 16A.1285 without rulemaking.~~ Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Sec. 22. Minnesota Statutes 1998, section 176.102, subdivision 14, is amended to read:

Subd. 14. [FEES.] ~~The commissioner shall impose fees under section 16A.1285 sufficient to cover the cost of approving and monitoring qualified rehabilitation consultants, consultant firms, and vendors of rehabilitation services. These fees are payable to the special compensation fund.~~

Sec. 23. Minnesota Statutes 1998, section 183.375, subdivision 5, is amended to read:

Subd. 5. [FEES.] All fees collected by the division of boiler inspection shall be paid into the state treasury in the manner provided by law for fees received by other state departments and credited to the general fund. ~~When fees are to be set by the commissioner, they shall be set pursuant to section 16A.1285.~~

Sec. 24. Minnesota Statutes 1998, section 223.17, subdivision 3, is amended to read:

Subd. 3. [GRAIN BUYERS AND STORAGE FUND; FEES.] The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22. ~~These fees may be adjusted pursuant to the provisions of section 16A.1285.~~

The fee for any license issued or renewed after June 30, 1997, shall be set according to the following schedule:

(a) \$100 plus \$50 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;

(b) \$200 plus \$50 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;

(c) \$300 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;

(d) \$400 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and

(e) \$500 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

There is created in the state treasury the grain buyers and storage fund. Money collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and credited to the grain buyers and storage fund and is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22.

Sec. 25. Minnesota Statutes 1998, section 239.101, subdivision 4, is amended to read:

Subd. 4. [SETTING WEIGHTS AND MEASURES FEES.] The department shall review its schedule of inspection fees at the end of each six months. ~~When a review indicates that the schedule of inspection fees should be adjusted, the commissioner shall fix the fees by rule, in accordance with section 16A.1285, to ensure that the fees charged are sufficient to recover all costs connected with the inspections.~~

Sec. 26. Minnesota Statutes 1998, section 299M.04, is amended to read:

299M.04 [RULES; FEES; ORDERS; PENALTIES.]

The commissioner shall adopt permanent rules for operation of the council; regulation by municipalities; ~~permit, filing, inspection, certificate, and license fees;~~ qualifications, examination, and licensing of fire protection contractors; certification of journeyman sprinkler fitters; registration of apprentices; and the administration and enforcement of this chapter. ~~Fees must be set under section 16A.1285.~~ Permit fees must be a percentage of the total cost of the fire protection work.

The commissioner may issue a cease and desist order to cease an activity considered an immediate risk to public health or public safety. The commissioner shall adopt permanent rules governing when an order may be issued; how long the order is effective; notice requirements; and other procedures and requirements necessary to implement, administer, and enforce the provisions of this chapter.

The commissioner, in place of or in addition to licensing sanctions allowed under this chapter, may impose a civil penalty not greater than \$1,000 for each violation of this chapter or rule adopted under this chapter, for each day of violation. The commissioner shall adopt permanent rules governing and establishing procedures for implementation, administration, and enforcement of this paragraph.

Sec. 27. Minnesota Statutes 1998, section 326.50, is amended to read:

326.50 [APPLICATION; FEES.]

Application for an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be made to the department of labor and industry, with fees. The applicant shall be licensed only after passing an examination by the department of labor and industry. ~~Fees and conditions for renewal of an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be determined by the department by rule under chapter 14 and section 16A.1285.~~

Sec. 28. Minnesota Statutes 1998, section 326.86, subdivision 1, is amended to read:

Subdivision 1. [LICENSING FEE.] The licensing fee for persons licensed pursuant to sections 326.83 to 326.991 is \$75 per year. ~~The commissioner may adjust the fees under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury and credited to the general fund.

Sec. 29. [EFFECTIVE DATE.]

This article is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; modifying provisions relating to state government operations; amending Minnesota Statutes 1998, sections 3.3005, by a subdivision; 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 12.31, subdivision 2; 12.37; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073,

by adding a subdivision; 14.131; 14.23; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.103, subdivision 1; 16A.11, by adding a subdivision; 16A.126, subdivision 3; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.415; 16B.42, subdivision 1; 16B.46; 16B.465; 16B.72; 16B.73; 16B.748; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 18.54; 21.92; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 60A.964, subdivision 1; 60A.972, subdivision 3; 97B.025; 103G.301, subdivision 2; 103I.525, subdivision 9; 103I.531, subdivision 9; 103I.535, subdivision 9; 103I.541, subdivision 5; 115B.49, subdivisions 2 and 4; 115B.491, subdivisions 2 and 3; 116.07, subdivision 4d; 116.12; 116C.834, subdivision 1; 128C.02, by adding a subdivision; 138.17, subdivisions 7 and 8; 144.98, subdivision 3; 176.102, subdivision 14; 183.375, subdivision 5; 192.49, subdivision 3; 197.79, subdivision 10; 202A.18, by adding a subdivision; 202A.20, subdivision 2; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 223.17, subdivision 3; 239.101, subdivision 4; 240A.09; 297F.08, by adding a subdivision; 299M.04; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; 326.50; 326.86, subdivision 1; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; section 10; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 16C; 43A; 240A; and 325F; proposing coding for new law as Minnesota Statutes, chapter 604B; repealing Minnesota Statutes 1998, sections 4A.08; 4A.09; 4A.10; 16A.103, subdivision 3; 16A.1285, subdivisions 4 and 5; 16E.11; 16E.12; 16E.13; 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2; and 1999 S.F. No. 2223, if enacted."

The motion prevailed. So the amendment was adopted.

Senator Piper moved to amend the Price amendment to H.F. No. 878, adopted by the Senate May 17, 1999, as follows:

Page 107, after line 18, insert:

"ARTICLE 4

Section 1. Minnesota Statutes 1998, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These Payments in each calendar quarter shall not exceed one-eighth of the maximum amount established in law for producer payments in the biennium. Payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant and the increased production begins by June 30, 2000, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) ~~Except for new production capacity approved under paragraph (i), clause (1),~~ The total payments under paragraphs (a) and (b) to all producers may not exceed ~~\$34,000,000~~ \$38,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b). A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. The total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000. ~~Except for new production capacity approved under paragraph (i), clause (1), if the total amount for which all other producers are eligible in a quarter under paragraphs (a) and (b) exceeds \$8,500,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.~~

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

(1) an application for approval of the new production capacity;

(2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and

(3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) After April 22, 1998, the commissioner may only approve: ~~(1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2) new production capacity at approved or existing plants not to exceed planned expansions reported to the commissioner by February 1997~~ 1999. The commissioner may not approve any new production capacity after July 1, 1998 1999.

(j) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

(k) If the amount for which all producers are eligible in a quarter exceeds the amount established for ethanol producer payments in that quarter, payments for all eligible production must be uniformly pro rated for all production. The commissioner shall maintain a record of the balance for which each producer was eligible in each quarter but for which payment was not made because of pro rating. If the amount for which all producers are eligible in a quarter is less than the amount established for that quarter, the balance in the amount established for the quarter is available to make payments for production recorded as unpaid because of pro rating. Notwithstanding provisions of paragraph (a) which limit payments for ethanol production to the ten-year period following the start of production, payments may be made after the ten-year period for a producer's eligible production recorded as unpaid because of pro rating. Payments for production recorded as unpaid because of pro rating may be made only if the amount established for a quarter exceeds the amount needed to make payments for production actually occurring in that quarter.

Sec. 2. [ADJUSTMENT TO MAXIMUM ETHANOL PRODUCER PAYMENTS.]

(a) Notwithstanding the language in the conference committee report on a bill styled as 1999 S.F. No. 2226, section 11, subdivision 3, if enacted, that limits payments from the ethanol development account to all producers to \$68,447,000, the amount actually available for the biennium ending June 30, 2001, is \$72,267,000.

(b) For approved or existing plants that on January 1, 1999, were eligible for payments on production in an amount less than 14,000,000 gallons per year, during fiscal year 2000 quarterly payments may be made for eligible production up to 14,000,000 gallons per year.

(c) For approved or existing plants that on January 1, 1999, were eligible for payments on production in an amount less than 14,500,000 gallons per year, during fiscal year 2001 quarterly payments may be made for eligible production up to 15,000,000 gallons per year.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1999."

Amend the title amendment accordingly

Senator Berg questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Kelly, R.C. moved that Rule 37 be suspended as it relates to the Piper amendment.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 44 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Laidig	Olson	Stevens
Berglin	Hottinger	Langseth	Pappas	Stumpf
Betzold	Johnson, D.E.	Larson	Piper	Ten Eyck
Cohen	Johnson, D.H.	Lesewski	Pogemiller	Terwilliger
Day	Johnson, J.B.	Lessard	Price	Vickerman
Dille	Junge	Lourey	Sams	Wiener
Fischbach	Kelley, S.P.	Metzen	Samuelson	Wiger
Frederickson	Kelly, R.C.	Moe, R.D.	Scheevel	Ziegler
Hanson	Krentz	Novak	Solon	

Those who voted in the negative were:

Belanger	Johnson, D.J.	Limmer	Ourada	Runbeck
Berg	Kierlin	Marty	Pariseau	Scheid
Flynn	Kiscaden	Murphy	Ranum	Spear
Foley	Kleis	Neuville	Robertson	
Janezich	Knutson	Oliver	Robling	

The motion did not prevail. So the rule was not suspended.

H.F. No. 878 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Oliver	Solon
Belanger	Hottinger	Laidig	Olson	Spear
Berg	Janezich	Langseth	Ourada	Stevens
Berglin	Johnson, D.E.	Larson	Pappas	Stumpf
Betzold	Johnson, D.H.	Lesewski	Piper	Ten Eyck
Cohen	Johnson, D.J.	Lessard	Price	Terwilliger
Day	Johnson, J.B.	Lourey	Ranum	Vickerman
Dille	Junge	Marty	Robertson	Wiener
Fischbach	Kelley, S.P.	Metzen	Robling	Wiger
Flynn	Kelly, R.C.	Moe, R.D.	Sams	Ziegler
Foley	Kierlin	Murphy	Samuelson	
Frederickson	Kiscaden	Neuville	Scheevel	
Hanson	Knutson	Novak	Scheid	

Those who voted in the negative were:

Kleis	Limmer	Pariseau	Runbeck
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So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Ranum moved that S.F. No. 2224 be taken from the table. The motion prevailed.

S.F. No. 2224: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, section 322B.115, subdivision 4.

Senator Ranum moved to amend the second Ranum amendment to S.F. No. 2224, adopted by the Senate May 17, 1999, as follows:

Page 8, delete section 22

Renumber the sections in sequence

The motion prevailed. So the amendment to the amendment was adopted.

Senator Ranum then moved to amend the Ranum amendment to S.F. No. 2224, adopted by the Senate May 17, 1999, as follows:

Page 10, after line 2, insert:

"Sec. 24. [126C.23] [ALLOCATION OF GENERAL EDUCATION REVENUE.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

Subd. 2. [BUILDING ALLOCATION.] A district must initially allocate its general education and referendum revenue to each building in the district where the children who have generated the revenue are served. General education and referendum revenue generated by students served at sites not owned and operated by the district must be allocated to a separate account to be used for services for pupils who generated the revenue.

Subd. 3. [REALLOCATION FOR EXPENDITURES.] A district may, by board resolution, adjust the initial allocation so as to expend revenue for any purpose including, but not limited to, district services, revenues or other funds established, reallocations among buildings and programs and, separately, the costs of increases in compensation approved by the board for teachers and other employees.

Subd. 4. [SEPARATE ACCOUNTS.] Each district shall maintain separate accounts to identify revenues and expenditures for each building.

Subd. 5. [DATA REPORTING.] Each district must report to the commissioner the estimated amount of general education and referendum initially allocated to each building under subdivision 2 and the amount of any reallocations under subdivision 3 by January 30 of the current fiscal year, and the actual amount of general education and referendum revenue initially allocated to each building under subdivision 2 and the amount of any reallocations under subdivision 3 by January 30 of the next fiscal year."

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Senator Ranum moved to amend the Ranum amendment to S.F. No. 2224, adopted by the Senate May 17, 1999, as follows:

Page 10, after line 2, insert:

"Sec. 24. [EFFECTIVE DATE.]

Unless provided otherwise, each section of this act takes effect at the time the provision being corrected takes effect."

The motion prevailed. So the amendment to the amendment was adopted.

S.F. No. 2224 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

- | | | | | |
|----------|--------------|---------------|----------|-----------|
| Anderson | Fischbach | Johnson, D.E. | Knutson | Lourey |
| Belanger | Flynn | Johnson, D.J. | Krentz | Marty |
| Berg | Foley | Johnson, J.B. | Laidig | Metzen |
| Berglin | Frederickson | Junge | Langseth | Moe, R.D. |
| Betzold | Hanson | Kelley, S.P. | Larson | Murphy |
| Cohen | Higgins | Kierlin | Lesewski | Neuille |
| Day | Hottinger | Kiscaden | Lessard | Novak |
| Dille | Janezich | Kleis | Limmer | Oliver |

Olson
Ourada
Pappas
Piper
Pogemiller

Price
Ranum
Robertson
Robling
Runbeck

Sams
Samuelson
Scheevel
Scheid
Solon

Spear
Stevens
Stumpf
Ten Eyck
Terwilliger

Vickerman
Wiener
Wiger
Ziegler

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2420, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2420 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1999

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2420

A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08;

282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions; 297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2420, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2420 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
SALES TAX REBATE

Section 1. [STATEMENT OF PURPOSE.]

(a) The state of Minnesota derives revenues from a variety of taxes, fees, and other sources, including the state sales tax.

(b) It is fair and reasonable to refund the existing state budget surplus in the form of a rebate of nonbusiness consumer sales taxes paid by individuals in calendar year 1997.

(c) Information concerning the amount of sales tax paid at various income levels is contained in the Minnesota tax incidence report, which is written by the commissioner of revenue and presented to the legislature according to Minnesota Statutes, section 270.0682.

(d) It is fair and reasonable to use information contained in the Minnesota tax incidence report to determine the proportionate share of the sales tax rebate due each eligible taxpayer since no effective or practical mechanism exists for determining the amount of actual sales tax paid by each eligible individual.

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1997, chapter 231, article 1, section 16, as amended by Laws 1997, First Special Session chapter 5, section 35, and Laws 1997, Third Special Session chapter 3, section 11, and Laws 1998, chapter 304, and Laws 1998, chapter 389, article 1, section 3, and who filed for or received that credit on or before June 15, 1999; or

(2) filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits on that return of at least \$1 but did not file the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, and who was not allowed to be claimed as a dependent on a 1997 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1997, chapter 231, article 2, section 64,

shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who qualify under paragraph (a) as married filing joint or head of household must be computed according to the following schedule:

<u>Income</u>	<u>Sales Tax Rebate</u>
less than \$2,500	\$ 358
at least \$2,500 but less than \$5,000	\$ 469
at least \$5,000 but less than \$10,000	\$ 502
at least \$10,000 but less than \$15,000	\$ 549
at least \$15,000 but less than \$20,000	\$ 604
at least \$20,000 but less than \$25,000	\$ 641
at least \$25,000 but less than \$30,000	\$ 690
at least \$30,000 but less than \$35,000	\$ 762
at least \$35,000 but less than \$40,000	\$ 820
at least \$40,000 but less than \$45,000	\$ 874
at least \$45,000 but less than \$50,000	\$ 921
at least \$50,000 but less than \$60,000	\$ 969
at least \$60,000 but less than \$70,000	\$1,071
at least \$70,000 but less than \$80,000	\$1,162
at least \$80,000 but less than \$90,000	\$1,276
at least \$90,000 but less than \$100,000	\$1,417
at least \$100,000 but less than \$120,000	\$1,535
at least \$120,000 but less than \$140,000	\$1,682
at least \$140,000 but less than \$160,000	\$1,818
at least \$160,000 but less than \$180,000	\$1,946
at least \$180,000 but less than \$200,000	\$2,067
at least \$200,000 but less than \$400,000	\$2,644
at least \$400,000 but less than \$600,000	\$3,479
at least \$600,000 but less than \$800,000	\$4,175
at least \$800,000 but less than \$1,000,000	\$4,785
\$1,000,000 and over	\$5,000

(c) The sales tax rebate for individuals who qualify under paragraph (a) as single or married filing separately must be computed according to the following schedule:

<u>Income</u>	<u>Sales Tax Rebate</u>
less than \$2,500	\$ 204
at least \$2,500 but less than \$5,000	\$ 249
at least \$5,000 but less than \$10,000	\$ 299
at least \$10,000 but less than \$15,000	\$ 408
at least \$15,000 but less than \$20,000	\$ 464
at least \$20,000 but less than \$25,000	\$ 496
at least \$25,000 but less than \$30,000	\$ 515
at least \$30,000 but less than \$40,000	\$ 570
at least \$40,000 but less than \$50,000	\$ 649
at least \$50,000 but less than \$70,000	\$ 776
at least \$70,000 but less than \$100,000	\$ 958
at least \$100,000 but less than \$140,000	\$1,154
at least \$140,000 but less than \$200,000	\$1,394
at least \$200,000 but less than \$400,000	\$1,889
at least \$400,000 but less than \$600,000	\$2,485
\$600,000 and over	\$2,500

(d) Individuals who were not residents of Minnesota for any part of 1997 and who paid more than \$10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner before the later of June 15, 1999, or 30 days after the date of enactment of this act. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

(1) 69.0 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1997 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1996.

(f) Before payment, the commissioner of revenue shall adjust the rebate as follows:

(1) the rebates calculated in paragraphs (b), (c), and (d) must be proportionately reduced to account for 1997 income tax returns that are filed on or after January 1, 1999, but before July 1, 1999, so that the amount of sales tax rebates payable under paragraphs (b), (c), and (d) does not exceed \$1,250,000,000; and

(2) the commissioner of finance shall certify by July 15, 1999, preliminary fiscal year 1999 general fund net nondedicated revenues. The certification shall exclude the impact of any

legislation enacted during the 1999 regular session. If certified net nondedicated revenues exceed the amount forecast in February 1999, up to \$50,000,000 of the increase shall be added to the total amount rebated. The commissioner of revenue shall adjust all rebates proportionally to reflect any increases. The total amount of the rebate shall not exceed \$1,300,000,000.

The adjustments under this paragraph are not rules subject to Minnesota Statutes, chapter 14.

(g) The commissioner of revenue may begin making sales tax rebates by August 1, 1999. Sales tax rebates not paid by October 1, 1999, bear interest at the rate specified in Minnesota Statutes, section 270.75.

(h) A sales tax rebate shall not be adjusted based on changes to a 1997 income tax return that are made by order of assessment after June 15, 1999, or made by the taxpayer that are filed with the commissioner of revenue after June 15, 1999.

(i) Individuals who filed a joint income tax return for 1997 shall receive a joint sales tax rebate. After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate. Notwithstanding anything in this section to the contrary, if prior to payment, the commissioner has been notified that persons who filed a joint 1997 income tax return are living at separate addresses, as indicated on their 1998 income tax return or otherwise, the commissioner may issue separate checks to each person. The amount payable to each person is one-half of the total joint rebate.

(j) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

(k) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

(l) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2001, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2001, the right to the sales tax rebate lapses and the check must be deposited in the general fund.

(m) Individuals entitled to a sales tax rebate pursuant to paragraph (a), but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2000, in a form prescribed by the commissioner. These claims must be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(n) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(o) The rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 1999 and is available until June 30, 2001.

(p) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed, the commissioner may issue an order of assessment for the amount of the check against the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(q) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any

other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(r) The commissioner may pay rebates required by this section by electronic funds transfer to individuals who requested that their 1998 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1998 individual income tax refund.

Sec. 3. [APPROPRIATIONS.]

\$1,257,000 is appropriated from the general fund to the commissioner of revenue to administer the sales tax rebate for fiscal year 1999. Any unencumbered balance remaining on June 30, 1999, does not cancel but is available for expenditure by the commissioner of revenue until June 30, 2001. This is a one-time appropriation and may not be added to the agency's budget base.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 2

INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1998, section 16D.09, is amended to read:

16D.09 [UNCOLLECTIBLE DEBTS.]

Subdivision 1. [GENERALLY.] When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. The determination of the uncollectibility of a debt must be reported by the state agency along with the basis for that decision as part of its quarterly reports to the commissioner of finance. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except in the case of a debt related to a tax liability that is canceled by the department of revenue.

Subd. 2. [NOTIFICATION OF ACTION BY DEPARTMENT OF REVENUE.] When the department of revenue has determined that a debt is uncollectible and has written off that debt as provided in subdivision 1, the commissioner of revenue must make a reasonable attempt to notify the debtor of that action and of the release of any liens imposed under section 270.69 related to that debt, within 30 days after the determination has been reported to the commissioner of finance.

Sec. 2. Minnesota Statutes 1998, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Neither the commissioner nor any court shall consider charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota.

Sec. 3. Minnesota Statutes 1998, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

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

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

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

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

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

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes 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 loss or expense included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but which is not allowed to be an "S" corporation under section 290.9725;~~

~~(6) the amount of any distributions in cash or property made to a shareholder during the taxable year by a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but which is not allowed to be an "S" corporation under section 290.9725 to the extent not already included in federal taxable income under section 1368 of the Internal Revenue Code;~~

~~(7) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is lower than the shareholder's federal basis;~~

~~(8) (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10; and~~

~~(9) (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.~~

Sec. 4. Minnesota Statutes 1998, 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) 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 credit allowed under section 290.0674, not to exceed \$1,625 for each ~~dependent~~ qualifying child in grades kindergarten to 6 and \$2,500 for each ~~dependent~~ qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each ~~dependent~~ 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 363. 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 used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

~~(4) contributions made in taxable years beginning after December 31, 1981, and before January 1, 1985, to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted, less any amount allowed to be subtracted as a distribution under this subdivision or a predecessor provision in taxable years that began before January 1, 2000. This subtraction applies only to contributions made in a taxable year prior to 1985 for taxable years beginning after December 31, 1999, and before January 1, 2001;~~

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

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

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(l) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

~~(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;~~

~~(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and~~

~~(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725.~~

(11) to the extent not deducted 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 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code over \$500; and

(12) to the extent included in federal taxable income, holocaust victims' settlement payments for any injury incurred as a result of the holocaust, if received by an individual who was persecuted for racial or religious reasons by Nazi Germany or any other Axis regime or an heir of such a person.

Sec. 5. Minnesota Statutes 1998, section 290.01, subdivision 19f, is amended to read:

Subd. 19f. [BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON DISPOSITION OF PROPERTY.] (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs (f), (g), and (m). For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs

(b) to (j) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.

(d) For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

(e) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

(f) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(g) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(h) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

(i) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

(j) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

(k) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to (j). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (f) and (g).

(l) The modifications contained in paragraphs (b) to (j) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

~~(m) If a corporation has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but is not allowed to be an "S" corporation under section 290.9725, and the corporation is liquidated or the individual shareholder disposes of the stock, the Minnesota basis in the shareholder's stock in the corporation shall be computed as if the corporation were not an "S" corporation for federal tax purposes.~~

Sec. 6. Minnesota Statutes 1998, section 290.01, subdivision 19g, is amended to read:

Subd. 19g. [ACRS MODIFICATION FOR INDIVIDUALS.] (a) An individual is allowed a subtraction from federal taxable income for the amount of accelerated cost recovery system deductions that were added to federal adjusted gross income in computing Minnesota gross income for taxable year 1981, 1982, 1983, or 1984 and that were not deducted in a later taxable year beginning before January 1, 2000. The deduction is allowed beginning in the first taxable year after the entire allowable deduction for the property has been allowed under federal law or the first taxable year beginning after December 31, 1987, whichever is later 1999. The amount of the deduction is computed by deducting equals the amount added to federal adjusted gross income in computing Minnesota gross income, (less any:

(1) deduction allowed allowable under Minnesota Statutes 1986, section 290.01, subdivision 20f) in equal annual amounts over five years.; and

(2) amount allowable as a subtraction under this subdivision in a taxable year beginning before January 1, 2000.

This paragraph does not apply to property that was sold or exchanged in a taxable year beginning before January 1, 2001.

(b) In the event of a sale or exchange of the property occurring during a taxable year beginning after December 31, 1999, and before January 1, 2001, a deduction is allowed equal to the lesser of (1) the remaining amount that would be allowed as a deduction under paragraph (a) or (2) the amount of capital gain recognized and the amount of cost recovery deductions that were subject to recapture under sections 1245 and 1250 of the Internal Revenue Code of 1986 for the taxable year.

(c) In the case of a corporation treated as an "S" corporation under section 290.9725, the amount of the corporation's cost recovery allowances that have been deducted in computing federal tax, but have been added to federal taxable income or not deducted in computing tax under this chapter as a result of the application of subdivision 19e, paragraphs (a) and (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, is allowed as a deduction to the shareholders under the provisions of paragraph (a).

Sec. 7. Minnesota Statutes 1998, section 290.01, is amended by adding a subdivision to read:

Subd. 32. [HOLOCAUST SETTLEMENT PAYMENTS.] "Holocaust victims' settlement payments" means:

(1) a payment received as a result of settlement of the action entitled In re Holocaust Victims' Asset Litigation, in United States district court for the eastern district of New York, C.A. No. 96-4849;

(2) any amount received under the German Act Regulating Unresolved Property Claims or any other foreign law providing for payments for holocaust claims; and

(3) a payment received as a result of the settlement of a holocaust claim not described in clause (1) or (2), including an insurance claim, a claim relating to looted art or financial assets, and a claim relating to slave labor wages.

Sec. 8. Minnesota Statutes 1998, 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 \$19,910 \$25,220, ~~6~~ 5.5 percent;

(2) On all over \$19,910 \$25,220, but not over \$79,120 \$100,200, ~~8~~ 7.25 percent;

(3) On all over \$79,120 \$100,200, ~~8.5~~ 8 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 \$13,620 \$17,250, ~~6~~ 5.5 percent;
- (2) On all over \$13,620 \$17,250, but not over \$44,750 \$56,680, ~~8~~ 7.25 percent;
- (3) On all over \$44,750 \$56,680, ~~8.5~~ 8 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 \$16,770 \$21,240, ~~6~~ 5.5 percent;
- (2) On all over \$16,770 \$21,240, but not over \$67,390 \$85,350, ~~8~~ 7.25 percent;
- (3) On all over \$67,390 \$85,350, ~~8.5~~ 8 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 ~~disregarding income or loss flowing from a corporation having a valid election for the taxable year under section 1362 of the Internal Revenue Code but which is not an "S" corporation under section 290.9725~~ and increased by the additions required under section 290.01, subdivision 19a, clauses (1) and ~~(9)~~ (6), 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)~~, and ~~(9)~~ (6), and reduced by the amounts specified in section 290.01, subdivision 19b, ~~clauses~~ clause ~~(1)~~, ~~(11)~~, and ~~(12)~~.

Sec. 9. Minnesota Statutes 1998, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1991~~ 1999, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1990~~ 1998, and before January 1, ~~1992~~ 2000. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant

to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "1990 1998" shall be substituted for the word "1987 1992." For 1991 2000, the commissioner shall then determine the percent change from the 12 months ending on August 31, 1990 1998, to the 12 months ending on August 31, 1991 1999, and in each subsequent year, from the 12 months ending on August 31, 1990 1998, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

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

Sec. 10. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 26. [BANK S CORPORATIONS.] A shareholder of an S corporation subject to tax under section 290.9725, clause (2), is allowed a credit against the tax imposed under this chapter. The credit equals 80 percent of the tax apportioned to the shareholder under section 290.9726, subdivision 7, for the taxable year.

Sec. 11. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 27. [TAX PAID TO ANOTHER STATE; CORPORATIONS.] (a) A credit is allowed against the tax imposed under subdivision 1 for tax paid to another state based on net income. The credit must be claimed in a manner prescribed by the commissioner.

(b) The amount of the credit equals the amount of qualifying tax paid to the other state for the taxable year, multiplied by the taxpayer's apportionment percentage under section 290.191. If the item of income or gain is assigned to Minnesota as nonbusiness income, the entire amount of the qualifying tax is allowed as a credit. The maximum amount of the credit is limited to the tax liability under subdivision 1 for the taxable year and, in no case, may the credit exceed the reduction in the amount of tax under subdivision 1 if the item of income or gain were excluded from net income.

(c) For purposes of this subdivision, "qualifying tax" means the amount of tax paid to another state on an item of income or gain for the taxable year, if:

(1) the law of another state requires and the taxpayer assigns the entire amount of the income or gain to one other state; and

(2) the income or gain is included in the measure of the exercise of the corporate franchise that is taxable under subdivision 1.

(d) The amount of tax paid to another state on an item of income or gain is the difference between the tax paid to the state and the amount of tax that would have been paid to the state if the item of income or gain had not been included in the net income of that state.

(e) The taxpayer must report to the commissioner of revenue any change in tax in the other state, the change in qualifying tax, and a copy of the final determination of the tax by the taxing authority of the other state. A taxpayer who claims the credit consents to extend the period of limitation for the commissioner to recompute the credit and reassess the tax due, including a refund, for a period of one year following a report by the taxpayer of a final determination of tax by the state in which the entire amount of income or gain is reported, notwithstanding any period of limitations to the contrary, or within any applicable period of limitations, whichever is longer. If a taxpayer fails to report as required by this paragraph, the commissioner may recompute the tax, including a refund, based on the information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Sec. 12. Minnesota Statutes 1998, 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 1.1475 percent of the first \$4,460 of earned income. The credit is reduced by 1.1475 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$5,570, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~6.8~~ 7.45 percent of the first \$6,680 of earned income and 8.5 percent of earned income over \$11,650 but less than \$12,990. The credit is reduced by ~~4.77~~ 5.13 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$14,560, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~eight~~ 8.8 percent of the first \$9,390 of earned income and 20 percent of earned income over \$14,350 but less than \$16,230. The credit is reduced by ~~8.8~~ 9.38 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$17,280, 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, 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.

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

Sec. 13. Minnesota Statutes 1998, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a ~~dependent~~ qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or by a member of the Minnesota music teachers association, for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "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 extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a dependent qualifying child 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 363.

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

Sec. 14. Minnesota Statutes 1998, section 290.0674, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] (a) For claimants with income not greater than \$33,500, the maximum credit allowed is \$1,000 per qualifying child and \$2,000 per family. No credit is allowed for education-related expenses for claimants with income greater than \$33,500 \$37,500. The maximum credit per child is reduced by \$1 for each \$4 of household income over \$33,500, and the maximum credit per family is reduced by \$2 for each \$4 of household income over \$33,500, but in no case is the credit less than zero.

For purposes of this section "income" has the meaning given in section 290.067, subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(b) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

Sec. 15. [290.0675] [MARRIAGE PENALTY CREDIT.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section the following terms have the meanings given.

(b) "Earned income" means earned income as defined in section 32(c)(2) 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.

Subd. 2. [CREDIT ALLOWED.] A married couple filing a joint return is allowed a credit against the tax imposed under section 290.06.

The minimum taxable income for the married couple to be eligible for the credit is \$25,000, and the minimum earned income in order for the couple to be eligible for the credit is \$14,000 for each spouse.

Subd. 3. [CREDIT AMOUNT.] The credit amount is as shown in the table in this subdivision, based on the couple's taxable income for the tax year and on the earned income of the lesser-earning spouse.

<u>Earned Income of</u> <u>Lesser Earning Spouse</u>	<u>Credit For</u>	<u>Credit For</u>
	<u>Taxable Income</u>	<u>Taxable Income</u>
	<u>\$25,000-\$99,999</u>	<u>\$100,000-over</u>
<u>\$14,000 - \$14,999</u>	<u>\$9</u>	<u>\$0</u>
<u>\$15,000 - \$15,999</u>	<u>\$27</u>	<u>\$0</u>
<u>\$16,000 - \$16,999</u>	<u>\$44</u>	<u>\$0</u>
<u>\$17,000 - \$17,999</u>	<u>\$62</u>	<u>\$0</u>
<u>\$18,000 - \$18,999</u>	<u>\$79</u>	<u>\$0</u>
<u>\$19,000 - \$19,999</u>	<u>\$97</u>	<u>\$0</u>
<u>\$20,000 - \$20,999</u>	<u>\$114</u>	<u>\$0</u>

\$21,000 - \$21,999	\$132	\$0
\$22,000 - \$22,999	\$149	\$0
\$23,000 - \$23,999	\$162	\$0
\$24,000 - \$24,999	\$162	\$0
\$25,000 - \$25,999	\$162	\$0
\$26,000 - \$26,999	\$162	\$0
\$27,000 - \$27,999	\$162	\$0
\$28,000 - \$28,999	\$162	\$9
\$29,000 - \$29,999	\$162	\$16
\$30,000 - \$30,999	\$162	\$24
\$31,000 - \$31,999	\$162	\$31
\$32,000 - \$32,999	\$162	\$39
\$33,000 - \$33,999	\$162	\$46
\$34,000 - \$34,999	\$162	\$54
\$35,000 - \$35,999	\$162	\$61
\$36,000 - \$36,999	\$162	\$69
\$37,000 - \$37,999	\$162	\$76
\$38,000 - \$38,999	\$162	\$84
\$39,000 - \$39,999	\$162	\$91
\$40,000 - \$40,999	\$162	\$99
\$41,000 - \$41,999	\$162	\$106
\$42,000 - \$42,999	\$162	\$114
\$43,000 - \$43,999	\$162	\$121
\$44,000 - \$44,999	\$162	\$129
\$45,000 - \$45,999	\$162	\$136
\$46,000 - \$46,999	\$162	\$144
\$47,000 - \$47,999	\$162	\$151
\$48,000 - \$48,999	\$162	\$159
\$49,000 - \$49,999	\$162	\$166
\$50,000 - \$50,999	\$162	\$174
\$51,000 - \$51,999	\$162	\$181
\$52,000 - \$52,999	\$162	\$189
\$53,000 - \$53,999	\$162	\$196
\$54,000 - \$54,999	\$162	\$204
\$55,000 - \$55,999	\$162	\$211
\$56,000 - \$56,999	\$162	\$219
\$57,000 - \$57,999	\$162	\$226
\$58,000 - \$58,999	\$162	\$234
\$59,000 - \$59,999	\$162	\$241
\$60,000 - \$60,999	\$162	\$249
\$61,000 - \$61,999	\$162	\$256
\$62,000 and over	\$162	\$261

Subd. 4. [NONRESIDENTS AND PART-YEAR RESIDENTS.] For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 5. [INFLATION ADJUSTMENT.] The dollar amount of earned income of the lesser-earning spouse, taxable income, and marriage penalty credit in the table in subdivision 3 must be adjusted for inflation. The commissioner shall adjust the amounts by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

Sec. 16. Minnesota Statutes 1998, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~seven~~ 6.5 percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 17. Minnesota Statutes 1998, 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 Minnesota charitable contribution deduction;

(ii) the medical expense deduction;

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

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

(v) holocaust victims' settlement payments to the extent allowed under section 290.01, subdivision 19b; and

(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);

~~(6) amounts added to federal taxable income as provided by section 290.01, subdivision 19a, clauses (5), (6), and (7);~~

less the sum of the amounts determined under the following clauses (1) to (4):

(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; and

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

~~(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (11) and (12).~~

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

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

(c) "Tentative minimum tax" equals ~~seven~~ 6.5 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

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

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

(f) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e). When the federal deduction for charitable contributions is limited under section 170(b) of the Internal Revenue Code, the allowable contributions in the year of contribution are deemed to be first contributions to entities described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 18. Minnesota Statutes 1998, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~seven~~ 6.5 percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

~~(iii) the amount added to federal taxable income as provided by section 290.01, subdivision 19a, clauses (5), (6), and (7),~~

~~(iv) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),~~

~~(v) (iv) depletion as defined in section 57(a)(1), determined without regard to the last sentence of paragraph (1), of the Internal Revenue Code, less~~

~~(vi) (v) the deductions allowed in computing alternative minimum taxable income provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses (1), (2), and (3), and (4) of the second series of clauses, and~~

~~(vii) (vi) the exemption amount determined under subdivision 3.~~

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 19. Minnesota Statutes 1998, section 290.0921, subdivision 5, is amended to read:

Subd. 5. [CHARITABLE CONTRIBUTIONS.] (a) A deduction from alternative minimum taxable net income is allowed equal to the contributions subject to the deduction for charitable contributions under section 290.21, subdivision 3, without application of the limitation in section 290.21, subdivision 3. The deduction allowable for capital gain property is limited to the adjusted basis of the property as defined in section 290.01, subdivision 19f. The term capital gain property has the meaning given by section 170(b)(1)(C)(iv) of the Internal Revenue Code, but does not include property to which an election under section 170(b)(1)(C)(iii) of the Internal Revenue Code applies.

(b) The amount of the deduction may not exceed 15 percent of alternative minimum taxable net income less the deduction allowed under subdivision 6.

Sec. 20. Minnesota Statutes 1998, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER.] (a) A net operating loss incurred in a taxable year: (i) beginning after December 31, 1986, shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; (ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the taxable years to which such loss may be carried.

(c) Where a corporation ~~does business both within and without Minnesota,~~ and apportions its income under the provisions of section 290.191, the net operating loss deduction incurred in any taxable year shall be allowed to the extent of the apportionment ratio of the loss year.

(d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply to carryovers in certain corporate acquisitions and special limitations on net operating loss carryovers. The limitation amount determined under section 382 shall be applied to net income, before apportionment, in each post change year to which a loss is carried.

Sec. 21. Minnesota Statutes 1998, section 290.17, subdivision 3, is amended to read:

Subd. 3. [TRADE OR BUSINESS INCOME; GENERAL RULE.] All income of a trade or business is subject to apportionment except nonbusiness income. Income derived from carrying on a trade or business must be assigned to this state if the trade or business is conducted wholly within this state, assigned outside this state if conducted wholly without this state and apportioned between this state and other states and countries under this subdivision if conducted partly within and partly without this state. For purposes of determining whether a trade or business is carried on exclusively within or without this state:

(a) A trade or business physically located exclusively within this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state.

(b) A trade or business physically located exclusively without this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state. The jurisdiction to tax such a business under this chapter must be determined in accordance with sections 290.014 and 290.015.

Sec. 22. Minnesota Statutes 1998, section 290.17, subdivision 4, is amended to read:

Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to ~~farm income subject to subdivision 5, paragraph (a), business income subject to subdivision 5, paragraph (b) or (c),~~ income of an insurance company determined under section 290.35, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which ~~are of mutual benefit, dependent upon, or contributory to one another, individually or as a group~~ result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

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

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

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 60A.077.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).

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

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

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

(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (11), shall not be allowed.

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

(h) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities other than foreign operating corporations that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

(i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, deemed dividends described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (11), shall not be disallowed.

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

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

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

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

Sec. 23. Minnesota Statutes 1998, section 290.17, subdivision 6, is amended to read:

~~Subd. 6. [NONBUSINESS INCOME.] For a trade or business for which allocation of income within and without this state is required, if the taxpayer has any income not connected with the trade or business carried on partly within and partly without this state that income must be allocated under subdivision 2. Intangible property is employed in a trade or business if the owner of the property holds it as a means of furthering the trade or business. Nonbusiness income is income of the trade or business that cannot be apportioned by this state because of the United States Constitution or the constitution of the state of Minnesota and includes income that cannot constitutionally be apportioned to this state because it is derived from a capital transaction that solely serves an investment function. Nonbusiness income must be allocated under subdivision 2.~~

Sec. 24. Minnesota Statutes 1998, section 290.191, subdivision 2, is amended to read:

Subd. 2. [APPORTIONMENT FORMULA OF GENERAL APPLICATION.] Except for those trades or businesses required to use a different formula under subdivision 3 or section 290.35 or 290.36, and for those trades or businesses that receive permission to use some other method under section 290.20 or under subdivision 4, a trade or business required to apportion its net income must apportion its income to this state on the basis of the percentage obtained by taking the sum of:

(1) ~~70~~ 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) ~~15~~ 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) ~~15~~ 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Sec. 25. Minnesota Statutes 1998, section 290.191, subdivision 3, is amended to read:

Subd. 3. [APPORTIONMENT FORMULA FOR FINANCIAL INSTITUTIONS.] Except for an investment company required to apportion its income under section 290.36, a financial institution that is required to apportion its net income must apportion its net income to this state on the basis of the percentage obtained by taking the sum of:

(1) ~~70~~ 75 percent of the percentage which the receipts from within this state in connection with the trade or business during the tax period are of the total receipts in connection with the trade or business during the tax period, from wherever derived;

(2) ~~15~~ 12.5 percent of the percentage which the sum of the total tangible property used by the taxpayer in this state and the intangible property owned by the taxpayer and attributed to this state in connection with the trade or business during the tax period is of the sum of the total tangible property, wherever located, used by the taxpayer and the intangible property owned by the taxpayer and attributed to all states in connection with the trade or business during the tax period; and

(3) ~~15~~ 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Sec. 26. Minnesota Statutes 1998, section 290.9725, is amended to read:

290.9725 [S CORPORATION.]

For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, ~~except that a corporation which either:~~

~~(1) is a financial institution to which either section 585 or section 593 of the Internal Revenue Code applies; or~~

~~(2) has a wholly owned subsidiary as described in section 1361(b)(3)(B) of the Internal Revenue Code which is a financial institution as described above~~

is not an "S" corporation for the purposes of this chapter. An S corporation shall not be subject to the taxes imposed by this chapter, except:

(1) the taxes imposed under sections 290.0922, 290.92, 290.9727, 290.9728, and 290.9729; and

(2) the tax under sections 290.06, subdivision 1, and 290.0921 apply to a financial institution to which either section 585 or 593 of the Internal Revenue Code applies or that has a wholly owned subsidiary as described in section 1361(b)(3)(B) of the Internal Revenue Code which is a financial institution under section 585 or 593 of the Internal Revenue Code.

Sec. 27. Minnesota Statutes 1998, section 290.9726, is amended by adding a subdivision to read:

Subd. 7. [FINANCIAL INSTITUTIONS.] An S corporation that is subject to the tax under section 290.9725, clause (2), must report to each shareholder an apportionment of the S corporation's tax obligation for the taxable year for purposes of the credit under section 290.06, subdivision 26. The apportionment to a shareholder must be made in proportion to the amount of taxable income of the S corporation apportioned to the shareholder.

Sec. 28. Minnesota Statutes 1998, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

- (a) federal adjusted gross income as defined in the Internal Revenue Code; and
- (b) the sum of the following amounts to the extent not included in clause (a):
 - (i) all nontaxable income;
 - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
 - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
 - (iv) cash public assistance and relief;
 - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
 - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
 - (vii) workers' compensation;
 - (viii) nontaxable strike benefits;
 - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
 - (x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;
 - (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; and
 - (xii) nontaxable scholarship or fellowship grants.

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

(2) "Income" does not include:

- (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
- (b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;
- (c) surplus food or other relief in kind supplied by a governmental agency;
- (d) relief granted under this chapter; or
- (e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) holocaust settlement payments as defined in section 290.01, subdivision 32.

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

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

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

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

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

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

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

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

Sec. 29. [NONBUSINESS INCOME; PRE-1999 TAX YEARS.]

If all items of income, gain, or loss are reported by a taxpayer as business income or loss on an original or amended return for a tax year to which this section applies, the commissioner of revenue shall not adjust the tax liability for that tax year, or for any other tax year affected by a carryover from that tax year, by treating any of the items as nonbusiness income or loss under Minnesota Statutes, section 290.17, subdivision 6. Any adjustment treating an item as nonbusiness income or loss ordered by the commissioner before the effective date of this section must be reversed if the order is subject to administrative or judicial challenge on the effective date and such a challenge is timely filed. The reporting of any item as nonbusiness income, gain, or loss does not preclude the application of this section if the taxpayer may not constitutionally be required to treat the item as business income, gain, or loss.

Sec. 30. [BANK S CORPORATION SHAREHOLDERS; ALTERNATIVE MINIMUM TAX.]

For taxable years beginning after December 31, 1997, and before January 1, 1999, a taxpayer is allowed a deduction in computing alternative minimum taxable income under Minnesota Statutes 1998, section 290.091, subdivision 2, paragraph (a), equal to the amount of the subtraction under Minnesota Statutes 1998, section 290.01, subdivision 19b, clause (13).

Sec. 31. [APPROPRIATION.]

(a) \$100,000 is appropriated from the general fund to the commissioner of revenue to make grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. In making grants under this appropriation, the commissioner shall give preference to organizations that will use the grants to attract new and train new and existing volunteers to provide taxpayer assistance. This appropriation is available for fiscal years 2000 and 2001 and does not become a part of the base.

(b) "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the department of revenue and the Internal Revenue Service.

Sec. 32. [EFFECTIVE DATE.]

(a) Section 1 applies to claims written off after June 30, 1999.

(b) Section 2 is intended to clarify rather than to change the definition of resident and is effective for all examinations, claims for refund, administrative appeals, and court proceedings that are pending or begin on or after the day following final enactment.

(c) Except as otherwise provided, sections 3 to 5, 7 to 11, 13 to 18, 21, 22, the changes to clauses (b), (c), and (j), 23, and 26 to 28 are effective for tax years beginning after December 31, 1998. The provisions substituting qualifying child for dependent in sections 4 and 13 are effective for taxable years beginning after December 31, 1999.

(d) Section 4, clause (4), and section 6 are effective for taxable years beginning after December 31, 1999.

(e) Section 12, clause (g), is effective for tax years beginning after December 31, 1997. The rest of section 12 is effective for taxable years beginning after December 31, 1998.

(f) Sections 19, 20, and 22, the changes to clause (a), are effective for tax years beginning on or after the day following final enactment.

(g) Sections 24 and 25 are effective for taxable years beginning after December 31, 2000.

(h) Section 29 is effective on the day after final enactment and applies to tax years beginning before January 1, 1999.

(i) Section 30 is effective for tax years after December 31, 1997, and beginning before January 1, 1999.

(j) Section 31 is effective the day following final enactment.

ARTICLE 3

FEDERAL UPDATE

Section 1. Minnesota Statutes 1998, 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 December 31, 1997 1998.

Sec. 2. Minnesota Statutes 1998, 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 any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

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

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provisions of sections 1305, 1704(r), and 1704(e)(1) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 975 and 1604(d)(2) and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, and the provisions of section 4004 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 1702(g) and 1704(f)(2)(A) and (B) of the Small Business Job Protection Act, Public Law Number 104-188, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, and the provisions of section 1604(a)(1), (2), and (3) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, the provisions of sections 1703(a), 1703(d), 1703(i), 1703(l), and 1703(m) of the Small Business Job Protection Act, Public Law Number 104-188, and the provision of section 1604(c) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, the provision of section 501(b)(2) of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, the provisions of sections 1604 and 1704(p)(1) and (2) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 1011, 1211(b)(1), and 1602(f) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

The provisions of sections 1119(a), 1120, 1121, 1202(a), 1444, 1449(b), 1602(a), 1610(a), 1613, and 1805 of the Small Business Job Protection Act, Public Law Number 104-188, the provision of section 511 of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, and the provisions of sections 1174 and 1601(i)(2) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through March 22, 1996, is in effect for taxable years beginning after December 31, 1995.

The provisions of sections 1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m) of the Small Business Job Protection Act, Public Law Number 104-188, the provisions of Public Law Number 104-117, and the provisions of sections 313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of section 6010 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 4003 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

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

The provisions of sections 202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of sections 6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 3001 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law Number 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, and the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law Number 105-369, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

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

Sec. 3. Minnesota Statutes 1998, 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) 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 credit allowed under section 290.0674, not to exceed \$1,625 for each dependent in grades kindergarten to 6 and \$2,500 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent 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 363. 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 used 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;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

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

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(l) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;

(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and

(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725.

Sec. 4. Minnesota Statutes 1998, section 290.01, subdivision 31, is amended to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 5. Minnesota Statutes 1998, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 6. Minnesota Statutes 1998, section 291.005, subdivision 1, is amended to read:

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

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

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including

therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

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

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

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

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

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

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 7. [EFFECTIVE DATES.]

Sections 1, 4, 5, and 6 are effective at the same time federal changes made by the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206 and the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 which are incorporated into Minnesota Statutes, chapters 289A, 290, 290A, and 291 by these sections become effective for federal tax purposes. Section 3 is effective for tax years beginning after December 31, 1998.

ARTICLE 4

SALES AND USE TAXES

Section 1. Minnesota Statutes 1998, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year, in the case of individuals. Annual use tax returns of businesses, including sole proprietorships, and annual sales tax returns must be filed by February 5 following the close of the calendar year.

(b) Except for the return for the June reporting period, which is due on the following August 25, returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

(f) A taxpayer who is a materials supplier may report gross receipts either on:

(1) the cash basis as the consideration is received; or

(2) the accrual basis as sales are made.

As used in this paragraph, "materials supplier" means a person who provides materials for the improvement of real property; who is primarily engaged in the sale of lumber and building materials-related products to owners, contractors, subcontractors, repairers, or consumers; who is authorized to file a mechanics lien upon real property and improvements under chapter 514; and who files with the commissioner an election to file sales and use tax returns on the basis of this paragraph.

Sec. 2. Minnesota Statutes 1998, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 75 percent of the estimated June liability to the commissioner.

(2) On or before August 14 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the 14th day of the month following the month in which the taxable event occurred, or on or before the 14th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 75 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) If the vendor required to remit by electronic funds transfer as provided in paragraph (c) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (c) in all subsequent periods. This paragraph does not apply to the June sales and use tax liability.

Sec. 3. Minnesota Statutes 1998, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under section 297A.15, subdivision 5, interest is computed from the date the refund claim is filed with the commissioner. For refunds payable under section 289A.50, subdivision 2a, interest is computed from the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed.

Sec. 4. Minnesota Statutes 1998, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, as amended through December 31, 1991, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of horses and agricultural production animals are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. The following materials, tools, and equipment used in metalcasting are exempt under this subdivision: crucibles, thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal filters and filter boxes, and degassing lances. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption. Petroleum and special fuels used in producing or generating power for propelling ready-mixed concrete trucks on the public highways of this state are not included in this exemption.

Sec. 5. Minnesota Statutes 1998, section 297A.25, subdivision 63, is amended to read:

Subd. 63. [HOSPITALS AND OUTPATIENT SURGICAL CENTERS.] (a) ~~The gross receipts from the sale of tangible personal property to, and the storage, use, or consumption of such property by, a hospital are exempt, if the property purchased is to be used in providing hospital services to human beings. For purposes of this subdivision, "hospital" means a hospital organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and licensed under chapter 144 or by any other jurisdiction. For purposes of this subdivision, "hospital services" are means services authorized or required to be performed by a "hospital" hospital under chapter 144 and regulations rules thereunder or under the applicable licensure law of any other jurisdiction. This exemption does~~

~~(b) The gross receipts from the sale of tangible personal property to, and the storage, use, or consumption of such property by, an outpatient surgical center are exempt, if the property purchased is to be used in providing outpatient surgical services to human beings. For purposes of this subdivision, "outpatient surgical center" means an outpatient surgical center organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and licensed under chapter 144 or by any other jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means: (1) services authorized or required to be performed by an outpatient surgical center under chapter 144 and rules thereunder or under the applicable licensure law of any other jurisdiction; and (2) urgent care. For purposes of this subdivision, "urgent care" means health services furnished to a person whose medical condition is sufficiently acute to require treatment unavailable through, or inappropriate to be provided by, a clinic or physician's office, but not so acute as to require treatment in a hospital emergency room.~~

~~(c) These exemptions do not apply to purchases made by a clinic, physician's office, or any other medical facility not operating as a hospital or outpatient surgical center, even though the clinic, office, or facility may be owned and operated by a hospital or outpatient surgical center. Sales exempted by this subdivision do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e). This exemption does~~ These exemptions do not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a hospital or outpatient surgical center. ~~This exemption does~~ These exemptions do not apply to construction materials to be used in constructing buildings or facilities which will not be used principally by a hospital or outpatient surgical center. ~~This exemption does~~ These exemptions do not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 6. Minnesota Statutes 1998, section 297A.25, subdivision 73, is amended to read:

Subd. 73. [BIOSOLIDS PROCESSING EQUIPMENT.] (a) The gross receipts from the sale of and the storage, use, or consumption of equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment, are exempt.

~~(b) The gross receipts from the sale of and the storage, use, or consumption of materials used to construct buildings to house the equipment in paragraph (a) are exempt if purchased after June 30, 1998, and before July 1, 2001.~~

Sec. 7. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 79. [PRIZES.] The gross receipts from the sales of tangible personal property which will be given as prizes to players in games of skill or chance conducted at events such as community festivals, fairs, and carnivals lasting less than six days are exempt. This exemption shall not apply to property awarded as prizes in connection with lawful gambling as defined in section 349.12 or the state lottery.

Sec. 8. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 80. [CONSTRUCTION MATERIALS AND SUPPLIES; AGRICULTURAL PROCESSING FACILITY.] Purchases of construction materials, supplies, and equipment are

exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the materials and supplies are used or consumed in, and the equipment is incorporated into, the expansion, remodeling, or improvement of a facility used for cattle slaughtering;

(2) the cost of the project is expected to exceed \$15,000,000;

(3) the expansion, remodeling, or improvement of the facility will be used to fabricate beef;

(4) the number of jobs at the facility are expected to increase by at least 150 when the project is completed; and

(5) the project is expected to be completed by December 31, 2001.

Sec. 9. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 82. [TELEVISION COMMERCIALS.] The gross receipts from the sale of and storage, use, or consumption of tangible personal property which is primarily used or consumed in the preproduction, production, or postproduction of any television commercial and any such commercial, regardless of the medium in which it is transferred, are exempt. "Preproduction" and "production" include but are not limited to all activities related to the preparation for shooting and the shooting of television commercials, including film processing. Equipment rented for the preproduction and production activities is exempt. "Postproduction" includes but is not limited to all activities related to the finishing and duplication of television commercials. This exemption does not apply to tangible personal property used primarily in administration, general management, or marketing. Machinery and equipment purchased for use in producing such commercials and fuel, electricity, gas, or steam used for space heating or lighting are not exempt under this subdivision.

Sec. 10. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 83. [CONSTRUCTION MATERIALS AND EQUIPMENT; BIOMASS ELECTRICAL GENERATING FACILITY.] The gross receipts from the purchases of materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement, or expansion of a facility using biomass to generate electricity are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the facility exclusively utilizes residue wood, sawdust, bark, chipped wood, or brush to generate electricity;

(2) the facility utilizes a reciprocated grate combination system; and

(3) the total gross capacity of the facility is 15 to 21 megawatts.

Sec. 11. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 84. [WASTE MANAGEMENT CONTAINERS AND COMPACTORS.] The gross receipts from the sale of and storage, use, or consumption of compactors and waste collection containers are exempt from the sales and use taxes imposed under this chapter provided that they are purchased by a waste management service provider, and are used in providing waste management services as defined in section 297H.01, subdivision 12. A waste management service provider that does not remit tax on customer charges or lease or rental payments for compactors and waste collection containers under chapter 297H is ineligible for this exemption.

Sec. 12. Minnesota Statutes 1998, section 297A.48, is amended by adding a subdivision to read:

Subd. 1a. [RULES FOR ADOPTION, USE, TERMINATION.] (a) Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted.

(c) The tax must terminate after the improvement designated under paragraph (b) has been completed.

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year. Notwithstanding subdivision 10, this paragraph applies to all local sales taxes in effect at the time of or imposed after the date of enactment of this section.

Sec. 13. Minnesota Statutes 1998, section 297A.48, is amended by adding a subdivision to read:

Subd. 7a. [USE OF ZIP CODE IN DETERMINING LOCATION OF SALE.] To determine whether to impose the local tax, the retailer may use zip codes if the zip code area is entirely within the political subdivision. When a zip code area is not entirely within a political subdivision, the retailer shall not collect the local tax if the purchaser notified the retailer that their delivery address is outside of the political subdivision, unless the retailer verifies that the delivery address is in the political subdivision using a means other than the zip code. Notwithstanding subdivision 10, this subdivision applies to all local sales taxes without regard to the date of authorization.

Sec. 14. Laws 1998, chapter 389, article 8, section 44, subdivision 5, is amended to read:

Subd. 5. [USE OF REVENUES.] (a) Revenues received from the taxes authorized by subdivisions 1 to 4 must be used to pay for the cost of collecting the taxes; to pay all or part of the capital or administrative cost of the acquisition, construction, and improvement of the Central Minnesota Events Center and related on-site and off-site improvements; and to pay for the operating deficit, if any, in the first five years of operation of the facility. Authorized expenses related to acquisition, construction, and improvement of the center include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of the facility, and securing and paying debt service on bonds or other obligations issued to finance construction or improvement of the authorized facility.

(b) In addition, if the revenues collected from a tax imposed in subdivisions 1 to 4 are greater than the amount needed to meet obligations under paragraph (a) in any year, the surplus may be returned to the cities in a manner agreed upon by the participating cities under this section, to be used by the cities for projects of regional significance, limited to the acquisition and improvement of park land and open space; the purchase, renovation, and construction of public buildings and land primarily used for the arts, libraries, and community centers; and for debt service on bonds issued for these purposes. The amount of surplus revenues raised by a tax will be determined either as provided for by an applicable joint powers agreement or by a governing entity in charge of administering the project in paragraph (a).

(c) If start of the Central Minnesota Events Center under paragraph (a) is delayed, the cities may still impose the tax, and use a portion of the revenue to fund the projects under paragraph (b), provided that revenues are reserved to pay future costs of the construction of the events center in paragraph (a) as provided by a joint powers agreement or by a governing entity in charge of administering the project. If a decision is made not to proceed with the event center under paragraph (a) or construction of the event center has not begun by December 31, 2007, the funds in the reserve account shall be distributed to the cities based on the joint powers agreement to pay for other projects permitted under paragraph (b). All revenues raised from these taxes after December 31, 2008, must be used exclusively to pay off bonds for the event center project under paragraph (a) and to pay off bonds issued under subdivision 6.

Sec. 15. Laws 1998, chapter 389, article 8, section 44, subdivision 6, is amended to read:

Subd. 6. [BONDING AUTHORITY.] (a) The cities named in subdivision 1 may issue bonds under Minnesota Statutes, chapter 475, to finance the acquisition, construction, and improvement

of the Central Minnesota Events Center. An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of bonds issued by all cities named in subdivision 1, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements for the Central Minnesota Events Center, may not exceed \$50,000,000, plus an amount equal to the costs related to issuance of the bonds, less any amount made available to the cities for the project described in subdivision 5 under the capital expenditure legislation adopted during the 1998 session of the legislature.

(d) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

(e) The cities named in subdivision 1 may issue bonds for the projects listed in subdivision 5, paragraph (b), under regular bonding authority. Bonds for these projects, to be paid from tax revenues under this section, may not be issued after December 31, 2008.

Sec. 16. Laws 1998, chapter 389, article 8, section 44, subdivision 7, as amended by Laws 1998, chapter 408, section 20, is amended to read:

Subd. 7. [TERMINATION OF TAXES.] The taxes imposed by each city under subdivisions 1 to 4 expire at the earlier of 30 years or when sufficient funds have been received from the taxes to finance the obligations under subdivisions 5, paragraph (a), and 6, and to prepay or retire at maturity the principal, interest, and premium due on the original bonds issued for the initial acquisition, construction, and improvement of the Central Minnesota Events Center as determined under an applicable joint powers agreement or by a governing entity in charge of administering the project. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general funds of the cities imposing the taxes. The taxes imposed by a city under this section may expire at an earlier time by city ordinance, if authorized under the applicable joint powers agreement or by the governing entity in charge of administering the project.

If the cities that pass a referendum required under subdivision 6 1 determine that the revenues raised from the sum of all the taxes authorized by referendum under this subdivision section will not be sufficient to fund the project in subdivision 5, paragraph (a), none of the authorized taxes may be imposed.

If the taxes are imposed, as allowed under subdivision 5, paragraph (c), and the cities determine at a later date that there are not sufficient funds to fund the Central Minnesota Events Center under subdivision 5, paragraph (a), or the funding for the event center has not been determined by December 31, 2008, the taxes will be terminated as soon as sufficient revenues are raised to prepay or retire at maturity the principal, interest, and premium due on bonds issued under subdivision 6, paragraph (e).

Sec. 17. [CITY OF NEW ULM; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act, the city of

New Ulm may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of New Ulm may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements may not exceed \$9,000,000, plus an amount equal to the costs related to issuance of the bonds.

(d) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that sufficient funds have been received from the taxes to finance the capital and administrative costs for the acquisition, construction, and improvement of facilities described in subdivision 3, and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the facilities under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of New Ulm with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [CITY OF PROCTOR; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 297A.48, subdivision 1a, 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may

impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Proctor may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of the following city facilities:

- (1) streets; and
- (2) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, and paying debt service on bonds or other obligations, including lease obligations, issued to finance the construction, expansion, or improvement of an authorized facility. The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance of the bonds.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 279.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(d) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed \$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that the amount described in subdivision 4, paragraph (d), has been received from the taxes to finance the capital and administrative costs for the acquisition, construction, expansion, and improvement of facilities described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Proctor with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [EFFECTIVE DATES.]

Sections 1, 2, 5, 7, 9, and 11 are effective for sales and purchases made after June 30, 1999.

Section 3 is effective for amended returns and refund claims filed on or after July 1, 1999.

Section 4 is effective the day following final enactment and applies retroactively to all open tax years and to assessments and appeals under Minnesota Statutes, sections 289A.38 and 289A.65, for which the time limits have not expired on the date of final enactment of this act. The provisions of Minnesota Statutes, section 289A.50, apply to refunds claimed under section 4. Refunds claimed under section 4 must be filed by the later of December 31, 1999, or the time limit under Minnesota Statutes, section 289A.40, subdivision 1.

Section 6 is effective retroactively for sales and purchases made after June 30, 1998.

Section 8 is effective for purchases and sales made after the date of final enactment.

Section 10 is effective for purchases made after the date of final enactment and before July 1, 2001.

Section 12 is effective the day after final enactment. Section 12, paragraphs (a) to (c), apply to all local sales taxes enacted after July 1, 1999. Section 12, paragraph (d), applies to all local sales taxes in effect at the time of, or imposed after the day of, the enactment of this section.

Section 13 is effective the day following final enactment.

ARTICLE 5 PROPERTY TAXES

Section 1. Minnesota Statutes 1998, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the probate jurisdiction of the district court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the county board of equalization, and in those towns and cities which have not transferred their duties to the county, the town or city board of equalization, except for: (i) those taxpayers whose original assessments are determined by the commissioner of revenue; and (ii) those taxpayers appealing a denial of a current year application for the homestead classification for their property and the denial was not reflected on a valuation notice issued in the year. The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of property. Laws governing taxes, aids, and related matters administered by the commissioner of revenue, laws dealing with property valuation, assessment or taxation of property for property tax purposes, and any other laws that contain provisions authorizing review of taxes, aids, and related matters by the tax court shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, review under section 274.13, subdivision 1c, or to the commissioner of revenue. Wherever used in this chapter, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 2. Minnesota Statutes 1998, section 271.21, subdivision 2, is amended to read:

Subd. 2. [JURISDICTION.] At the election of the taxpayer, the small claims division shall have jurisdiction only in the following matters:

(a) in cases involving valuation, assessment, or taxation of real or personal property, if the taxpayer has satisfied the requirements of section 271.01, subdivision 5, and: (i) the issue is a denial of a current year application for the homestead classification for the taxpayer's property and the denial was not reflected on a valuation notice issued in the year; or (ii) in the case of nonhomestead property, the assessor's estimated market value is less than \$100,000; or

(b) any other case concerning the tax laws as defined in section 271.01, subdivision 5, in which the amount in controversy does not exceed \$5,000, including penalty and interest.

Sec. 3. Minnesota Statutes 1998, section 272.02, subdivision 1, is amended to read:

Subdivision 1. [EXEMPT PROPERTY DESCRIBED.] All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds.

(2) All public schoolhouses.

(3) All public hospitals.

(4) All academies, colleges, and universities, and all seminaries of learning.

(5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (e), other than those that qualify for exemption under clause (25).

(7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution

shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 15a; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the federal government, the state, or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota Housing Finance Agency Law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21)(a) Small scale wind energy conversion systems installed after January 1, 1991, and used as an electric power source are exempt.

"Small scale wind energy conversion systems" are wind energy conversion systems, as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are (i) used as

an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce two megawatts or less of electricity as measured by nameplate ratings.

(b) Medium scale wind energy conversion systems installed after January 1, 1991, are treated as follows: (i) the foundation and support pad are taxable; (ii) the associated supporting and protective structures are exempt for the first five assessment years after they have been constructed, and thereafter, 30 percent of the market value of the associated supporting and protective structures are taxable; and (iii) the turbines, blades, transformers, and its related equipment, are exempt. "Medium scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce more than two but equal to or less than 12 megawatts of energy as measured by nameplate ratings.

(c) Large scale wind energy conversion systems installed after January 1, 1991, are treated as follows: 25 percent of the market value of all property is taxable, including (i) the foundation and support pad; (ii) the associated supporting and protective structures; and (iii) the turbines, blades, transformers, and its related equipment. "Large scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; and (ii) produce more than 12 megawatts of energy as measured by nameplate ratings.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in Section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under item (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

(30) Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1997, that is intended to be used as a business incubator in a high-unemployment county ~~but is not occupied on the assessment date~~. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this clause is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in 2005.

(31) Notwithstanding any other law to the contrary, real property that meets the following criteria is exempt:

(i) constitutes a wastewater treatment system (a) constructed by a municipality using public funds, (b) operates under a State Disposal System Permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, chapter 7001, and (c) applies its effluent to land used as part of an agricultural operation;

(ii) is located within a municipality of a population of less than 10,000;

(iii) is used for treatment of effluent from a private potato processing facility; and

(iv) is owned by a municipality and operated by a private entity under agreement with that municipality.

(32) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this clause. At the time of construction, the facility must:

(i) not be owned by a public utility as defined in section 216B.02, subdivision 4;

(ii) utilize natural gas as a primary fuel;

(iii) be located within 20 miles of the intersection of an existing 42-inch (outside diameter) natural gas pipeline and a 345-kilovolt high-voltage electric transmission line; and

(iv) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need pursuant to section 216B.243 demonstrating demand for its capacity.

Construction of the facility must be commenced after July 1, 1999, and before July 1, 2003. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Sec. 4. Minnesota Statutes 1998, section 272.027, is amended to read:

272.027 [PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.]

Subdivision 1. [ELECTRICITY GENERATED TO PRODUCE GOODS AND SERVICES.] Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. Except as provided in subdivisions 2 and 3, the exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

Subd. 2. [EXEMPTION FOR CUSTOMER OWNED PROPERTY TRANSFERRED TO A UTILITY.] (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

(2) the generating facility is sold to a Minnesota electric utility.

(b) Any tools, implements, and machinery installed to increase generation capacity are also exempt under this section provided that the existing tools, implements, and machinery are exempt under paragraph (a).

Subd. 3. [EXEMPTION ELECTRIC POWER PLANT PERSONAL PROPERTY; TACONITE AND STEEL MILL.]

Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facility, when completed, will have a capacity of at least 450 megawatts;

(2) the electric generating facility is adjacent to a taconite mine direct-reduction steel mill; and

(3) the electric generating facility supplied over 60 percent of its electricity generated in the prior year to the adjacent direct-reduction plant and steel mill.

Sec. 5. Minnesota Statutes 1998, section 272.03, subdivision 6, is amended to read:

Subd. 6. [TRACT, LOT, PARCEL, AND PIECE OR PARCEL.] (a) "Tract," "lot," "parcel," and "piece or parcel" of land means any contiguous quantity of land in the possession of, owned by, or recorded as the property of, the same claimant or person.

(b) Notwithstanding paragraph (a), property that is owned by a utility, leased for residential or recreational uses for terms of 20 years or longer, and separately valued by the assessor, will be treated for property tax purposes as separate parcels.

Sec. 6. Minnesota Statutes 1998, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed the greater of (1) ~~ten~~ 8.5 percent of the value in the preceding assessment, or (2) ~~one-fourth~~ 15 percent of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect only ~~for assessment years 1993 through assessment year 2001.~~

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Sec. 7. Minnesota Statutes 1998, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that (1) the house is at least ~~35~~ 45 years old at the time of the improvement and (2) either

(a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than ~~\$150,000, or~~ \$400,000.

(b) ~~if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if~~

(i) ~~it is located in a city or town in which 50 percent or more of the owner-occupied housing units were constructed before 1960 based upon the 1990 federal census, and~~

(ii) ~~the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census, or~~

(c) ~~if the estimated market value of the house is \$300,000 or more on January 2 of the current year, the property qualifies if~~

(i) ~~it is located in a city or town in which 45 percent or more of the homes were constructed before 1940 based upon the 1990 federal census, and~~

(ii) ~~it is located in a city or town in which 45 percent or more of the housing units were rental based upon the 1990 federal census, and~~

(iii) ~~the city or town's median value of owner-occupied housing units based upon the 1990 federal census is less than the statewide median value of owner-occupied housing units based upon the 1990 federal census.~~

For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years since the original year of its construction. In the case of a residence that is relocated, the relocation must be from a location within the state and the only improvements eligible for exclusion under this subdivision are (1) those for which building permits were issued to the homeowner after the residence was relocated to its present site, and (2) those undertaken during or after the year the residence is initially occupied by the homeowner,

excluding any market value increase relating to basic improvements that are necessary to install the residence on its foundation and connect it to utilities at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. ~~Any improvement~~ The improvements for a single project or in any one year must add at least \$1,000 \$5,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application must be filed within three years of the date the building permit was issued for the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the application must be filed within three years of the date the improvement was made. The assessor may require proof from the taxpayer of the date the improvement was made. Applications must be received prior to July 1 of any year in order to be effective for taxes payable in the following year.

No exclusion for an improvement may be granted ~~for an improvement~~ by a local board of review or county board of equalization, and no abatement of the taxes for qualifying improvements may be granted by the county board unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, ~~at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years.~~ After ten years the amount of the qualifying value shall be added back as follows:

(1) 50 percent in the two subsequent assessment years if the qualifying value is equal to or less than \$10,000 market value; or

(2) 20 percent in the five subsequent assessment years if the qualifying value is greater than \$10,000 market value.

If an application is filed after the first assessment date at which an improvement could have been subject to the valuation exclusion under this subdivision, the ten-year period during which the value is subject to exclusion is reduced by the number of years that have elapsed since the property would have qualified initially. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000

maximum qualifying value under this subdivision may result from ~~up to three separate multiple~~ improvements to the homestead. ~~The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.~~

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 8. Minnesota Statutes 1998, section 273.111, is amended by adding a subdivision to read:

Subd. 15. [DISSECTED PARCELS; CONTINUED DEFERMENT.] Real estate consisting of more than ten, but less than 15, acres which has:

(1) been owned by the applicant or the applicant's parents for at least 70 years;

(2) been dissected by two or more major parkways or interstate highways; and

(3) qualified for the agricultural valuation and tax deferral under this section through assessment year 1996, taxes payable in 1997,

shall continue to qualify for treatment under this section until the applicant's death or transfer or sale by the applicant of the applicant's interest in the real estate. When the property ceases to qualify for treatment under this section, the recapture provisions of subdivision 9 will apply with respect to the last ten years that the property has been valued and assessed under this section.

Sec. 9. Minnesota Statutes 1998, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, or aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal recreational residential property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or

self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home or boarding care facility and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home or boarding care facility and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

Sec. 10. Minnesota Statutes 1998, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least \$5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage.

(c) all buildings and appurtenances and the land upon which they are located that are used for purposes of a homestead, if all of the following criteria are met:

(1) the land is owned by a utility, which maintains ownership of the land in order to facilitate compliance with the terms of its hydroelectric project license from the federal energy regulatory commission;

- (2) the land is leased for a term of 20 years or more;
- (3) the occupant is using the property as a permanent residence; and
- (4) the occupant is paying the property taxes and any special assessments levied against the property.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 11. Minnesota Statutes 1998, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP OR LEASED TO FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b), ~~but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it.~~

(c) Agricultural property owned by a shareholder of a family farm corporation, as defined in paragraph (a), or by a partner in a partnership operating a family farm and leased to the family farm corporation by the shareholder or to the partnership by the partner, is eligible for classification as class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a under section 273.13, subdivision 23, paragraph (a), if the owner is actually residing on the property and is actually engaged in farming the land on behalf of the corporation or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation or partnership operating a family farm under the lease.

Sec. 12. Minnesota Statutes 1998, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on

the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and social security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the

lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the ad valorem taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The social security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270.0681.

Sec. 13. Minnesota Statutes 1998, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b) Agricultural property consisting of at least 40 acres shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner is actively farming the agricultural property;

(2) the owner of the agricultural property is a Minnesota resident;

(3) neither the owner nor the spouse of the agricultural property claims another agricultural homestead in Minnesota; and

(4) the owner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

~~(b)~~ (c) Except as provided in paragraph ~~(d)~~ (e), noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

~~(e)~~ (d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(d) (e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(e) (f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

Sec. 14. Minnesota Statutes 1998, section 273.124, is amended by adding a subdivision to read:

Subd. 20. [ADDITIONAL REQUIREMENTS PROHIBITED.] No political subdivision may impose any requirements not contained in this chapter or chapter 272 to disqualify property from being classified as a homestead if the property otherwise meets the requirements for homestead treatment under this chapter and chapter 272.

Sec. 15. Minnesota Statutes 1998, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first ~~\$75,000~~ \$76,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds ~~\$75,000~~ \$76,000 has a class rate of ~~1.7~~ 1.65 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any blind person, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total household income, as defined in section 290A.03, subdivision 5, from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(G) pension, annuity, or other income paid as a result of that disability from a private pension or disability plan, including employer, employee, union, and insurance plans and

(iii) has household income as defined in section 290A.03, subdivision 5, of \$50,000 or less; or

(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 275 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of economic security certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of one percent of total market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore. If any portion of the class 1c resort property is classified as class 4c under subdivision 25, the entire property must meet the requirements of subdivision 25, paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

Sec. 16. Minnesota Statutes 1998, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to \$115,000 has a net class rate of 0.35 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres up to and including \$600,000 market value has a net class rate of 0.8 percent of market value. The remaining property over ~~\$115,000~~ \$600,000 market value ~~in excess of 320 acres~~ has a class rate of ~~1.25~~ 1.20 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of ~~1.25~~ 1.20 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products or enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law Number 99-198. Contiguous acreage on the same parcel, or

contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing; and

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals; and

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3), the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 17. Minnesota Statutes 1998, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, ~~except class 5 property as identified in subdivision 31, clause (1), is class 3a. Each parcel of real property has a class rate of 2.45 2.4 percent of the first tier of market value, and 3.5 3.4 percent of the remaining market value, except that in the case of contiguous parcels of commercial and industrial property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. In the case of utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first tier of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier. All personal property shall be classified at the class rate for the higher tier. For purposes of this subdivision "personal property" means tools, implements, and machinery of an electric generating, transmission, or distribution system, or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures.~~

For purposes of this paragraph, parcels are considered to be contiguous even if they are separated from each other by a road, street, vacant lot, waterway, or other similar intervening type of property.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.5 percent of the remainder, ~~except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c),. The class rate of the first tier of market value and the class rate of the remainder is rates for class 3b property are determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.~~

(c)(1) Subject to the limitations of clause (2), structures which are (i) located on property classified as class 3a, (ii) constructed under an initial building permit issued after January 2, 1996, (iii) located in a transit zone as defined under section 473.3915, subdivision 3, (iv) located within the boundaries of a school district, and (v) not primarily used for retail or transient lodging purposes, shall have a class rate equal to 85 percent of the lesser of 2.975 percent or the class rate of the second tier of the commercial property rate under paragraph (a) on any portion of the market value that does not qualify for the first tier class rate under paragraph (a). As used in item (v), a structure is primarily used for retail or transient lodging purposes if over 50 percent of its square footage is used for those purposes. A class rate equal to 85 percent of the lesser of 2.975 percent or the class rate of the second tier of the commercial property class rate under paragraph (a) shall also apply to improvements to existing structures that meet the requirements of items (i) to (v) if the improvements are constructed under an initial building permit issued after January 2, 1996, even if the remainder of the structure was constructed prior to January 2, 1996. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone. If any property once eligible for treatment under this paragraph ceases to remain eligible due to revisions in transit zone boundaries, the property shall continue to receive treatment under this paragraph for a period of three years.

(2) This clause applies to any structure qualifying for the transit zone reduced class rate under clause (1) on January 2, 1999, or any structure meeting any of the qualification criteria in item (i) and otherwise qualifying for the transit zone reduced class rate under clause (1). Such a structure continues to receive the transit zone reduced class rate until the occurrence of one of the events in item (ii). Property qualifying under item (i)(D), that is located outside of a city of the first class, qualifies for the transit zone reduced class rate as provided in that item. Property qualifying under item (i)(E) qualifies for the transit zone reduced class rate as provided in that item.

(i) A structure qualifies for the rate in this clause if it is:

(A) property for which a building permit was issued before December 31, 1998; or

(B) property for which a building permit was issued before June 30, 2001, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements or signed options as of March 15, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) signed agreements have been entered into with one entity or with affiliated entities to lease for the account of the entity or affiliated entities at least 50 percent of the square footage of the structure or the owner of the structure will occupy at least 50 percent of the square footage of the structure; and

(III) one of the following requirements is met:

the project proposer has submitted the completed data portions of an environmental assessment worksheet by December 31, 1998; or

a notice of determination of adequacy of an environmental impact statement has been published by April 1, 1999; or

an alternative urban areawide review has been completed by April 1, 1999; or

(C) property for which a building permit is issued before July 30, 1999, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements as of March 31, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) a signed agreement has been entered into between the building developer and a tenant to lease for its own account at least 200,000 square feet of space in the building;

(III) a signed letter of intent is entered into by July 1, 1998, between the building developer and the tenant to lease the space for its own account; and

(IV) the environmental review process required by state law was commenced by December 31, 1998;

(D) property for which an irrevocable letter of credit with a housing and redevelopment authority was signed before December 31, 1998. The structure shall receive the transit zone reduced class rate during construction and for the duration of time that the original tenants remain in the building. Any unoccupied net leasable square footage that is not leased within 36 months after the certificate of occupancy has been issued for the building shall not be eligible to receive the reduced class rate. This reduced class rate applies only if the entity that constructed the structure continues to own the property;

(E) property, located in a city of the first class, and for which the building permits for the excavation, the parking ramp, and the office tower were issued prior to April 1, 1999, shall receive the reduced class rate during construction and for the first five assessment years immediately following its initial occupancy provided that, when completed, at least 25 percent of the net leasable square footage must be occupied by the entity or the parent entity constructing the structure each year during this time period. In order to receive the reduced class rate on the structure in any subsequent assessment years, at least 50 percent of the rentable square footage must be occupied by the entity or the parent entity that constructed the structure. This reduced class rate applies only if the entity or the parent entity that constructed the structure continues to own the property.

(ii) A structure specified by this clause, other than a structure qualifying under clause (i)(D) or (E), shall continue to receive the transit zone reduced class rate until the occurrence of one of the following events:

(A) if the structure upon initial occupancy will be owner occupied by the entity initially constructing the structure or an affiliated entity, the structure receives the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied terminates upon the leasing of such space to any nonaffiliated entity; or

(B) if the structure is leased by a single entity or affiliated entity at the time of initial occupancy, the structure shall receive the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied shall terminate upon the leasing of such space to any nonaffiliated entity; or

(C) if the structure meets the criteria in item (i)(C), the structure shall receive the reduced class rate until the expiration of the initial lease term of the applicable tenants.

Percentages occupied or leased shall be determined based upon net leasable square footage in the structure. The assessor shall allocate the value of the structure in the same fashion as provided in the general law for portions of any structure receiving and not receiving the transit tax class reduction as a result of this clause.

Sec. 18. Minnesota Statutes 1998, section 273.13, is amended by adding a subdivision to read:

Subd. 24a. [TRANSIT ZONE PROPERTIES; PERSONAL PROPERTY TAX.] (a) Notwithstanding the provisions of section 272.02 or any other law to the contrary, a personal property tax is imposed on the leasehold of a tenant of a structure described in subdivision 24, paragraph (c), clause (2), item (i)(C).

(b) The tax equals the amount obtained by multiplying the sum of the local tax rates by:

(1) the estimated market value of the structure multiplied by

(2) the square footage of the structure under lease that qualifies under subdivision 24, clause (c)(1), divided by

(3) the total square footage of the structure that qualifies under subdivision 24, clause (c)(1), multiplied by

(4) the difference between the class rate under subdivision 24, paragraph (a), for the second tier and the class rate under subdivision 24, paragraph (c), for the second tier for the qualifying parts of a structure.

(c) The tax under this subdivision does not apply to a lease that:

(1) was executed before May 1, 1999;

(2) was entered according to a binding written agreement executed before May 1, 1999; or

(3) is a lease entered under an expansion option contained in a lease or binding written agreement qualifying under clause (1) or (2).

(d) The tax imposed under this subdivision is a personal property tax and is imposed on the lessee or tenant and not on the structure or the real property. The tax is an obligation of the lessee or tenant and must be collected in the manner provided for personal property taxes.

(e) The personal property tax applies only to a year in which the leased structure qualifies for the transit zone class rate.

Sec. 19. Minnesota Statutes 1998, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property in a city with a population of 5,000 or less, that is (1) located outside of the metropolitan area, as defined in section 473.121, subdivision 2, or outside any county contiguous to the metropolitan area, and (2) whose city boundary is at least 15 miles from the boundary of any city with a population greater than 5,000 has a class rate of 2.15 percent of market value. All other class 4a property has a class rate of ~~2.5~~ 2.4 percent of market value. For purposes of this paragraph, population has the same meaning given in section 477A.011, subdivision 3.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units;

(4) unimproved property that is classified residential as determined under subdivision 33.

Class 4b property has a class rate of ~~1.7~~ 1.65 percent of market value.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential, and recreational; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb has a class rate of ~~1.25~~ 1.2 percent on the first ~~\$75,000~~ \$76,000 of market value and a class rate of ~~1.7~~ 1.65 percent of its market value that exceeds ~~\$75,000~~ \$76,000.

Property that has been classified as seasonal recreational residential property at any time during

which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. In order for a property to be classified as class 4c, seasonal recreational residential for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts provided that the entire property including that portion of the property classified as class 1c also meets the requirements for class 4c under this clause; otherwise the entire property is classified as class 3. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property.

(3) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation

pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(4) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3; and

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2.

Class 4c property has a class rate of ~~1.8~~ 1.65 percent of market value, except that (i) ~~for each parcel of seasonal residential recreational property not used for commercial purposes the first \$75,000 of market value has a class rate of 1.25 percent, and the market value that exceeds \$75,000 has a class rate of 2.2 percent~~ has the same class rates as class 4bb property, (ii) ~~manufactured home parks assessed under clause (5) have a the same class rate of two percent as class 4b property,~~ and (iii) property described in paragraph (d), clause (4), has the same class rate as the rate applicable to the first tier of class 4bb nonhomestead residential real estate under paragraph (c).

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the housing finance agency under sections 273.126 and 462A.071. Class 4d includes land in proportion to the total market value of the building that is qualifying low-income rental housing. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of one percent of market value.

~~(f) Class 4e property consists of the residential portion of any structure located within a city that was converted from nonresidential use to residential use, provided that:~~

- ~~(1) the structure had formerly been used as a warehouse;~~
- ~~(2) the structure was originally constructed prior to 1940;~~
- ~~(3) the conversion was done after December 31, 1995, but before January 1, 2003; and~~
- ~~(4) the conversion involved an investment of at least \$25,000 per residential unit.~~

~~Class 4e property has a class rate of 2.3 percent, provided that a structure is eligible for class 4e classification only in the 12 assessment years immediately following the conversion.~~

Sec. 20. Minnesota Statutes 1998, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] Class 5 property includes:

~~(1) tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum~~

~~products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures;~~

- (2) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and
- (3) (2) all other property not otherwise classified.

Class 5 property has a class rate of ~~3.5~~ 3.4 percent of market value.

Sec. 21. Minnesota Statutes 1998, section 273.1382, is amended to read:

273.1382 [EDUCATION HOMESTEAD CREDIT; EDUCATION AGRICULTURAL CREDIT.]

~~Subdivision 1. [EDUCATION HOMESTEAD CREDIT TAX RATE.] Each year, the respective county auditors shall determine the initial tax rate for each school district for the general education levy certified under section 126C.13, subdivision 2 or 3. That rate plus the school district's education homestead credit tax rate adjustment under section 275.08, subdivision 1e, shall be the general education homestead credit local tax rate for the district. The~~

Subd. 1a. [EDUCATION HOMESTEAD CREDIT.] Each county auditor shall then determine a general education homestead credit for each homestead within the county equal to ~~68~~ 66.2 percent for taxes payable in 1999 and ~~69~~ 83 percent for taxes payable in 2000 and thereafter of the general education homestead credit local tax rate times the net tax capacity of the homestead for the taxes payable year. The amount of general education homestead credit for a homestead may not exceed \$320 for taxes payable in 1999 and ~~\$335~~ \$390 for taxes payable in 2000 and thereafter. In the case of an agricultural homestead, only the net tax capacity of the house, garage, and surrounding one acre of land shall be used in determining the property's education homestead credit.

~~Subd. 1a. [CREDIT PERCENTAGE REDUCTION.] If the general education levy target for fiscal year 2000 or 2001 is increased by another law enacted prior to the 1999 legislative session, the commissioner of revenue shall adjust the percentage rates of the education homestead credit for the corresponding taxes payable year by multiplying the percentage rate by the ratio of the prior general education levy target to the current general education levy target. If an adjustment is made under this section for fiscal year 2001, the adjusted rate shall remain in effect for future years until amended by subsequent legislation.~~

Subd. 1b. [EDUCATION AGRICULTURAL CREDIT.] Property classified as class 2a agricultural homestead or class 2b agricultural nonhomestead or timberland is eligible for education agricultural credit. The credit is equal to 54 percent, in the case of agricultural homestead property, or 50 percent, in the case of agricultural nonhomestead property or timberland, of the property's net tax capacity times the education credit tax rate determined in subdivision 1. The net tax capacity of class 2a property attributable to the house, garage, and surrounding one acre of land is not eligible for the credit under this subdivision.

Subd. 2. [CREDIT REIMBURSEMENTS.] (a) The commissioner of revenue shall determine the tax reductions allowed under this section for each taxes payable year, and for each school district based upon a review of the abstracts of tax lists submitted by the county auditors under section 275.29, and from any other information which the commissioner deems relevant. The commissioner of revenue shall generally compute the tax reductions at the unique taxing jurisdiction level, however the commissioner may compute the tax reductions at a higher geographic level if that would have a negligible impact, or if changes in the composition of unique taxing jurisdictions do not permit computation at the unique taxing jurisdiction level. The commissioner's determinations under this paragraph are not rules.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of children, families, and learning after July 1 and on or before August 1 of the taxes payable year. The commissioner of children, families, and learning shall reimburse each affected school district for the amount of the property tax reductions allowed under this section as provided in section

273.1392. The commissioner of children, families, and learning shall treat the reimbursement payments as entitlements for the same state fiscal year as certified, including with each district's initial payment all amounts that would have been paid up to that date, computed as if 90 percent of the annual reimbursement amount for the district were being paid one-twelfth in each month of the fiscal year.

Subd. 3. [APPROPRIATION.] An amount sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of children, families, and learning.

Sec. 22. Minnesota Statutes 1998, section 273.1398, subdivision 1a, is amended to read:

Subd. 1a. [TAX BASE DIFFERENTIAL.] (a) For aids payable in 2000, the tax base differential is:

(1) 0.45 percent of the assessment year 1998 taxable market value of class 2a agricultural homestead property, excluding the house, garage, and surrounding one acre of land, between \$115,000 and \$600,000 and over 320 acres, minus the value over \$600,000 that is less than 320 acres; plus

(2) 0.5 percent of the assessment year 1998 taxable market value of noncommercial seasonal recreational residential property over \$75,000 in value; plus

(3) for purposes of computing the fiscal disparity adjustment only, the tax base differential is 0.2 percent of the assessment year 1998 taxable market value of class 3 commercial-industrial property over \$150,000.

(b) For the purposes of the distribution of homestead and agricultural credit aid for aids payable in 2000, the commissioner of revenue shall use the best information available as of June 30, 1999, to make an estimate of the value described in paragraph (a), clause (1). The commissioner shall adjust the distribution of homestead and agricultural credit aid for aids payable in 2001 and subsequent years if new information regarding the value described in paragraph (a), clause (1), becomes available after June 30, 1999.

Sec. 23. Minnesota Statutes 1998, section 273.1398, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION.] (a) An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, is annually appropriated from the general fund to the commissioner of children, families, and learning. An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing districts is annually appropriated from the general fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

(b) The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987 only to the extent to which those costs exceed those costs incurred in fiscal year 1997 and for any other new costs attributable to the local impact note function required by section 3.987, not to exceed \$100,000 in fiscal year years 1998 and 1999 and \$200,000 in fiscal year 1999 2000 and thereafter.

The commissioner of revenue shall deduct the amount billed under this paragraph from aid payments to be made to cities and counties under subdivision 2 on a pro rata basis. The amount deducted under this paragraph is appropriated to the commissioner of finance for the preparation of local impact notes.

Sec. 24. Minnesota Statutes 1998, section 273.20, is amended to read:

273.20 [ASSESSOR MAY ENTER DWELLINGS, BUILDINGS, OR STRUCTURES.]

Any officer authorized by law to assess property for taxation may, when necessary to the

proper performance of duties, enter any dwelling-house, building, or structure, and view the same and the property therein.

Any officer authorized by law to assess property for ad valorem tax purposes shall have reasonable access to land and structures as necessary for the proper performance of their duties. A property owner may refuse to allow an assessor to inspect their property. This refusal by the property owner must be either verbal or expressly stated in a letter to the county assessor. If the assessor is denied access to view a property, the assessor is authorized to estimate the property's estimated market value by making assumptions believed appropriate concerning the property's finish and condition.

Sec. 25. Minnesota Statutes 1998, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

If in any county, at least 25 percent of the total net tax capacity of a city or town is noncommercial seasonal residential recreational property classified under section 273.13, subdivision 25, the county must hold two countywide informational meetings on Saturdays. The meetings will allow noncommercial seasonal residential recreational taxpayers to discuss their property valuation with the appropriate assessment staff. These Saturday informational meetings must be scheduled to allow the owner of the noncommercial seasonal residential recreational property the opportunity to attend one of the meetings prior to the scheduled board of review for their city or town. The Saturday meeting dates must be contained on the notice of valuation of real property under section 273.121.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property in cases where the owner or other person having control over the property will not permit the assessor to inspect the property and the interior of any buildings or structures.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county

assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 26. Minnesota Statutes 1998, section 276.131, is amended to read:

276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located school districts within the county, and the other remaining 50 percent must be distributed to the school districts within the county. The distribution to the school district must be in accordance with the provisions of section 127A.34; and

(3) in the case of interest on taxes that have been delinquent for a period of one year or less, (a) 50 percent of the interest must be distributed to the school districts within the county and (b) the remaining 50 percent shall be distributed to the county;

(4) in the case of interest on taxes that have been delinquent for a period of more than one year, (a) 50 percent of the interest must be distributed to the school districts within the county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town where the property is located shall receive a share of the amount of interest equal to the proportion that the city's or town's local tax rate for the year that the interest was collected, is to the sum of the city's or town's local tax rate and the county's local tax rate for the year that the interest was collected and (ii) the balance must be distributed to the county; and

(5) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

The distribution of all penalties and interest to the school district must be in accordance with the provisions of section 127A.34.

Sec. 27. Minnesota Statutes 1998, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres the first \$600,000 of market value or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 28. Minnesota Statutes 1998, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM QUALIFICATIONS.] The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$30,000~~ \$60,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 years prior to the year the initial application is filed;

(4) there are no delinquent property taxes, penalties, or interest on the homesteaded property;

(5) there are no delinquent special assessments on the homesteaded property;

(6) there are no state or federal tax liens or judgment liens on the homesteaded property;

(7) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (8); and

(8) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid special assessments, but not including property taxes payable during the year, does not exceed 30 percent of the assessor's estimated market value for the year.

Sec. 29. Minnesota Statutes 1998, section 290B.04, subdivision 2, is amended to read:

Subd. 2. [APPROVAL; RECORDING.] The commissioner shall approve all initial applications that qualify under this chapter and shall notify qualifying homeowners on or before December 1. The commissioner may investigate the facts or require confirmation in regard to an application. The commissioner shall record or file a notice of qualification for deferral, including the names of the qualifying homeowners and a legal description of the property, in the office of the county recorder, or registrar of titles, whichever is applicable, in the county where the qualifying property is located. The notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The homeowner shall pay the recording or filing fees for the notice, which, notwithstanding section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

Sec. 30. Minnesota Statutes 1998, section 290B.04, subdivision 3, is amended to read:

Subd. 3. [EXCESS-INCOME CERTIFICATION BY TAXPAYER.] A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$30,000~~ \$60,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

Sec. 31. Minnesota Statutes 1998, section 290B.04, subdivision 4, is amended to read:

Subd. 4. [RESUMPTION OF ELIGIBILITY CERTIFICATION BY TAXPAYER.] A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$30,000~~ \$60,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$30,000~~ \$60,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

Sec. 32. Minnesota Statutes 1998, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION BY COMMISSIONER.] The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals ~~five~~ three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$30,000~~ \$60,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid special assessments but not including property taxes payable during the year.

Sec. 33. Minnesota Statutes 1998, section 298.22, subdivision 7, is amended to read:

Subd. 7. [GIANTS RIDGE RECREATION AREA.] (a) In addition to the other powers granted in this section and other law, the commissioner, for purposes of fostering economic development and tourism within the Giants Ridge recreation area, may spend any money made available to the agency under section 298.28 to acquire real or personal property or interests therein by gift, purchase, or lease and may convey by lease, sale, or other means of conveyance or commitment any or all of those property interests acquired.

~~(b) Notwithstanding any other law to the contrary, property conveyed under this subdivision and used for residential purposes is not eligible for property tax homestead classification under section 273.124 or for a property tax refund under chapter 290A.~~

~~(e)~~ In furtherance of development of the Giants Ridge recreation area, the commissioner may establish and participate in charitable foundations and nonprofit corporations, including a corporation within the meaning of section 317A.011, subdivision 6.

~~(d)~~ (c) The term "Giants Ridge recreation area" refers to an economic development project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the western portions of the town of White and in the eastern portion of the westerly, adjacent, unorganized township.

Sec. 34. Minnesota Statutes 1998, section 373.40, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, development rights in the form of conservation easements under chapter 84C, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 35. Minnesota Statutes 1998, section 375.18, subdivision 12, is amended to read:

Subd. 12. [LAND FOR PUBLIC USE.] Each county board may acquire by gift or purchase and improve land within the county, for use as a park, site for a building, or other public purpose, and, when required by the public interest, sell and convey it. The land may be paid for out of moneys in the county treasury not otherwise appropriated, or by issuing bonds of the county. The county board may acquire development rights in the form of a conservation easement under chapter 84C. The holder of the conservation easement may be determined by a governmental body.

Sec. 36. Minnesota Statutes 1998, section 462A.071, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] (a) In order to qualify for certification under subdivision 1, the owner or manager of the property must annually apply to the agency. The application must be in the form prescribed by the agency, contain the information required by the agency, and be submitted by the date and time specified by the agency. ~~Beginning in calendar year 2000, the agency shall adopt procedures and deadlines for making application to permit certification of the units qualifying to the assessor by no later than April 1 of the assessment year.~~

(b) Each application must include:

(1) the property tax identification number;

(2) the number, type, and size of units the applicant seeks to qualify as low-income housing under class 4d;

(3) the number, type, and size of units in the property for which the applicant is not seeking qualification, if any;

(4) a certification that the property has been inspected by a qualified inspector within the past three years and meets the minimum housing quality standards or is exempt from the inspection requirement under subdivision 4;

(5) a statement indicating the qualifying units in compliance with the income limits;

(6) an executed agreement to restrict rents meeting the requirements specified by the agency or executed leases for the units for which qualification as low-income housing as class 4d under section 273.13 is sought and the rent schedule; and

(7) any additional information the agency deems appropriate to require.

(c) The applicant must pay a per-unit application fee to be set by the agency. The application fee charged by the agency must approximately equal the costs of processing and reviewing the applications. The fee must be deposited in the housing development fund.

Sec. 37. Minnesota Statutes 1998, section 469.002, subdivision 10, is amended to read:

Subd. 10. [FEDERAL LEGISLATION.] "Federal legislation" includes the United States Housing Act of 1937, United States Code, title 42, sections 1401 to 1440, as amended through December 31, 1989 1998; the National Housing Act, United States Code, title 12, sections 1701 to 1750g, as amended through December 31, 1989; and any other legislation of the Congress of the United States relating to federal assistance for clearance or rehabilitation of substandard or blighted areas, land assembly, redevelopment projects, or housing.

Sec. 38. Minnesota Statutes 1998, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property

which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make an agreement with the governing body or bodies creating the authority which provides exemption from all ad valorem real and personal property taxes levied or imposed by the body or bodies creating the authority. In the case of low-rent public housing that received financial assistance under the United States Housing Act of 1937, or successor federal legislation, an authority may make an agreement with the governing body or bodies creating the authority to provide exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivision, for which the authority shall make payments in lieu of taxes

to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 118A.04 for the deposit and investment of public funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5);

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01, except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 39. Minnesota Statutes 1998, section 475.52, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY CITIES.] Any statutory city may issue bonds or other

obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks, warning systems; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate limits for the acquisition of development rights in the form of conservation easements under chapter 84C; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing the city may issue bonds to provide money for any authorized corporate purpose except current expenses.

Sec. 40. Minnesota Statutes 1998, section 475.52, subdivision 3, is amended to read:

Subd. 3. [COUNTIES.] Any county may issue bonds for the acquisition or betterment of courthouses, county administrative buildings, health or social service facilities, correctional facilities, law enforcement centers, jails, morgues, libraries, parks, and hospitals, for roads and bridges within the county or bordering thereon and for road equipment and machinery and for ambulances and related equipment for the acquisition of development rights in the form of conservation easements under chapter 84C, and for capital equipment for the administration and conduct of elections providing the equipment is uniform countywide, except that the power of counties to issue bonds in connection with a library shall not exist in Hennepin county.

Sec. 41. Minnesota Statutes 1998, section 475.52, subdivision 4, is amended to read:

Subd. 4. [TOWNS.] Any town may issue bonds for the acquisition and betterment of town halls, town roads and bridges, nursing homes and homes for the aged, and for acquisition of equipment for snow removal, road construction or maintenance, and fire fighting for the acquisition of development rights in the form of conservation easements under chapter 84C and for the acquisition and betterment of any buildings to house and maintain town equipment.

Sec. 42. Minnesota Statutes 1998, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraphs (b), ~~(c)~~, and ~~(d)~~ to (k), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(d) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(e) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(f) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:

(i) the city had a population in 1996 of at least 50,000;

(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and

(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(g) Beginning in 2002, the city aid base for a city is equal to the sum of its city aid base in 2001 and the amount of additional aid it was certified to receive under section 477A.06 in 2001. For 2002 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2001.

(h) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(i) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(j) The city aid base for a city is increased by \$225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$225,000 in calendar year 2000 only, provided that:

(1) the city had a population of at least 5,000;

(2) its population had increased by at least 50 percent in the ten-year period ending in 1997;

(3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and

(4) the city received less than \$30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

(k) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

Sec. 43. Minnesota Statutes 1998, section 477A.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) For assessment years 1998, 1999, and 2000, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years 1999, 2000, and 2001, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds 2.5 two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998.

Sec. 44. Laws 1997, chapter 231, article 2, section 68, subdivision 3, as amended by Laws 1998, chapter 389, article 3, section 36, is amended to read:

Subd. 3. [~~MORATORIUM ON CHANGES IN ELDERLY ASSISTED LIVING FACILITIES; ASSESSMENT PRACTICES.~~] (a) An assessor may not change the current practices or policies used generally in assessing elderly assisted living facilities.

(b) An assessor may not change the 1999 assessment of an existing elderly assisted living facility, unless the change is made as a result of a change in ownership, occupancy, or use of the facility. This paragraph does not apply to:

(1) a facility that was constructed during calendar year 1997, 1998, or 1999;

(2) a facility that was converted to an elderly assisted living facility during calendar year 1997, 1998, or 1999; or

(3) a change in market value.

(c) This subdivision expires ~~and no longer applies on the earlier of:~~

~~(1) the enactment of legislation establishing criteria for the property taxation of elderly assisted living facilities; or~~

~~(2) final adjournment of the 1999 regular legislative session December 31, 1999.~~

Sec. 45. Laws 1997, First Special Session chapter 3, section 27, is amended to read:

Sec. 27. [TAXPAYER'S PERSONAL INFORMATION; DISCLOSURE.]

(a) An owner of property in Washington or Ramsey county that is subject to property taxation must be informed in a clear and conspicuous manner in writing on a form sent to property taxpayers that the property owner's name, address, and other information may be used, rented, or sold for business purposes, including surveys, marketing, and solicitation.

(b) If the property owner so requests on the form provided, then any such list generated by the county and sold for business purposes must exclude the owner's name and address if the business purpose is conducting surveys, marketing, or solicitation.

(c) This section expires August 1, ~~1999~~ 2001.

Sec. 46. [ABATEMENT OF TAXES.]

Subdivision 1. [PROPERTY DEFINED.] As used in this section and section 47, "property" means property located in Lake county that meets the following description:

All that part of Government Lot Two (2) of Section One (1) in Township Fifty-two (52) North, Range Eleven (11) West of the Fourth Principal Meridian, lying within the following described lines:

Commencing at a point on the North-South quarter line of said Section 1 which is 20 feet south of the center of said Section 1 measured along said North-South quarter line;

thence easterly at a right angle to said North-South quarter line a distance of 5 feet to the point of Beginning;

thence continuing in an easterly direction at a right angle to said North-South quarter line a distance of 335 feet;

thence southerly at a right angle to the last described line a distance of 80 feet;

thence easterly at a right angle to the last described line a distance of 210 feet;

thence southerly at a right angle to the last described line a distance of 255 feet;

thence southeasterly at an angle of 102 degrees to the last described line to the ordinary low-water mark of Agate Bay;

thence easterly along said ordinary low-water mark to the East boundary line of said Government Lot 2;

thence in a northerly direction along said East boundary line to a point on said East boundary line which is 75 feet distant in a northerly direction from the East-West quarter line of said Section 1, extended, as measured along said East boundary line;

thence in a northwesterly direction to a point which is 190 feet easterly measured at a right angle to the North-South quarter line of said Section 1 from a point on the North-South quarter line, which point is 725 feet northerly of the center of said Section 1 when measured along said North-South quarter line;

thence in a westerly direction at a right angle to said North-South quarter line a distance of 185 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 230 feet;

thence easterly at a right angle to the last described line a distance of 130 feet;

thence southerly at a right angle to the last described line a distance of 119.27 feet;

thence westerly at a right angle to the last described line a distance of 130 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 395.73 feet to the point of beginning.

Subd. 2. [AUTHORIZATION.] Upon a majority vote of its members, the governing bodies of each of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381, may abate the taxes levied on the property described in subdivision 1 in 1979 to 1990, payable in 1980 to 1991, as well as any interest and penalties due on those taxes.

Sec. 47. [RECORDING OF CONVEYANCE AUTHORIZED.]

Notwithstanding Minnesota Statutes, section 272.12, or any other law to the contrary, if the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381 have all abated the taxes, interest, and penalties as provided in section 46, subdivision 2, the county auditor may record the conveyance of the property described in section 46, subdivision 1.

Sec. 48. [LOCAL PERFORMANCE AID RECIPIENTS; OTHER AID INCREASES.]

(a) If a county received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the amount of homestead and agricultural credit aid determined and payable to the county under Minnesota Statutes, section 273.1398, in 2000 and subsequent years is increased by the amount of performance aid it received in 1999.

(b) If a city received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the city aid base of the city under Minnesota Statutes, section 477A.011, subdivision 36, is increased for aid payable in 2000 and subsequent years by the amount of performance aid it received in 1999, and the maximum amount of total aid it may receive under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (c), is also increased by that amount in calendar year 2000 only.

(c) For purposes of determining the limitation on aid increases under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (b), for aid payable in 2000, the sum of the aid to all cities in 2000 does not include the aid increase under paragraph (a) of this section.

Sec. 49. [RECOMMENDATIONS ON UTILITY TAX POLICY.]

The commissioner of revenue, upon consultation with the commissioner of public service and other appropriate state agencies, shall convene meetings of representatives from utilities which pay personal property taxes on generation facilities and local governments in which those facilities are sited. These meetings shall assess policy issues related to the taxation of Minnesota utility generation facilities in a changing energy market, including:

- (1) the effects of future restructuring of the electric industry;
- (2) impacts on revenue to local governments and debt issuance;
- (3) evolution of utility tax policy in Minnesota and other states;
- (4) sufficiency of Minnesota's future electric power supply; and

(5) any other relevant issues, including environmental, labor, and consumer issues.

The meetings shall be open to any interested parties. The commissioner shall examine utility tax policy issues and make recommendations, as warranted, on the future of the personal property tax on generation facilities and the replacement of revenues that would be lost to local units of government as a result of a partial or full exemption of these personal property taxes.

The commissioner shall report on the progress of these meetings, including options being considered and a plan for completing the report, to the chairs of the senate committees on taxes and jobs, energy and community development, the house committees on taxes and commerce, and the governor, by January 15, 2000, with a final report to those same officials by December 1, 2000.

Sec. 50. [383D.74] [DAKOTA COUNTY; ADMINISTRATIVE PENALTIES.]

Subdivision 1. [PENALTIES.] The Dakota county board may impose an administrative penalty for violation of an ordinance enacted under chapter 103F. No penalty may be imposed unless the owner has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before a person authorized by the county board to conduct the hearing. A decision that a violation occurred must be in writing. The amount of the penalty with interest may not exceed the amount allowed for a single misdemeanor violation. A person aggrieved by a decision under this section may have the decision reviewed in the district court. If a penalty imposed under this section is unpaid for more than 60 days after the date when payment is due, the county board may certify the penalty to the county auditor for collection to the same extent and in the same manner provided by law for the assessment and collection of real estate taxes.

Subd. 2. [EXPIRATION.] The authority to impose a penalty under this section expires on December 31, 2000.

Sec. 51. [LEGISLATIVE INTENT.]

It is the intent of the legislature that one-half of the actual property tax savings to the taxpayer as a result of the class rate reduction under section 19, for manufactured home parks, for taxes payable in 2000 to 2004, be reinvested by the taxpayer in capital improvements of the manufactured home park or used for direct assistance to homeowners for home improvements.

Sec. 52. [2000 CHARITY CARE AID.]

Subdivision 1. [PURPOSE.] The purpose of charity care aid is to prevent or reduce the reliance on county property taxes to meet the cost of providing medical care to individuals who are indigent and who do not reside in the county.

Subd. 2. [QUALIFICATION.] A county qualifies for payment under this section in 2000 only if it contains a hospital that has a medical assistance disproportionate population adjustment as determined under section 256.969, subdivision 9, greater than 16 percent.

Subd. 3. [REPORTS BY HOSPITALS AND COUNTIES.] (a) By June 1, 1999, a hospital described in subdivision 2 must file a report with the county in which it is located setting forth its audited financial statements and a schedule setting forth the aggregate amount of charity care for calendar year 1998 that meets the following criteria:

(1) the patient is from a county other than the county in which the hospital is located; and

(2) the hospital has made a preliminary determination that:

(i) the patient is not eligible for any public health care program or it cannot be determined whether the person is eligible for any public health care program; and

(ii) the person is uninsured or it cannot be determined if the person is uninsured or the person has insufficient resources to pay the cost of services delivered by the hospital.

(b) By July 1, 1999, each county must report to the commissioner of revenue the total amount of charity care reported to it by hospitals under this subdivision.

Subd. 4. [AMOUNT OF AID.] (a) Subject to the limitation in paragraph (b), payment to a county under this section is equal to the aggregate amount of charity care, as reported under subdivision 3, for calendar year 1998.

(b) The total of all payments under this section may not exceed \$10,000,000. If the amounts reported under subdivision 3 for all counties exceeds \$10,000,000, the distributions to each county must be allocated in proportion to the total amount of uncompensated care reported to the commissioner by the county so that the total of the payments does not exceed \$10,000,000.

Subd. 5. [PAYMENT DATES.] The aid amounts must be paid as provided in section 477A.015.

Subd. 6. [USE OF FUNDS.] Each county that receives a payment under this section must remit all charity care aid funds to hospitals described in subdivision 2 that apply to the county for reimbursement. If the aid a county receives is less than the total amount of uncompensated care reported by eligible hospitals in the county, the aid amounts remitted to the hospitals must be proportional to the amounts reported.

Subd. 7. [REPORT TO THE COMMISSIONER.] By March 15, 2001, each county that receives the aid must file a report with the commissioner of revenue describing how charity care aids were spent, and verifying that they were paid to hospitals described in subdivision 2 for charity care purposes for individuals who do not reside in the county.

Subd. 8. [NOTICE TO COUNTIES.] The commissioner of revenue shall annually notify the governing body of each county, providing information, to the extent available to the commissioner, regarding the amount of reimbursements paid under this section attributable to care provided to residents of that county.

Subd. 9. [HENNEPIN COUNTY LEVY LIMIT ADJUSTMENT.] For taxes levied in 1999 only, the levy limit for Hennepin county under Minnesota Statutes, section 275.71, subdivision 4, is reduced by an amount equal to the amount of charity aid allocated to the Hennepin county medical center.

Subd. 10. [APPROPRIATION.] The amount sufficient to make the payments under this section is appropriated from the general fund to the commissioner of revenue.

Sec. 53. [PROPERTY TAX ABATEMENT; PROPERTY DAMAGED BY TORNADO.]

Subdivision 1. [ABATEMENT AMOUNT.] The county auditor shall grant an abatement for taxes payable in 1999 to any property in a qualifying county, as defined in Laws 1998, chapter 383, section 20, that contains a structure that has been determined by the assessor to have lost over 50 percent of its estimated market value due to wind damage sustained on March 29, 1998, excluding residential homestead property and the portion of agricultural homestead property consisting of the house, garage, and surrounding one acre of land. The abatement is equal to 75 percent of the amount by which the net tax capacity of the structure was reduced by the wind damage, multiplied by the payable 1999 total local net tax capacity tax rate, plus 75 percent of the amount by which the referendum market value of the structure was reduced by the wind damage, multiplied by the payable 1999 total market value tax rate. If the amount of the abatement exceeds the remaining tax due on the property for taxes payable in 1999, a refund shall be issued to the taxpayer by the county treasurer by June 30, 1999.

Subd. 2. [CERTIFICATION.] The amount of abatements granted under this section shall be reported to the commissioner of revenue by the county auditor by June 30, 1999, in a form prescribed by the commissioner. The commissioner may require the county to provide other information necessary to verify the accuracy of the abatement amounts submitted.

Subd. 3. [PAYMENT.] The commissioner shall make payments equal to the amount of abatements granted to each county by August 30, 1999. The county treasurer shall distribute the payments to the affected taxing jurisdictions equal to the amount of the tax that was abated as part of the October 1999 regular settlement as provided in Minnesota Statutes, section 276.111.

Subd. 4. [APPROPRIATION.] The amount necessary to fund the payments required under this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2000.

Sec. 54. [REPEALER.]

(a) Minnesota Statutes 1998, section 273.11, subdivision 10, is repealed.

(b) Minnesota Statutes 1998, section 477A.05, is repealed.

(c) Laws 1998, chapter 389, article 3, section 45, is repealed.

Sec. 55. [EFFECTIVE DATES.]

Sections 1 and 2 are effective for petitions filed on or after the day following final enactment.

Sections 3, 4, 5, 9, paragraph (c), 10, 11, 15, 16, 17, paragraphs (a) and (b), 19, 20, 21, 22, 25, and 33 are effective for taxes levied in 1999, payable in 2000, and thereafter.

Section 6 is effective for assessment years 1999 through 2001.

Section 7 is effective for improvements made on or after July 1, 1999.

Section 8 is effective retroactively for property taxes payable in 1998 and thereafter.

Section 9, paragraph (h), is effective for taxes payable in 1999 and subsequent years.

Section 13 is effective beginning with the 1999 assessment, taxes payable in 2000 and thereafter. For eligibility for the 1999 assessment year under section 13, paragraph (b), the owner or the person who is actively farming the property must notify the county assessor by July 1, 1999, and furnish to the assessor the information required by the assessor to determine whether the qualifying criteria has been met for the 1999 assessment on the agricultural property.

Sections 12, 14, 24, 29, 36 to 38, 44, and 53 are effective the day following final enactment.

Sections 17, paragraph (c), 18, and 54, paragraph (c), are effective for taxes levied in 2000, payable in 2001 and thereafter.

Section 20, paragraph (f), is effective for the 2000 assessment and thereafter, for taxes payable in 2001 and thereafter, except that for taxes payable in 2001, the date for filing an application with the county assessor under section 20, paragraph (f), clause (3), is September 1, 1999.

Section 26 is effective for penalties and interest on property taxes collected after June 30, 1999.

Section 27 is effective for property tax refunds for claims for property taxes payable filed in 2000 and thereafter for taxes payable in 2000 and thereafter.

Sections 22, 48, and 54, paragraph (b), are effective for aids payable in 2000 and thereafter.

Sections 28 and 30 to 32 are effective for deferrals of property taxes payable in 2000 and thereafter. The changes in the annual tax amount percentage and the maximum annual household income in sections 28 and 30 to 32 apply to all homeowners and all property taxes deferred beginning in payable 2000, including those homeowners who initially qualified under this program for taxes payable in 1999.

Section 45 applies to Washington county only and is effective the day after the chief clerical officer of Washington county files a certificate of approval that complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 46 and 47 are effective the day following final enactment, upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381.

LEVY AUTHORIZATION AND LEVY LIMITS

Section 1. Minnesota Statutes 1998, section 204B.135, is amended by adding a subdivision to read:

Subd. 5. [REDISTRICTING EXPENSES.] The county board may levy a tax not to exceed \$1 per capita in the year ending in "0" to pay costs incurred in the year ending in "1" or "2" that are reasonably related to the redistricting of election districts, establishment of precinct boundaries, designation of polling places, and the updating of voter records in the statewide registration system. The county auditor shall distribute to each municipality in the county on a per capita basis 25 percent of the amount levied as provided in this subdivision, based on the population of the municipality in the most recent census. This levy is not subject to statutory levy limits.

Sec. 2. [275.078] [AUTHORIZATION; TAX RATE INCREASE.]

On or before October 1, 1999, and each subsequent year, the county auditor shall certify to the governing body of each home rule charter or statutory city in the county and to the county board, the following information for the taxing jurisdiction:

(1) the taxing jurisdiction's certified levy under section 275.08 for the previous year, taxes payable in the current year, excluding any amount levied to pay general obligation bonds, less (i) the areawide portion of the levy under section 276A.06, subdivision 3, or 473F.08, subdivision 3, if any, for taxes payable in the following year; and (ii) the sum of the net tax capacity adjustment amount and the fiscal disparities adjustment amount under section 273.1398, subdivision 2, if any, for aids payable in the following year;

(2) the taxing jurisdiction's taxable net tax capacity for the current assessment year, for taxes payable in the following year; and

(3) the tax rate obtained by dividing the amount in clause (1) by the amount in clause (2), rounded to the nearest hundredth percent.

In order to impose a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the tax rate certified by the county auditor under clause (3), the governing body of the city or the county board must adopt a resolution, after holding a public hearing, authorizing a higher tax rate and file a copy of the resolution with the county auditor on or before October 20, 1999, and each year thereafter. A county auditor is prohibited from fixing a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the rate certified under clause (3) if a resolution has not been filed, unless the higher rate is due solely to a reduction in the taxing jurisdiction's net tax capacity certified under clause (2) resulting from classification changes, exemptions, tax court judgments, or clerical or administrative errors made by the county. For purposes of this section, "public hearing" includes, but is not limited to, regularly scheduled city council hearings and county board meetings.

Sec. 3. Minnesota Statutes 1998, section 275.70, subdivision 5, is amended to read:

Subd. 5. [SPECIAL LEVIES.] "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota state armory building commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) for unreimbursed expenses related to flooding that occurred during the first half of calendar year 1997, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(6) for local units of government located in an area designated by the Federal Emergency Management Agency pursuant to a major disaster declaration issued for Minnesota by President Clinton after April 1, 1997, and before June 11, 1997, for the amount of tax dollars lost due to abatements authorized under section 273.123, subdivision 7, and Laws 1997, chapter 231, article 2, section 64, to the extent that they are related to the major disaster and to the extent that neither the state or federal government reimburses the local government for the amount lost;

(7) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(8) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 1997, or (ii) it is a new matching requirement that didn't exist prior to 1998;

(9) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the emergency services division of the state department of public safety, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(10) for the amount of tax revenue lost due to abatements authorized under section 273.123, subdivision 7, for damage related to the tornadoes of March 29, 1998, to the extent that neither the state or federal government provides reimbursement for the amount lost;

(11) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year; and

(12) to pay an abatement under section 469.1815; and

(13) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

Sec. 4. Minnesota Statutes 1998, section 275.71, subdivision 2, is amended to read:

Subd. 2. [LEVY LIMIT BASE.] (a) The levy limit base for a local governmental unit for taxes levied in 1997 shall be equal to the sum of:

(1) the amount the local governmental unit levied in 1996, less any amount levied for debt, as reported to the department of revenue under section 275.62, subdivision 1, clause (1), and less any tax levied in 1996 against market value as provided for in section 275.61;

(2) the amount of aids the local governmental unit was certified to receive in calendar year 1997 under sections 477A.011 to 477A.03 before any reductions for state tax increment financing aid under section 273.1399, subdivision 5;

(3) the amount of homestead and agricultural credit aid the local governmental unit was certified to receive under section 273.1398 in calendar year 1997 before any reductions for tax increment financing aid under section 273.1399, subdivision 5;

(4) the amount of local performance aid the local governmental unit was certified to receive in calendar year 1997 under section 477A.05; and

(5) the amount of any payments certified to the local government unit in 1997 under sections 298.28 and 298.282.

If a governmental unit was not required to report under section 275.62 for taxes levied in 1997, the commissioner shall request information on levies used for debt from the local governmental unit and adjust its levy limit base accordingly.

(b) The levy limit base for a local governmental unit for taxes levied in 1998 is equal to its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72 and multiplied by the increase that would have occurred under subdivision 3, clause (3), if that clause had been in effect for taxes levied in 1997.

(c) The levy limit base for a city with a population greater than 2,500 for taxes levied in 1999 is limited to its adjusted levy limit base in the previous year, subject to adjustments under section 275.72.

(d) The levy limit base for a county for taxes levied in 1999 is limited to the difference between (1) its adjusted levy limit base in the previous year subject to adjustments under section 275.72, and (2) one-half of the county's share of the net cost to the state for assumption of district court costs, as reported by the supreme court to the commissioner of revenue under section 273.1398, subdivision 4a, paragraph (a).

Sec. 5. Minnesota Statutes 1998, section 275.71, subdivision 3, is amended to read:

Subd. 3. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1998 and 1999, the adjusted levy limit is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus a percentage equal to the percentage growth in the implicit price deflator; and

(2) for all cities and for counties outside of the seven-county metropolitan area, one plus a percentage equal to the percentage increase in number of households, if any, for the most recent 12-month period for which data is available; and for counties located in the seven-county metropolitan area, one plus a percentage equal to the greater of the percentage increase in the number of households in the county or the percentage increase in the number of households in the entire seven-county metropolitan area for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 and class 5 property, as defined in section 273.13, subdivisions 24 and 31, for the most recent year for which data are available.

Sec. 6. Minnesota Statutes 1998, section 275.71, subdivision 4, is amended to read:

Subd. 4. [PROPERTY TAX LEVY LIMIT.] For taxes levied in 1998 and 1999, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined

under subdivision 3 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (1) the total amount of aids that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (2) homestead and agricultural aids it is certified to receive under section 273.1398, (3) local performance aid it is certified to receive under section 477A.05, (4) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (5) flood loss aid under section 273.1383, and (6) low-income housing aid under sections 477A.06 and 477A.065.

Sec. 7. Minnesota Statutes 1998, section 465.82, is amended by adding a subdivision to read:

Subd. 4. [DIFFERENTIAL TAXATION.] The plan for cooperation and combination adopted in accordance with subdivision 1 may establish that the tax rate of the local government unit with the lesser tax rate prior to the effective date of combination shall be increased in substantially equal proportions over not more than six years to equality with the tax rate on the property already within the borders of the local unit of government with the higher tax rate. The appropriate period of time, if any, for transition to the higher tax rate shall be based on the time reasonably required to effectively provide equal municipal services to the residents of the local unit of government with the lower tax rate.

Sec. 8. Minnesota Statutes 1998, section 473.252, subdivision 2, is amended to read:

Subd. 2. [SOURCES OF FUNDS.] The council shall credit to the tax base revitalization account within the fund the amount, if any, provided for under subdivision 4, and the amount, if any, distributed to the council under section 473F.08, subdivision 3b.

Sec. 9. Laws 1988, chapter 645, section 3, is amended to read:

Sec. 3. [TAX; PAYMENT OF EXPENSES.]

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds 2 mills .0063 percent of taxable market value. The proceeds

(b) .0048 percent of taxable market value of that tax in paragraph (a) may be used only for acquisition, betterment, and maintenance of the district's hospital and nursing home facilities and equipment, and not for administrative or salary expenses.

(c) .0015 percent of taxable market value of the tax in paragraph (a) may be used solely for the purpose of capital expenditures as it relates to ambulance acquisitions for the Cook ambulance service and the Orr ambulance service and not for administrative or salary expenses.

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

Sec. 10. Laws 1997, chapter 231, article 3, section 9, is amended to read:

Sec. 9. [EFFECTIVE DATE.]

Sections 1 and 3 to 7, as amended by Laws 1998, chapter 389, article 4, sections 1 to 6, are effective for taxes levied in 1997 and 1998 through 1999, payable in 1998 and 1999 through 2000.

Upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Faribault county or the city of Blue Earth, section 8 is effective for taxes levied in 1997 and 1998 through 1999 in the county or city that approves it.

Sec. 11. [CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to \$1,000 annually for cemetery purposes, beginning with taxes payable in 2000 and ending with taxes payable in 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective June 1, 1999, without local approval.

Sec. 12. [COUNTY OF GOODHUE; LEVY LIMITS AND AID ADJUSTMENTS.]

Subdivision 1. [LEVY LIMIT BASE.] The levy limit base of the county of Goodhue for taxes levied in 1999 under Minnesota Statutes, section 275.71, subdivision 2, is increased by \$422,324.

Subd. 2. [TEMPORARY COUNTY AGRICULTURAL AND HOMESTEAD CREDIT AID ADJUSTMENTS.] For aids paid in calendar year 1999 only, the county of Goodhue shall receive an additional aid payment of \$422,324 under the provisions of Minnesota Statutes, section 273.1398. For aids paid in calendar years 2000 and 2001, the aid paid to the county of Goodhue under section 273.1398, subdivision 2, shall be reduced by \$211,162. The additional aid paid in 1999 shall not be included in calculating any limitation on levies or expenditures in calendar year 1999 but the reductions in calendar years 2000 and 2001 shall be included in calculating any limitation on levies or expenditures.

Subd. 3. [APPROPRIATION.] \$422,324 is appropriated in fiscal year 2000 to the commissioner of revenue from the general fund to make the payment under subdivision 2.

Subd. 4. [EFFECTIVE DATE.] Subdivision 1 is effective for taxes levied in 1999 upon compliance with the governing body of the county of Goodhue with Minnesota Statutes, section 645.021, subdivision 3. Subdivision 2 is effective for aids payable in calendar years 1999 to 2001.

Sec. 13. [CITY OF GRANT; LEVY LIMITS.]

Subdivision 1. [LEVY LIMIT BASE INCREASE.] The levy limit base for the city of Grant for taxes levied in 1999 under Minnesota Statutes, section 275.71, subdivision 2, is increased by an amount equal to the difference between (1) the amount the city would have raised if it had imposed a tax rate equal to one-third of the statewide average city tax effort rate for taxes payable in 1999, as defined in Minnesota Statutes, section 477A.011, subdivision 35, on its net tax capacity for taxes payable in 1999, as defined in Minnesota Statutes, section 477A.011, subdivision 20; and (2) the amount it levied for taxes payable in 1999.

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Grant with Minnesota Statutes, section 645.021, subdivision 3, for taxes levied in 1999, payable in 2000.

Sec. 14. [NORTH FORK CROW RIVER WATERSHED DISTRICT.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the North Fork Crow River watershed district may annually levy up to .04836 percent of taxable market value, or \$140,000, whichever is less, for its administrative fund.

Subd. 2. [EFFECTIVE DATE.] This section is effective without local approval beginning with taxes levied in 1999, payable in 2000.

Sec. 15. [SAUK RIVER WATERSHED DISTRICT.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the Sauk river watershed district may annually levy up to \$200,000 for its administrative fund for taxes payable in 2000, 2001, 2002, 2003, and 2004.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 16. [CITY OF STILLWATER; DIVISION INTO URBAN AND RURAL SERVICE DISTRICTS.]

Notwithstanding the provisions of Minnesota Statutes, section 272.67, subdivisions 1 and 6, in order to carry out an orderly annexation agreement entered into for the annexation of a part or all of Stillwater township, the city of Stillwater may divide its area into urban service districts and rural service districts constituting separate taxing districts for the purpose of all municipal property taxes including those levied for the payment of bonds and judgments and interest on them.

Sec. 17. [REPEALER.]

Minnesota Statutes 1998, section 473.252, subdivisions 4 and 5, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 3 to 6 and 10 are effective for taxes levied in 1999, and payable in 2000. Section 7 is effective the day following final enactment for taxes levied in 1999 and thereafter. Sections 8 and 17 are effective for taxes levied in 1999, payable in 2000, and thereafter.

The .0015 percent of taxable market value levy described in section 9, paragraph (c), is effective for the cities of Cook and Orr and the counties of St. Louis and Koochiching for affected parts of those counties on January 1, 2000, to be requested in the year 2000, with the first payment to be received in 2001.

ARTICLE 7 SPECIAL TAXES

Section 1. Minnesota Statutes 1998, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) ~~When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, other than assessments made by an insurance guaranty association or similar organization, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, other than assessments by an insurance guaranty association or similar organization organized under the laws of this state, are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. Special purpose obligations or assessments, including assessments by an insurance guaranty association, joint underwriting association or similar organization, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.~~

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 2. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4a. [UNDYED KEROSENE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a refund of the tax paid on undyed kerosene used exclusively for a purpose other than as fuel for a motor vehicle using the streets and highways. To obtain a refund, the person making the sale to an end user must meet the Internal Revenue Service requirements for sales from a blocked pump. A claim for a refund may be filed as provided in this section.

Sec. 3. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4b. [RACING GASOLINE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a licensed distributor a refund of the tax paid on leaded gasoline of 110 octane or more that does not meet ASTM specification D4814 for gasoline and that is sold in bulk for use in nonregistered motor vehicles. A claim for a refund may be filed as provided for in this section.

Sec. 4. Minnesota Statutes 1998, section 297E.01, is amended by adding a subdivision to read:

Subd. 17a. [BUSINESS DAY.] "Business day" means Monday through Friday, excluding any holidays as defined in section 645.44.

Sec. 5. Minnesota Statutes 1998, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, pull-tab deals or games; and (2) tipboards purchased and placed into inventory after June 30, 1988 tipboard deals or games; and (3) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of 9.5 9 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Sec. 6. Minnesota Statutes 1998, section 297E.02, subdivision 3, is amended to read:

Subd. 3. [COLLECTION; DISPOSITION.] Taxes imposed by this section other than in subdivision 4 are due and payable to the commissioner when the gambling tax return is required to be filed. Taxes imposed by subdivision 4 are due and payable to the commissioner on or before the last business day of the month following the month in which the taxable sale was made. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Sec. 7. Minnesota Statutes 1998, section 297E.02, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.9 1.8 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to ~~1.9~~ 1.8 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be ~~1.95~~ 1.85 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February ~~1999~~ 2000 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270.76 from 90 days after the claim is filed.

Sec. 8. Minnesota Statutes 1998, section 297E.02, subdivision 6, is amended to read:

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:	The tax is:
Not over \$500,000	zero
Over \$500,000, but not over \$700,000	1.9 1.8 percent of the amount over \$500,000, but not over \$700,000
Over \$700,000, but not over \$900,000	\$3,800 \$3,600 plus 3.8 3.6 percent of the amount over \$700,000, but not over \$900,000
Over \$900,000	\$11,400 \$10,800 plus 5.7 5.4 percent of the amount over \$900,000

Sec. 9. Minnesota Statutes 1998, section 297F.01, subdivision 23, is amended to read:

Subd. 23. [WHOLESALE PRICE.] "Wholesale price" means the established price for which a manufacturer or person sells a tobacco product to a distributor, exclusive of any discount or other reduction.

Sec. 10. Minnesota Statutes 1998, section 297F.17, subdivision 6, is amended to read:

Subd. 6. [TIME LIMIT FOR BAD DEBT DEDUCTION REFUND.] Claims for refund must be filed with the commissioner ~~within one year of~~ during the one-year period beginning with the timely filing date of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of section 289A.38, subdivision 7.

Sec. 11. Minnesota Statutes 1998, section 297H.05, is amended to read:

297H.05 [SELF-HAULERS.]

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services.

(b) A self-hauler of non-mixed-municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of non-mixed-municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals 3.33 cubic yards, or \$2 per ton;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the pollution control agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

Sec. 12. Minnesota Statutes 1998, section 297H.06, subdivision 2, is amended to read:

Subd. 2. [MATERIALS.] The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of non-mixed-municipal solid waste for waste management services to manage the following materials:

(1) mixed municipal solid waste and non-mixed-municipal solid waste generated outside of Minnesota;

(2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized;

(3) recyclable non-mixed-municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;

(4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;

(5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;

(6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;

(7) through December 31, 2002, source-separated compostable waste, if the waste is delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the pollution control agency. The first time a facility applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. For each subsequent calendar year, by October 1 of the preceding year, the facility must apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency. The commissioner of revenue shall grant the exemption if the commissioner of the pollution control agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

(i) generators separate materials at the source;

(ii) the separation is performed in a manner appropriate to the technology specific to the facility that:

(A) maximizes the quality of the product;

(B) minimizes the toxicity and quantity of residuals; and

(C) provides an opportunity for significant improvement in the environmental efficiency of the operation;

(iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;

(iv) process residuals do not exceed 15 percent of the weight of the total material delivered to the facility; and

(v) the final product is accepted for use; and

(8) waste and waste by-products for which the tax has been paid; and

(9) daily cover for landfills that has been approved in writing by the Minnesota pollution control agency.

Sec. 13. [EFFECTIVE DATES.]

Section 1 is effective for taxable years beginning after December 31, 1999. Section 2 is effective retroactively for sales made after June 30, 1998. Section 3 is effective retroactively for sales made after January 31, 1999. Section 4 is effective August 1, 1999. Sections 5, 7, and 8 are effective July 1, 1999. Section 6 is effective for taxes first becoming due on or after August 1, 1999. Sections 9 and 12 are effective the day following final enactment. Section 10 is effective for refund claims filed on or after July 1, 1999. Section 11 is effective for services provided on or after July 1, 1999.

ARTICLE 8
MINNESOTACARE TAXES

Section 1. Minnesota Statutes 1998, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed; or

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear.

(b) Health care provider does not include: (1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with mental retardation or related conditions, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; residential care homes licensed under chapter 144B; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with mental retardation and related conditions as defined in section 252.41, subdivision 3; and boarding care homes, as defined in Minnesota Rules, part 4655.0100;

~~(c) For purposes of this subdivision, "directly to a patient or consumer" includes goods and services provided in connection with independent medical examinations under section 65B.56 or other examinations for purposes of litigation or insurance claims.~~

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees; and

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage.

Sec. 2. Minnesota Statutes 1998, section 295.52, subdivision 7, is amended to read:

Subd. 7. [TAX REDUCTION.] (a) Notwithstanding subdivisions 1, 1a, 2, 3, and 4, the tax imposed under this section equals for calendar years 1998 and 1999 shall be equal to, 2000, and 2001, 1.5 percent of the gross revenues received on or after January 1, 1998, and before January 1, 2000. The commissioner shall extend the reduced tax rate of 1.5 percent for gross revenues received on or after January 1, 2000, and before January 1, 2002, if the commissioner of finance determines that the health care access fund structural balance projected for fiscal year 2001 will remain positive, prior to any increase of the one percent premium tax under section 60A.15, subdivision 1, paragraph (h), and prior to any tax expenditures related to the increase in the maximum tax credit for research expenses under section 295.53, subdivision 4a, as amended by Laws 1997, chapter 225 2002.

Sec. 3. Minnesota Statutes 1998, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10). Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for home health care services;

(4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or (10)~~, or (13);

(5) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or (10)~~, or (13);

(6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments. For purposes of this clause, coinsurance means the portion of payment that the enrollee is required to pay for the covered service;

(9) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota ~~to a patient who is not domiciled in Minnesota~~;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota;

(18) payments received by a ~~post-secondary~~ an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable; ~~and~~

(19) payments received for services provided by: assisted living programs and congregate housing programs;

(20) payments received from nursing homes licensed under chapter 144A for services provided to a nursing home; and

(21) payments received for examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes.

(b) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

Sec. 4. Minnesota Statutes 1998, section 295.55, subdivision 2, is amended to read:

Subd. 2. [ESTIMATED TAX; HOSPITALS; SURGICAL CENTERS.] (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within 15 days after the end of the month.

(b) Estimated tax payments are not required of hospitals or surgical centers if: (1) the tax for the current calendar year is less than \$500; or (2) the tax for the previous calendar year is less than \$500, if the taxpayer had a tax liability and was doing business the entire year; or (3) if a hospital has been allowed a grant under section 144.1484, subdivision 2, for the year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) one-twelfth of the total tax for the actual gross revenues received during the month previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 5. Minnesota Statutes 1998, section 295.55, subdivision 3, is amended to read:

Subd. 3. [ESTIMATED TAX; OTHER TAXPAYERS.] (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if: (1) the tax for the current calendar year is less than \$500; or (2) the tax for the previous calendar year is less than \$500, if the taxpayer had a tax liability and was doing business the entire year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) one-quarter of the total tax for the actual gross revenues received during the quarter previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 6. Minnesota Statutes 1998, section 295.57, is amended by adding a subdivision to read:

Subd. 4. [SAMPLING TECHNIQUES.] The commissioner may use statistical or other

sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments.

Sec. 7. [HEALTH CARE ACCESS FUND TRANSFER.]

\$27,000,000 is appropriated for fiscal year 2000; \$27,000,000 is appropriated for fiscal year 2001; and \$30,900,000 is appropriated for fiscal year 2002 from the general fund to the commissioner of finance for deposit in the health care access fund under Minnesota Statutes, section 16A.724.

Sec. 8. [EFFECTIVE DATE.]

The provisions of section 1, striking paragraph (c), and section 3, clause (21), are effective for services provided after December 31, 1998. The rest of section 1, the rest of section 3 and sections 4 and 5 are effective for payments received on or after January 1, 2000. Section 6 is effective the day following final enactment.

ARTICLE 9

TACONITE TAXATION

Section 1. Minnesota Statutes 1998, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1997 and 1998~~ 1999, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1999~~ 2000 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth such production year, the rate is 50 percent of the rate otherwise determined under this

subdivision; for the fifth such production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 2. Minnesota Statutes 1998, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 15.4 cents per ton for distributions in 1996, 1998, 1999, and 2000 and 20.4 cents per ton for distributions in 1997 shall, 2001, and 2002 must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 3. Minnesota Statutes 1998, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. [TACONITE ENVIRONMENTAL FUND.] Five cents per ton for distributions in 1998, 1999, and 2000 shall, 2001, and 2002 must be paid to the taconite environmental fund for use under section 298.2961. No distribution may be made under this paragraph in any year in which total industry production falls below 30,000,000 tons.

Sec. 4. Minnesota Statutes 1998, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] (a) The board may recommend that up to \$7,500,000 from the corpus of the trust may be used for loans, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for additional grants for the purposes set forth in paragraph (a). This amount must be reserved until it is used for the grants or until June 30, 1999, whichever is earlier.

(c) Additionally, the board may recommend that up to \$5,500,000 from the corpus of the trust may be used for additional grants for the purposes set forth in paragraph (a).

(d) The board may require that it receive an equity percentage in any project to which it contributes under this section.

~~(e) The authority to make loans and grants under this subdivision terminates June 30, 1999.~~

Sec. 5. [MINNESOTA MINERALS 21ST CENTURY FUND APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] \$20,000,000 is appropriated in fiscal year 2000 from the general fund to the Minnesota minerals 21st century fund, if a bill styled as H.F. No. 2390 is enacted in 1999 and creates such a fund. Notwithstanding any other law enacted during the 1999 regular legislative session, the maximum total appropriation authorized for the purposes of the

Minnesota minerals 21st century fund under all laws enacted during the 1999 regular legislative session is \$20,000,000. Any amounts appropriated in any other law enacted during the 1999 legislative session that would cause the appropriation to exceed \$20,000,000 are canceled. This limitation does not apply to the appropriation transfer contained in 1999 H.F. No. 2390, article 2, section 71.

Subd. 2. [MATCHING REQUIREMENT.] If a bill styled as H.F. No. 2390 is enacted in 1999 and it provides for creation of the Minnesota minerals 21st century fund, the commissioner of the iron range resources and rehabilitation board shall, upon the recommendation of the board, match the funds allocated under subdivision 1 to the extent they are used for a loan or equity investment meeting the requirements of the provision creating the Minnesota minerals 21st century fund within H.F. No. 2390. Notwithstanding Minnesota Statutes, section 645.33, this subdivision supersedes any contrary provisions of H.F. No. 2390 that is enacted in 1999.

ARTICLE 10

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1998, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [EXEMPT DISTRICTS.] (a) The provisions of this section do not apply to exempt tax increment financing districts as specified by this subdivision.

(b) A tax increment financing district for an ethanol production facility that satisfies all of the following requirements is exempt:

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of agriculture to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

(6) The exemption provided by this paragraph applies until the first year after the total amount of increment for the district exceeds \$1,500,000. The county auditor shall notify the commissioner of revenue of the expiration of the exemption by June 1 of the year in which the auditor projects the revenues from increments will exceed \$1,500,000. On or before the expiration of the exemption, the municipality may elect to make a qualifying local contribution under paragraph (d) in lieu of the state aid reduction.

(c) A qualified housing district is exempt.

(d)(1) A district is exempt if the municipality elects at the time of approving the tax increment financing plan for the district to make a qualifying local contribution. To qualify for the exemption in each year, the authority or the municipality must make a qualifying local contribution equal to the listed percentages of increment from the district or subdistrict:

(A) for an economic development district, ~~a housing district~~, or a renewal and renovation district, ten percent;

(B) for a redevelopment district, a housing district, a mined underground space district, a hazardous substance subdistrict, or a soils condition district, five percent.

(2) If the municipality elects to make a qualifying contribution and fails to make the required contribution for a year, the state aid reduction applies for the year. The state aid reduction equals

the greater of (A) the required local contribution or (B) the amount of the aid reduction that applies under subdivision 3. For a district exempt under paragraph (b), no qualifying local contribution is required for years in which the district is exempt.

(3)(A) If the sum of required local contributions for all districts in the municipality exceeds two percent of city net tax capacity as defined in section 477A.011, subdivision 20, for a year, the municipality's total required local contribution for that year is limited to two percent of net tax capacity to qualify for the exemption under this subdivision. The municipality may allocate the contribution among the districts on which it has made elections as it determines appropriate.

(B) If a municipality makes an election under this subdivision for a district in a year in which item (A) applies, a minimum annual qualifying contribution must be made for the district equal to the lesser of 0.25 percent of city net tax capacity or three percent of increment revenues. This minimum contribution applies for the life of the district for each year that the restriction in item (A) applies and is in addition to the contribution required by item (A).

(4) The amount of the local contribution must be made out of unrestricted money of the authority or municipality, such as the general fund, a property tax levy, or a federal or a state grant-in-aid which may be spent for general government purposes. The local contribution may not be made, directly or indirectly, with tax increments or developer payments as defined under section 469.1766. The local contribution must be used to pay project costs and cannot be used for general government purposes or for improvements or costs that the authority or municipality planned to incur absent the project. The authority or municipality may request contributions from other local government entities that will benefit from the district's activities. These contributions reduce the local contribution required of the municipality or authority by this paragraph. Cities, counties, towns, and schools may contribute to paying these costs, notwithstanding any other law to the contrary.

(5) The municipality may make a local contribution in excess of the required contribution for a year. If it does so, the municipality may credit the excess to a local contribution account for the district. The balance in the account may be used to meet the requirements for qualifying local contributions for later years. No interest or investment earnings may be credited or imputed to the account, except those (A) actually paid by the municipality out of its unrestricted funds or by another person or entity, other than a developer as used in section 469.1766, and (B) used as required for a qualifying local contribution.

(6) If the state contributes to the project costs through a direct grant or similar incentive, the required local contribution is reduced by one-half of the dollar amount of the state grant or other similar incentive.

Sec. 2. Minnesota Statutes 1998, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality or of a privately owned facility for conference purposes.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

(c)(1) Tax increments may not be used to pay for the cost of public improvements, equipment, or other items, if:

(i) the improvements, equipment, or other items are located outside of the area of the tax increment financing district from which the increments were collected; and

(ii) the improvements, equipment, or items that (i) primarily serve a decorative or aesthetic purpose, or (ii) serve a functional purpose, but their cost is increased by more than 100 percent as a result of the selection of materials, design, or type as compared with more commonly used materials, designs, or types for similar improvements, equipment, or items.

(2) The provisions of this paragraph do not apply to expenditures related to the rehabilitation of historic structures that are:

(i) individually listed on the National Register of Historic Places; or

(ii) a contributing element to a historic district listed on the National Register of Historic Places.

Sec. 3. Minnesota Statutes 1998, section 469.1763, is amended by adding a subdivision to read:

Subd. 6. [POOLING PERMITTED FOR DEFICITS.] (a) This subdivision applies only to districts for which the request for certification was made before June 2, 1997.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus

(ii) the total increments to be collected from properties located within the district that are available for the calendar year, plus

(iii) total increments from properties located in other districts in the municipality that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law (but excluding a special tax under section 469.1791 and the grant program under Laws 1997, chapter 231, article 1, section 19); or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in class rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and this act.

(c) A preexisting obligation means bonds issued and sold before June 2, 1997, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before June 2, 1997, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district. For purposes of this subdivision, bonds exclude an obligation to reimburse or pay a developer or owner of property located in the district for amounts incurred or paid by the developer or owner.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) may only be exercised after obtaining approval of the use of the increments, in writing, by the commissioner of revenue;

(2) is an exception to the restrictions under section 469.176, subdivision 4i, and the other provisions of this section, and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(3) applies notwithstanding the provisions of the tax increment financing act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

Sec. 4. [469.1764] [PRE-1982 DISTRICTS; POOLING RULES.]

Subdivision 1. [SCOPE; APPLICATION.] (a) This section applies to a tax increment financing district or area added to a district, if the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982.

(b) This section, section 469.1763, subdivision 6, and any special law applying to the district are the exclusive authority to spend tax increments on activities located outside of the geographic area of a tax increment financing district that is subject to this section.

(c) This section does not apply to increments from a district that is subject to the provisions of this section, if:

(1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or

(2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, and any bonds issued to refund bonds issued under that subdivision.

Subd. 2. [STATE AUDITOR NOTIFICATION.] By August 1, 1999, the state auditor shall notify in writing each authority for which the auditor has records that the authority has a district subject to this section.

Subd. 3. [RATIFICATION OF PAST SPENDING.] (a) The following expenditures of increments on activities located outside of the geographic area of a district subject to this section are permitted:

(1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and

(2) expenditures to pay preexisting outside district obligations.

Subd. 4. [DECERTIFICATION REQUIRED.] (a) The provisions of this subdivision apply to any tax increment financing district subject to this section, if increments from the district were used on activities located outside of the geographic area of the district.

(b) After December 31, 1999, any tax increments received by the authority from a district subject to this subdivision may be expended only to pay:

(1) preexisting in-district obligations;

(2) preexisting outside district obligations; and

(3) administrative expenses.

After all preexisting obligations have been paid or defeased, the district must be decertified and any remaining increments distributed as excess increments under section 469.176, subdivision 2.

Subd. 5. [DEFINITIONS.] (a) "Notification by the state auditor" means the receipt by the authority or the municipality of the final written notification from the state auditor that its expenditures of increments from the district on activities located outside of the geographic area of the district were not in compliance with state law.

(b) "Preexisting outside district obligations" means:

(1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

(c) "Preexisting in-district obligations" means:

(1) bonds secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the bonds were issued and the pledge of increments was made before April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the agreements were entered into and the pledge of increments was made before June 30, 1999.

Sec. 5. Minnesota Statutes 1998, section 469.1771, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT.] (a) The owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of this chapter. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The state auditor may examine and audit political subdivisions' use of tax increment financing. Without previous notice, the state auditor may examine or audit accounts and records on a random basis as the auditor deems to be in the public interest. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the county attorney. The county attorney may bring an action to enforce the provisions of sections 469.174 to 469.179 or related provisions of this chapter, for matters referred by the state auditor or on behalf of the county. If the county attorney determines not to bring an action or if the county attorney has not brought an action within 12 months after receipt of the initial notification by the state auditor of the violation, the county attorney shall notify the state auditor in writing.

(c) If the state auditor finds an authority is not in compliance with sections 469.174 to 469.179 or related provisions of law, the auditor shall notify the governing body of the municipality that approved the tax increment financing district of its findings. The governing body of the municipality must respond in writing to the state auditor within 60 days after receiving the notification. Its written response must state whether the municipality accepts, in whole or part, the auditor's findings. If the municipality does not accept the findings, the statement must indicate the basis for its disagreement. The state auditor shall annually summarize the responses it receives under this section and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over tax increment financing.

(d) The state auditor shall notify the attorney general in writing and provide supporting materials for a violation found by the auditor, if the:

(1) auditor receives notification from the county attorney under paragraph (b) or receives no notification for a 12-month period after initially notifying the county attorney and the state auditor confirms with the county attorney or the municipality that no action has been brought regarding the matter; and

(2) municipality or development authority have not eliminated or resolved the violation to the satisfaction of the state auditor.

The auditor shall provide the municipality and development authority a copy of the notification sent to the attorney general.

Sec. 6. Minnesota Statutes 1998, section 469.1771, is amended by adding a subdivision to read:

Subd. 2b. [ACTION TO SUSPEND TIF AUTHORITY.] (a) Upon receipt of a notification from the state auditor under subdivision 1, paragraph (d), the attorney general shall review the materials submitted by the auditor and any materials submitted by the municipality and development authority. If the attorney general finds that the municipality or development authority violated a provision of the law enumerated in subdivision 1 and that the violation was substantial, the attorney general shall file a petition in the tax court to suspend the authority of the municipality and development authority to exercise tax increment financing powers.

(b) Before filing a petition under this subdivision, the attorney shall attempt to resolve the matter using appropriate alternative dispute resolution procedures, such as those under sections 572.31 to 572.40.

(c) If the tax court finds that the municipality or development authority failed to comply with the law and that the noncompliance was substantial, the court shall suspend the authority of the municipality or development to exercise tax increment financing powers. The court shall set the period of the suspension for a period not to exceed five years. In determining the length of the suspension, the court may consider:

(1) the substantiality of the violation or violations;

(2) the dollar amount of the violation or violations;

(3) the sophistication of the municipality or development authority;

(4) the extent to which the municipality or development authority violated a clear and unambiguous requirement of the law;

(5) whether the municipality or development authority continued to violate the law after receiving notification from the state auditor that it was not in compliance with the law;

(6) the extent to which the municipality or development authority engaged in a pattern of violations; and

(7) any other factors the court determines are relevant to whether the municipality or development authority's authority to exercise tax increment financing powers should be suspended.

(d) For purposes of this subdivision, the exercise of tax increment financing powers means:

(1) the authority to request certification of a new tax increment financing district or the addition of area to an existing tax increment financing district;

(2) the authority to issue bonds under section 469.178;

(3) the authority to amend a tax increment financing plan to authorize new activities or expenditures.

Sec. 7. Minnesota Statutes 1998, section 469.1791, subdivision 3, is amended to read:

Subd. 3. [PRECONDITIONS TO ESTABLISH DISTRICT.] (a) A city may establish a special taxing district within a tax increment financing district under this section only if the conditions under paragraphs (b) and (c) are met or if the city elects to exercise the authority under paragraph (d).

(b) The city has determined that:

(1) total tax increments from the district, including unspent increments from previous years and increments transferred under paragraph (c), will be insufficient to pay the amounts due in a year on preexisting obligations; and

(2) this insufficiency of increments resulted from the reduction in property tax class rates enacted in the 1997 and 1998 legislative sessions.

(c) ~~The city has agreed to transfer any available increments from other tax increment financing districts in the city to pay the preexisting obligations of the district under section 469.1763, subdivision 6. This requirement does not apply to any available increments of a qualified housing district, as defined in section 273.1399, subdivision 1. Notwithstanding any law to the contrary, the city may require a development authority to transfer available increments for any of its tax increment financing districts in the city to make up an insufficiency in another district in the city, regardless of whether the district was established by the development authority or another development authority. Notwithstanding any law to the contrary, increments transferred under this authority must be spent to pay preexisting obligations. "Development authority" for this purpose means any authority as defined in section 469.174, subdivision 2.~~

(d) If a tax increment financing district does not qualify under paragraphs (b) and (c), the governing body may elect to establish a special taxing district under this section. If the city elects to exercise this authority, increments from the tax increment financing district and the proceeds of the tax imposed under this section may only be used to pay preexisting obligations and reasonable administrative expenses of the authority for the tax increment financing district. The tax increment financing district must be decertified when all preexisting obligations have been paid.

Sec. 8. Minnesota Statutes 1998, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(a) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement; and

(b) it finds that doing so is in the public interest because it will:

(1) increase or preserve tax base;

(2) provide employment opportunities in the political subdivision;

(3) provide or help acquire or construct public facilities;

(4) help redevelop or renew blighted areas; or

(5) help provide access to services for residents of the political subdivision; or

(6) finance or provide public infrastructure.

Sec. 9. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 1a. [USE OF TERM.] As used in this section and sections 469.1814 and 469.1815, "abatement" includes a deferral of taxes with abatement of interest and penalties unless the context indicates otherwise.

Sec. 10. Minnesota Statutes 1998, section 469.1813, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT RESOLUTION.] (a) The governing body of a political subdivision may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. In the case of a town, the board of supervisors may approve the abatement resolution. The resolution must also include a specific statement as to the nature and extent of the public benefits which the governing body expects to result from the agreement. The resolution may provide that the political subdivision will retain or transfer to another political subdivision the abatement to pay for all or part of the cost of acquisition or improvement of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated. The abatement may reduce all or part of the property tax levied by amount for the political subdivision on the parcel. A political subdivision's maximum annual amount for a parcel equals its total local tax rate multiplied by the total net tax capacity of the parcel.

(b) The political subdivision may limit the abatement:

- (1) to a specific dollar amount per year or in total;
- (2) to the increase in property taxes resulting from improvement of the property;
- (3) to the increases in property taxes resulting from increases in the market value or tax capacity of the property; or
- (4) in any other manner the governing body of the subdivision determines is appropriate; or
- (5) to the interest and penalty that would otherwise be due on taxes that are deferred.

(c) The political subdivision may not abate tax attributable to the value of the land or the areawide tax under chapter 276A or 473F, except as provided in this subdivision.

Sec. 11. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 6a. [DEFERMENT PAYMENT SCHEDULE.] When the tax is deferred and the interest and penalty abated, the political subdivision must set a schedule for repayments. The deferred payment must be included with the current taxes due and payable in the years the deferred payments are due and payable and must be levied accordingly.

Sec. 12. Minnesota Statutes 1998, section 469.1813, subdivision 3, is amended to read:

Subd. 3. [~~SCHOOL DISTRICT ABATEMENT PROCEDURE ABATEMENTS.~~] ~~Notwithstanding the amounts in subdivision 2, a school district that grants an abatement under this section must limit the abatement for any property to not more than an amount equal to the product of: (1) the property's net tax capacity, and (2) the difference between the district's total tax rate for that year and one-half of the general education tax rate for that year. An abatement granted under this section is not an abatement for purposes of state aid or local levy under sections 127A.40 to 127A.51.~~

Sec. 13. Minnesota Statutes 1998, section 469.1813, subdivision 6, is amended to read:

Subd. 6. [DURATION LIMIT.] (a) ~~A political subdivision other than a school district may grant an abatement for a period no longer than ten years. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement.~~

(b) ~~A school district may grant an abatement for only one year at a time. Once a school district has authorized an abatement for a property, it may reauthorize the abatement in any subsequent year for the next seven years, or nine years if provided in the original abatement agreement. This~~

~~prohibition does not apply to improvements added after and not subject to the original abatement agreement.~~

Sec. 14. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 9. [CONSENT OF PROPERTY OWNER NOT REQUIRED.] A political subdivision may abate the taxes on a parcel under sections 469.1812 to 469.1815 without obtaining the consent of the property owner.

Sec. 15. Minnesota Statutes 1998, section 469.1815, subdivision 2, is amended to read:

Subd. 2. [PROPERTY TAXES; ABATEMENT PAYMENT.] The total property taxes shall be levied on the property and shall be due and payable to the county at the times provided under section 279.01. The political subdivision will pay the abatement to the property owner, lessee, or a representative of the bondholders or will retain the abatement to pay public infrastructure costs, as provided by the abatement resolution.

Sec. 16. Laws 1997, chapter 231, article 1, section 19, subdivision 1, is amended to read:

Subdivision 1. [TIF GRANTS.] (a) The commissioner of revenue shall pay grants to municipalities for deficits in tax increment financing districts caused by the changes in class rates under this act. Municipalities must submit applications for the grants in a form prescribed by the commissioner by no later than ~~March~~ August 1 for grants payable during the calendar year. The maximum grant equals the lesser of:

(1) for taxes payable in the year before the grant is paid, the reduction in the tax increment financing district's revenues derived from increment resulting from the class rate changes in this article, Laws 1998, chapter 389, article 2, and those enacted in the 1999 regular legislative session;
or

(2) the municipality's total tax increments, including unspent increments from previous years, less the amount due during the calendar year to pay (i) bonds issued and sold before the day following final enactment of this act and (ii) binding contracts entered into before the day following final enactment of this act.

(b) The commissioner of revenue may require applicants for grants ~~or pooling authority~~ under this section to provide any information the commissioner deems appropriate. The commissioner shall calculate the amount under paragraph (a), clause (2), based on the reports for the tax increment financing district or districts filed with the state auditor on or before July August 1 of the year before the year in which the grant is to be paid.

(c) This subdivision applies only to deficits in tax increment financing districts for which:

(1) the request for certification was made before the enactment date of this act; and

(2) all timely reports have been filed with the state auditor, as required by Minnesota Statutes, section 469.175.

(d) The commissioner shall pay the grants under this subdivision by December 26 of the year.

(e) \$2,000,000 is appropriated to the commissioner of revenue to make grants under this section. This appropriation is available until expended or this section expires under subdivision 3, whichever is earlier. If the amount of grant entitlements for a year exceed the appropriation, the commissioner shall reduce each grant proportionately so the total equals the amount available.

Sec. 17. Laws 1997, chapter 231, article 1, section 19, subdivision 3, is amended to read:

Subd. 3. [EXPIRATION.] This section expires on January 1, ~~2001~~ 2002.

Sec. 18. [CITY OF ONAMIA; USE OF TAX INCREMENT FINANCING.]

Subdivision 1. [APPLICATION OF TIME LIMIT.] For tax increment financing district No. 1-1, established April 14, 1993, by the city of Onamia, Minnesota Statutes, section 469.1763, subdivision 3, applies to the qualified portion of the district by permitting a period of ten years for commencement of activities within the district. As used in this section, "qualified portion of the district" means only that portion of the district consisting of three parcels fronting on U.S. 169.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Onamia and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY.]

Subdivision 1. [TAX INCREMENT POOLING.] Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, and the provisions of the tax increment financing act in effect for districts established by the St. Cloud housing and redevelopment authority for which the request for certification was made after August 1, 1979, and before June 30, 1982, revenue derived from tax increments paid by properties in the districts may be expended through a development fund or otherwise within other tax increment districts established by the authority to finance the redevelopment of commercial properties outside of tax increment financing districts which were destroyed or impacted in a natural gas explosion on December 11, 1998.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. [CITY OF ST. PAUL.]

Subdivision 1. [DELAY OF DEEMED COMMENCEMENT OF TAX INCREMENT FINANCING DISTRICT.] Notwithstanding Minnesota Statutes, section 469.176, or any other law to the contrary, the duration limit of the Williams Hill tax increment district in the city of St. Paul is determined as if the date of receipt of the first tax increment by the authority occurs when the aggregate of all tax increments received from the district reaches \$2,000. In no case may the duration limit of the district be extended by more than two years.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by and compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3, by the governing body of the city of St. Paul.

Sec. 21. [CITY OF JACKSON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [DISTRICT EXTENSION.] (a) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, full tax increments from U.S. 71/I-90 tax increment financing district in the city of Jackson must be paid to and may be retained by the city of Jackson through taxes payable in 2002. The amount to be retained by the city is limited to \$170,000. Any increments received during the extension in excess of \$170,000 must be returned as excess increments under Minnesota Statutes, section 469.176, subdivision 2.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 22. [CITY OF MINNEOTA; TAX INCREMENT FINANCING.]

Subdivision 1. [ACTIONS RATIFIED.] The expenditure of tax increments on administrative expenses and public utility or other improvements by the city of Minneota for its tax increment financing district, adopted by city resolution 4-15-85A, are ratified and deemed to be authorized by the tax increment financing plan for the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Minneota with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [CITY OF FRIDLEY, TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXTENSION OF TIME.] (a) Notwithstanding the provisions of Minnesota

Statutes, section 469.176, subdivision 1b, upon approval of the governing body of the city of Fridley, the Fridley housing and redevelopment authority may, by resolution, extend the duration of tax increment financing district No. 6 located in the city of Fridley. The housing and redevelopment authority may not extend the duration beyond December 31, 2025.

(b) The provisions of Minnesota Statutes, sections 273.1399, subdivision 8, and 469.1782, subdivision 1, apply to this district if extended, except that the maximum state aid reduction for a year may not exceed the least of the following amounts:

(1) the amount under Minnesota Statutes, section 469.1782, subdivision 1;

(2) \$200,000, plus one-half of (the amount under Minnesota Statutes, section 469.1782, subdivision 1, minus \$200,000);

(3) 2.5 percent of the net tax capacity of the city; or

(4) five percent of the prior year's tax increment from the district.

(c) Notwithstanding any law to the contrary, effective upon approval of this section, no increments may be spent on activities located outside of the area of the district, other than for administrative expenses, sanitary sewer, and the costs of trunk highway No. 65 and other road improvements that are a direct result of development occurring within the area of the district.

(d) In the taxes payable year that the district would be terminated under general law, the original net tax capacity of tax increment financing district No. 6 must be increased by the net tax capacity of 200,000 square feet of building improvements, exclusive of parking structures.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021.

Sec. 24. [CITY OF BROOKLYN CENTER; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [CHANGE OF FISCAL DISPARITIES ELECTION.] Notwithstanding Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Brooklyn Center may change its election of the computation of tax increment for tax increment district No. 4 under Minnesota Statutes, section 469.177, subdivision 3, from the method of computation in paragraph (b) to the method in paragraph (a) of that provision.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Brooklyn Center and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [CITY OF DAWSON; TAX INCREMENT DISTRICT.]

Subdivision 1. [DISTRICT EXTENDED.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the Dawson economic development authority may collect tax increments from tax increment financing district No. 7 for a period of 18 years after receipt by the authority of the first increment.

Subd. 2. [EFFECTIVE DATE; APPLICABILITY.] Subdivision 1 is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 26. [MINNEAPOLIS; TAX INCREMENT FINANCING.]

Subdivision 1. [SOCIAL AND RECREATIONAL FACILITIES.] The provisions of section 2 do not apply to the Mill Ruins Park and Milwaukee Road Depot tax increment financing districts and to a district designated in the future that contains the former federal reserve bank building in the city of Minneapolis.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the city of Minneapolis with the requirements of Minnesota Statutes 1998, section 645.021, subdivision 3.

Sec. 27. [APPROPRIATION; TIF GRANTS.]

\$4,000,000 is appropriated to the commissioner of revenue for purposes of grants under Laws 1997, chapter 231, article 1, section 19, to municipalities to offset deficits in tax increment financing districts.

Sec. 28. [REPEALER.]

Laws 1997, chapter 231, article 1, section 19, subdivision 2, is repealed.

Sec. 29. [EFFECTIVE DATE.]

Section 1 is effective for requests for certification of a new district or for the addition of geographic area to a district made after June 30, 1999.

Section 2 is effective for all tax increment financing districts, regardless of when the request for certification was made, but does not apply to (1) expenditures made before January 1, 2000; (2) expenditures made under a binding contract entered before January 1, 2000; or (3) expenditures made under a binding contract entered pursuant to a letter of intent with the developer or contractor if the letter of intent was entered before January 1, 2000.

Section 3 is effective for all districts for which the request for certification was made before June 2, 1997.

Section 4 is effective the day following final enactment and applies to districts for which the request for certification was made after July 31, 1979, and before July 1, 1982.

Sections 5 and 6 apply to all districts for which the request for certification was made after August 1, 1979, but is limited to final letters of noncompliance issued by the state auditor after December 31, 1999.

Sections 8 to 17, and 28 are effective the day following final enactment.

ARTICLE 11

STATE FUNDING OF DISTRICT COURTS

TRANSFER OF FINES, FEES, AND OTHER MONEY TO STATE

Section 1. Minnesota Statutes 1998, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of: the game and fish laws; sections 84.091 to 84.15; sections 84.81 to 84.91; section 169.121, when the violation involved an off-road recreational vehicle as defined in section 169.01, subdivision 86; chapter 348; and any other law relating to wild animals or aquatic vegetation, must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraphs (b), (c), and (d). In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, the share that would otherwise go to the county under this paragraph must be submitted to the state treasurer for deposit in the state treasury and credited to the general fund.

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

(c) The county treasurer shall submit one-half of the receipts collected under paragraph (a) from prosecutions of violations of sections 84.81 to 84.91, and 169.121, except receipts that are surcharges imposed under section 357.021, subdivision 6, to the state treasurer and credit the balance to the county general fund. The state treasurer shall credit these receipts to the snowmobile trails and enforcement account in the natural resources fund.

(d) The county treasurer shall indicate the amount of the receipts that are surcharges imposed under section 357.021, subdivision 6, and shall submit all of those receipts to the state treasurer.

Sec. 2. Minnesota Statutes 1998, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] Homestead and agricultural credit aid for each unique taxing jurisdiction equals the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment. ~~For aid payable in 2000, each county shall have its homestead and agricultural credit aid permanently reduced by an amount equal to one-third of the additional amount received by the county under section 477A.03, subdivision 2, paragraph (c), clause (ii).~~

Sec. 3. Minnesota Statutes 1998, section 273.1398, is amended by adding a subdivision to read:

Subd. 4a. [AID OFFSET FOR COURT COSTS.] (a) By July 15, 1999, the supreme court shall determine and certify to the commissioner of revenue for each county, other than counties located in the eighth judicial district, the county's share of the costs assumed under 1999 S.F. No. 2221, article 7, during the fiscal year beginning July 1, 2000, less an amount equal to the county's share of transferred fines collected by the district courts in the county during calendar year 1998.

(b) Payments to a county under subdivision 2 or section 273.166 for calendar year 2000 must be permanently reduced by an amount equal to 75 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(c) Payments to a county under subdivision 2 or section 273.166 for calendar year 2001 must be permanently reduced by an amount equal to 25 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited as follows:

(1) In the fiscal year ending June 30, 1991, the first \$275,000 in money received by the state treasurer after June 4, 1991, must be credited to the transportation services fund, and the remainder in the fiscal year credited to the trunk highway fund.

(2) In fiscal year 1992, the first \$215,000 in money received by the state treasurer in the fiscal year must be credited to the transportation services fund, and the remainder credited to the trunk highway fund.

(3) In fiscal years 1993 and subsequent years, the entire amount received by the state treasurer must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from

violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 5. Minnesota Statutes 1998, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. [TRANSMITTAL OF FEES TO STATE TREASURER.] (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. In a county in the eighth a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.5511;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 169.1217 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) The fees collected for child support modifications under subdivision 2, clause (13), must be

transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

Sec. 6. Minnesota Statutes 1998, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION.] (a) A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

(b) Aid payments to counties under section 477A.0121 are limited to \$20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to \$27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 in 2000 are further increased by an additional ~~\$30,000,000~~ \$20,000,000 in 2000.

(d) Aid payments to cities in 1999 under section 477A.013, subdivision 9, are limited to \$380,565,489. For aids payable in 2000 and 2001, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in 2002, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in 2001 under section 477A.06. For aids payable in 2003 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

Sec. 7. Minnesota Statutes 1998, section 485.018, subdivision 5, is amended to read:

Subd. 5. [COLLECTION OF FEES.] The court administrator of district court shall charge and collect all fees as prescribed by law and all such fees collected by the court administrator as court administrator of district court shall be paid to the county treasurer. Except for those portions of forfeited bail paid to victims pursuant to existing law, the county treasurer shall forward all revenue from fees and forfeited bail collected under chapters 357, 487, and 574 to the state treasurer for deposit in the state treasury and credit to the general fund, unless otherwise provided in chapter 611A or other law, in the manner and at the times prescribed by the state treasurer, but not less often than once each month. If the defendant or probationer is located after forfeited bail proceeds have been forwarded to the state treasurer, the state treasurer shall reimburse the county, on request, for actual costs expended for extradition, transportation, or other costs necessary to return the defendant or probationer to the jurisdiction where the bail was posted, in an amount not more than the amount of forfeited bail. ~~All other money must be deposited in the county general fund unless otherwise provided by law.~~ The court administrator of district court shall not retain any additional compensation, per diem or other emolument for services as court administrator of district court, but may receive and retain mileage and expense allowances as prescribed by law.

Sec. 8. Minnesota Statutes 1998, section 487.02, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision, the county board shall levy taxes annually against the taxable property within the county as necessary for the establishment, operation and maintenance of the county court or courts within the county. Any county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added by 1999 S.F. No. 2221, article 7, section 26, is prohibited from levying property taxes for these purposes, except for any amounts necessary to pay the costs incurred in the first six months of calendar year 2000 with respect to counties in the fifth, seventh, and ninth judicial districts.

Sec. 9. Minnesota Statutes 1998, section 487.32, subdivision 3, is amended to read:

Subd. 3. A judge of a county court may order any sums forfeited to be reinstated and the county state treasurer shall then refund accordingly. The county state treasurer shall reimburse the court administrator if the court administrator refunds the deposit upon a judge's order and obtains a receipt to be used as a voucher.

Sec. 10. Minnesota Statutes 1998, section 487.33, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION.] The court administrator shall provide the county treasurer with the name of the municipality or other subdivision of government where the offense was committed which employed or provided by contract the arresting or apprehending officer and the name of the municipality or other subdivision of government which employed the prosecuting attorney or otherwise provided for prosecution of the offense for each fine or penalty and the total amount of fines or penalties collected for each municipality or other subdivision of government. On or before the last day of each month, the county treasurer shall pay over to the treasurer of each municipality or subdivision of government within the county all fines or penalties for parking violations for which complaints and warrants have not been issued and one-third of all fines or penalties collected during the previous month for offenses committed within the municipality or subdivision of government from persons arrested or issued citations by officers employed by the municipality or subdivision or provided by the municipality or subdivision by contract. An additional one-third of all fines or penalties shall be paid to the municipality or subdivision of government providing prosecution of offenses of the type for which the fine or penalty is collected occurring within the municipality or subdivision, imposed for violations of state statute or of an ordinance, charter provision, rule or regulation of a city whether or not a guilty plea is entered or bail is forfeited. Except as provided in section 299D.03, subdivision 5, or as otherwise provided by law, all other fines and forfeitures and all fees and statutory court costs collected by the court administrator shall be paid to the county treasurer of the county in which the funds were collected who shall dispense them as provided by law. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, all other fines, forfeitures, fees, and statutory court costs must be paid to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 11. Minnesota Statutes 1998, section 574.34, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Fines and forfeitures not specially granted or appropriated by law shall be paid into the treasury of the county where they are incurred, except in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S.F. No. 2221, article 7, section 26, the fines and forfeitures must be deposited in the state treasury and credited to the general fund.

Sec. 12. [APPROPRIATION.]

\$18,731,000 is appropriated for fiscal year 2001 from the general fund to the district courts for purposes of funding the district court expenses under this article.

Sec. 13. [EFFECTIVE DATES; CONTINGENCY.]

(a) Sections 2 and 6 are effective for aids payable in 2000. The other provisions of this article providing for the transfer of fees and fines to the state are effective January 1, 2000, with respect to counties in the eighth judicial district, and July 1, 2000, with respect to counties in the fifth, seventh, and ninth judicial districts.

(b) Notwithstanding paragraph (a), this article does not take effect unless the state assumes the district court costs under 1999 S.F. No. 2221, article 7.

ARTICLE 12

BUSINESS SUBSIDIES

Section 1. [116J.993] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 116J.993 to 116J.995, the terms defined in this section have the meanings given them.

Subd. 2. [BENEFIT DATE.] "Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:

(1) when the improvements are finished for the entire project; or

(2) when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.

Subd. 3. [BUSINESS SUBSIDY.] "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than \$25,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment compensation;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature.

Subd. 4. [GRANTOR.] "Grantor" means any state or local government agency with the authority to grant a business subsidy.

Subd. 5. [LOCAL GOVERNMENT AGENCY.] "Local government agency" includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by or authorized by a local government with authority to provide business subsidies.

Subd. 6. [RECIPIENT.] "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.

Subd. 7. [STATE GOVERNMENT AGENCY.] "State government agency" means any state agency that has the authority to award business subsidies.

Sec. 2. [116J.994] [REGULATING LOCAL AND STATE BUSINESS SUBSIDIES.]

Subdivision 1. [PUBLIC PURPOSE.] A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

Subd. 2. [DEVELOPING A SET OF CRITERIA.] A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria must include a policy regarding the wages to be paid for the jobs created. The commissioner of trade and economic development may assist local government agencies in developing criteria.

Subd. 3. [SUBSIDY AGREEMENT.] (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. If a business subsidy is not structured as a forgivable loan, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

Subd. 4. [WAGE AND JOB GOALS.] The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and (2) wage goals for the jobs created or retained.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Subd. 5. [PUBLIC NOTICE AND HEARING.] (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$100,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a copy of the subsidy agreement, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor must be held in St. Paul.

Subd. 6. [FAILURE TO MEET GOALS.] The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at the implicit price deflator defined under section 275.70, subdivision 2. The grantor, after a public hearing, may extend for up to one year the period for meeting the goals provided in a subsidy agreement.

A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Subd. 7. [REPORTS BY RECIPIENTS TO GRANTORS.] (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the commissioner and the local government agency that provided the business subsidy. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

- (2) the hourly wage of each job created with separate bands of wages;
- (3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (4) the date the job and wage goals will be reached;
- (5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (6) the location of the recipient prior to receiving the business subsidy;
- (7) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;
- (8) the name and address of the parent corporation of the recipient, if any;
- (9) a list of all financial assistance by all grantors for the project; and
- (10) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year and within 30 days after the deadline for meeting the job and wage goals.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16) is subject to the reporting requirements of this subdivision, except that the report of the recipient must include:

- (1) the type, public purpose, and amount of the financial assistance, and type of district if the subsidy is tax increment financing;
- (2) progress towards meeting goals stated in the subsidy agreement and the public purpose of the assistance;
- (3) the hourly wage of each job created with separate bands of wages;
- (4) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (5) the location of the recipient prior to receiving the assistance; and
- (6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Subd. 8. [REPORTS BY GRANTORS.] (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. The local government agency must include a list of recipients that did not complete the report and of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The commissioner of trade and economic development must provide information on reporting requirements to state and local government agencies.

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The department of trade and economic development must publish a compilation and summary of the results of the reports for the previous calendar year by July 1 of each year. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

- (1) total amount of subsidies awarded in each development region of the state;
- (2) distribution of business subsidy amounts by size of the business subsidy;
- (3) distribution of business subsidy amounts by time category, such as monthly or quarterly;
- (4) distribution of subsidies by type and by public purpose;
- (5) percent of all business subsidies that reached their goals;
- (6) percent of business subsidies that did not reach their goals by two years from the benefit date;
- (7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;
- (8) percent of subsidies that did not meet their goals and that did not receive repayment;
- (9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;
- (10) number of part-time and full-time jobs within separate bands of wages; and
- (11) benefits paid within separate bands of wages.

Sec. 3. [116J.995] [ECONOMIC GRANTS.]

An appropriation rider in an appropriation to the department of trade and economic development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created, wages paid, and the tax revenue increases due to the grant.

Sec. 4. [REPEALER.]

Minnesota Statutes 1998, section 116J.991, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective for business subsidies entered into or state appropriations authorized on or after August 1, 1999.

ARTICLE 13

TAX FORFEITURE AND DELINQUENCY PROCEDURES

Section 1. Minnesota Statutes 1998, section 92.51, is amended to read:

92.51 [TAXATION; REDEMPTION; SPECIAL CERTIFICATE.]

State lands sold by the director become taxable. A description of the tract sold, with the name of the purchaser, must be transmitted to the proper county auditor. The auditor must extend the land for taxation like other land. Only the interest in the land vested by the land sale certificate in its holder may be sold for delinquent taxes. ~~Upon production to the county treasurer of the tax certificate given upon tax sale, in case the lands have not been redeemed, the tax purchaser has the right to pay the principal and interest then in default upon the land sale certificate as its assignee. To redeem from a tax sale, the person redeeming must pay the county treasurer, for the holder and owner of the tax sale certificate, in addition to all sums required to be paid in other cases, all amounts paid by the holder and owner for interest and principal upon the land sale certificate, with interest at 12 percent per year. When the director receives the tax certificate with the county auditor's certificate of the expiration of the time for redemption, and the county treasurer's receipt for all delinquent interest and penalty on the land sale certificate, the director shall issue the holder and owner of the tax certificate a special certificate with the same terms and the same effect as the original land sale certificate.~~

Sec. 2. Minnesota Statutes 1998, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as ~~hereinafter provided in this section.~~ Taxes upon property which, for the previous year's assessment, was classified as mineral property, employment property, or commercial or industrial property ~~shall~~ are only be eligible to be composed into any confession of judgment under this section as provided in subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b under section 273.1319 may not be composed into a confession of judgment under this subdivision. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified as homestead, agricultural, or timberland in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 3. Minnesota Statutes 1998, section 279.37, subdivision 1a, is amended to read:

Subd. 1a. [CLASS 3A PROPERTY.] (a) The delinquent taxes upon a parcel of property which was classified class 3a, for the previous year's assessment and had a total market value of ~~less than \$200,000 or less~~ for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as ~~herein~~ provided in paragraphs (b) to (d).

~~(a)~~ (b) Current year taxes and penalty due at the time the confession of judgment is entered must be paid.

(c) The down payment ~~shall~~ must include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining ~~shall be~~ is payable in four equal annual installments; and

~~(b)~~ (d) The amounts entered in judgment shall bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 4. Minnesota Statutes 1998, section 279.37, subdivision 2, is amended to read:

Subd. 2. [INSTALLMENT PAYMENTS.] The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county ~~wherein~~ in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount

hereinbefore provided, as determined by the county auditor, and shall thereby waive. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and shall thereby waive also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered, and shall tender therewith. With the offer, the owner shall tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and shall tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree therein to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed, which. The offer shall must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate situate located in county, Minnesota, to-wit:

..... Upon which that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty) ~~do hereby~~. By signing this document I offer to confess judgment in the sum of \$..... and hereby waive all irregularities in the tax proceedings affecting such these taxes and any defense or objection which I may have thereto to them, and direct judgment to be entered for the amount hereby confessed amount stated above, less minus the sum of \$....., hereby tendered to be paid with this document, being which is one-tenth of the amount of said the taxes, costs, penalty, and interest; stated above. I agree to pay the balance of said the judgment in nine equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid from time to time, said. I agree to pay the installments and interest to be paid on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest such the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13.

Dated this,"

Sec. 5. Minnesota Statutes 1998, section 281.23, subdivision 2, is amended to read:

Subd. 2. ~~[MAY COVER PARCELS BID IN AT SAME TAX SALE FORM.]~~ All parcels of land bid in at the same tax judgment sale and having the same period of redemption shall be covered by a single posted notice, but a separate notice may be posted for any parcel which may be omitted. Such The notice of expiration of redemption must contain the tax parcel identification numbers and legal descriptions of parcels subject to notice of expiration of redemption provisions prescribed under subdivision 1. The notice must also indicate the names of taxpayers and fee owners of record in the office of the county auditor at the time the notice is prepared and names of those parties who have filed their addresses according to section 276.041 and the amount of payment necessary to redeem as of the date of the notice. At the option of the county auditor, the current filed addresses of affected persons may be included on the notice. The notice shall be sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of, State of Minnesota.

To all persons interested having an interest in the lands hereinafter described in this notice:

You are hereby notified that the parcels of land hereinafter described, situated in this notice and located in the county of, state of Minnesota, were bid in for the state on the day of,, at the tax judgment sale of land for delinquent taxes for the year,; that the legal descriptions and tax parcel identification numbers of such parcels

~~and names of the taxpayers and fee owners and in addition those parties who have filed their addresses pursuant to section 276.041, and the amount necessary to redeem as of the date hereof and, at the election of the county auditor, the current filed addresses of any such persons, are as follows: are subject to forfeiture to the state of Minnesota because of nonpayment of delinquent property taxes, special assessments, penalties, interest, and costs levied on those parcels. The time for redemption from forfeiture expires if a redemption is not made by the later of (1) 60 days after service of this notice on all persons having an interest in the lands of record at the office of the county recorder or registrar of titles, or (2) by the second Monday in May. The redemption must be made in my office.~~

Names (and
Current Filed
Addresses) for
the Taxpayers
and Fee Owners
and in Addition
Those Parties
Who Have Filed
Their Addresses
Pursuant to
section 276.041

Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date Hereof of Notice
.....
.....

~~That the time for redemption of such lands from such sale will expire 60 days after service of notice and the filing of proof thereof in my office, as provided by law. The redemption must be made in my office.~~

**FAILURE TO REDEEM SUCH THE LANDS PRIOR TO THE EXPIRATION
OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND
FORFEITURE OF SAID LAND TO THE STATE OF MINNESOTA.**

~~Inquiries as to the these proceedings set forth above can be made to the County Auditor for the County of, whose address is set forth below.~~

Witness my hand and official seal this day of,

.....
County Auditor

(OFFICIAL SEAL)

.....
(Address)
.....
(Telephone)."

~~Such The notice shall must be posted by the auditor in the auditor's office, subject to public inspection, and shall must remain so posted until at least one week after the date of the last publication of notice, as hereinafter provided in this section. Proof of such posting shall must be made by the certificate of the auditor, filed in the auditor's office.~~

Sec. 6. Minnesota Statutes 1998, section 281.23, subdivision 4, is amended to read:

Subd. 4. [PROOF OF PUBLICATION.] An affidavit establishing proof of publication of such the notice affidavit, as provided by law, shall must be filed in the office of the county auditor. A single published notice shall be sufficient for all may include parcels of land bid in at the same different tax judgment sale sales, having the same period but included parcels must have a common year for expiration of redemption, and covered by a notice or notices kept posted during the time of the publication, as hereinbefore provided.

Sec. 7. Minnesota Statutes 1998, section 281.23, subdivision 6, is amended to read:

Subd. 6. [SERVICE OF NOTICE.] (a) ~~Forthwith~~ Immediately after the commencement of such publication or mailing the county auditor shall deliver to the sheriff of the county or any other person not less than 18 years of age a sufficient number of copies of ~~such~~ the notice of expiration of redemption for service ~~upon~~ on the persons in possession of all ~~parcels~~ of such land ~~as are~~ actually occupied, and documentation if the certified mail notice was returned as undeliverable or the notice was not mailed to the address associated with the property. Within 30 days after receipt ~~thereof~~ of the notice, the sheriff or other person serving the notice shall ~~make such investigation~~ investigate as may be necessary to ascertain whether or not the parcels covered by ~~such~~ the notice are actually occupied parcels, and shall serve a copy of ~~such~~ the notice of expiration of redemption upon the person in possession of each parcel found to be an occupied parcel, in the manner prescribed for serving summonses in a civil action. If the sheriff or another person serving the notice has made at least two attempts to serve the notice of expiration of redemption, one between the weekday hours of 8:00 a.m. and 5:00 p.m. and the other on a different day and different time period, the sheriff or another person serving the notice may accomplish this service by posting a copy of the notice of expiration of redemption on a conspicuous location on the parcel. The sheriff or other person serving the notice shall make prompt return to the auditor as to all notices so served and as to all parcels found vacant and unoccupied and parcels served by posting. ~~Such~~ The return ~~shall~~ must be made ~~upon~~ on a copy of ~~such~~ the notice and ~~shall be is~~ is prima facie evidence of the facts ~~therein~~ stated in it.

If the notice is served by the sheriff, the sheriff shall receive from the county, in addition to other compensation prescribed by law, ~~such~~ fees and mileage for service on persons in possession as ~~are~~ prescribed by law for such service in other cases, and shall also receive ~~such~~ compensation for making investigation and return as to vacant and unoccupied lands as the county board may fix, subject to appeal to the district court as in case of other claims against the county. As to either service upon persons in possession or return as to vacant lands, the sheriff shall charge mileage only for one trip if the occupants of more than two tracts are served simultaneously, and in such case mileage ~~shall~~ must be prorated and charged equitably against all such owners.

(b) The secretary of state shall receive sheriff's service for all out-of-state interests.

Sec. 8. Minnesota Statutes 1998, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION AS CONSERVATION OR NONCONSERVATION.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes ~~shall~~ must be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. The classification, furthermore, must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board ~~may consider~~ considers necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in

which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within ~~90~~ 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within ~~90~~ 60 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for ~~one year~~ six months. A municipality or governmental subdivision shall pay maintenance costs incurred by the county during the six-month period while the property is withheld from public sale, provided the property is not offered for public sale after the six-month period. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 9. Minnesota Statutes 1998, section 282.01, subdivision 4, is amended to read:

Subd. 4. [SALE: METHOD, REQUIREMENTS, EFFECTS.] The sale ~~shall~~ must be conducted by the county auditor at the county seat of the county in which the parcels lie, ~~provided except that, in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county, and.~~ The parcels ~~shall~~ must be sold for cash only and at not less than the appraised value, unless the county board ~~of the county shall have~~ has adopted a resolution providing for their sale on terms, in which event the resolution ~~shall control~~ controls with respect ~~thereto~~ to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, thereupon and the balance shall must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. ~~No~~ Standing timber or timber products ~~shall must not~~ must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser; ~~provided, that in case any. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value shall must be allocated between the land and the timber in proportion to the their respective appraised values thereof, and no. In that case, standing timber or timber products shall must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value thereof of the land.~~ The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

Sec. 10. Minnesota Statutes 1998, section 282.01, subdivision 7, is amended to read:

Subd. 7. [COUNTY SALES; NOTICE, PURCHASE PRICE, DISPOSITION.] The sale ~~herein provided for shall~~ must commence at ~~such~~ the time as determined by the county board of the county ~~wherein such in which the parcels lie, shall direct are located.~~ The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a less sum ~~less~~ than the appraised value, until all of the parcels of land ~~shall have been offered, and thereafter.~~ Then the county auditor shall sell any remaining parcels to anyone offering to pay the appraised value ~~thereof, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person shall not be allowed to~~ may not purchase that same parcel of property at the sale under this subdivision for a purchase price ~~less~~ less than the sum of all delinquent taxes and, assessments, penalties, interest, and

costs due at the time of forfeiture computed under section 282.251, together with penalties, interest, and costs that accrued or would have accrued if the parcel had not forfeited to the state and any special assessments for improvements certified as of the date of sale. Said The sale shall must continue until all such the parcels are sold or until the county board shall order orders a reappraisal or shall withdraw withdraws any or all such of the parcels from sale. Such The list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values of such. The added lands must be: (1) parcels of land as shall that have become forfeited and classified as nonconservation since the commencement of any prior sale or such; (2) parcels as shall that have been reappraised, or such; (3) parcels as shall that have been reclassified as nonconservation; or such (4) other parcels as that are subject to sale but were omitted from the existing list for any reason. The descriptions and appraised values must be published in the same manner as hereinafter provided for the publication of the original list, provided that any. Parcels added to such the list shall must first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels of such lands as that are offered and not immediately sold shall, continue to be held in trust by the state for the taxing districts interested in each of said the parcels, under the supervision of the county board, and such. Those parcels may be used for public purposes until sold, as directed by the county board may direct.

Sec. 11. Minnesota Statutes 1998, section 282.04, subdivision 2, is amended to read:

Subd. 2. [RIGHTS BEFORE SALE; IMPROVEMENTS, INSURANCE, DEMOLITION.] ~~Until after~~ Before the sale of a parcel of forfeited land the county auditor may, with the approval of the county board of commissioners, provide for the repair and improvement of any building or structure located upon ~~such the parcel, and may provide for maintenance of tax-forfeited lands, if it is determined by the county board that such repairs or, improvements, or maintenance are necessary for the operation, use, preservation and safety thereof; and, of the building or structure. If so authorized by the county board, the county auditor may insure any such the building or structure against loss or damage resulting from fire or windstorm, may purchase workers' compensation insurance to insure the county against claims for injury to the persons therein employed in the building or structure by the county, and may insure the county, its officers and employees against claims for injuries to persons or property because of the management, use or operation of such the building or structure. Such The county auditor may, with the approval of the county board, provide for the demolition of any such the building or structure, which has been determined by the county board to be within the purview of section 299F.10, and for the sale of salvaged materials therefrom from the building or structure. Such The county auditor, with the approval of the county board, may provide for the sale of abandoned personal property under either chapter 345 or 566, as appropriate. The net proceeds from any sale of such the personal property, salvaged materials, of timber or other products, or leases made under this law shall must be deposited in the forfeited tax sale fund and shall must be distributed in the same manner as if the parcel had been sold.~~

~~Such The county auditor, with the approval of the county board, may provide for the demolition of any structure or structures on tax-forfeited lands, if in the opinion of the county board, the county auditor, and the land commissioner, if there be is one, the sale of such the land with such the structure or structures thereon on it, or the continued existence of such the structure or structures by reason of age, dilapidated condition or excessive size as compared with nearby structures, will result in a material lessening of net tax capacities of real estate in the vicinity of such the tax-forfeited lands, or if the demolition of such the structure or structures will aid in disposing of such the tax-forfeited property.~~

Before the sale of a parcel of forfeited land located in an urban area, the county auditor may with the approval of the county board provide for the grading thereof of the land by filling or the removal of any surplus material therefrom, and where from it. If the physical condition of forfeited lands is such that a reasonable grading thereof of the lands is necessary for the protection and preservation of the property of any adjoining owner, ~~such the adjoining property owner or owners may make application apply to the county board to have such the grading done. If, after considering said the application, the county board believes that such the grading will enhance the value of such the forfeited lands commensurate with the cost involved, it may approve the same it,~~

and ~~any such~~ the work shall must be performed under the supervision of the county or city engineer, as the case may be, and the expense thereof paid from the forfeited tax sale fund.

Sec. 12. Minnesota Statutes 1998, section 282.05, is amended to read:

282.05 [PROCEEDS APPORTIONED.]

The net proceeds received from the sale or rental of forfeited lands shall be apportioned to the general funds of the state or municipal subdivision thereof, in the manner hereinafter provided, ~~and shall be first used by the municipal subdivision to retire any indebtedness then existing in~~ section 282.08.

Sec. 13. Minnesota Statutes 1998, section 282.08, is amended to read:

282.08 [APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.]

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of ~~any products therefrom~~ from the forfeited land, shall must be apportioned by the county auditor to the taxing districts interested ~~therein~~ in the land, as follows:

(1) ~~Such the~~ portion as may be required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of ~~such the~~ parcel to the state, but not exceeding the amount certified by the clerk of the municipality, shall must be apportioned to the municipal subdivision entitled ~~thereto~~ to it;

(2) ~~Such the~~ portion as may be required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of ~~such the~~ parcel to the state, but not exceeding the amount of expenses certified by the pollution control agency or the commissioner of agriculture, shall must be apportioned to the agency or the commissioner of agriculture and deposited in the fund ~~from~~ which the expenses were paid;

(3) ~~Such the~~ portion of the remainder as may be required to discharge any special assessment chargeable against ~~such the~~ parcel for drainage or other purpose whether due or deferred at the time of forfeiture, shall must be apportioned to the municipal subdivision entitled ~~thereto~~ to it; and

(4) any balance ~~shall~~ must be apportioned as follows:

~~(a) Any~~ (i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for timber development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It ~~shall~~ must be expended only on projects approved by the commissioner of natural resources.

~~(b) Any~~ (ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

~~(c) If the board does not avail itself of the authority under paragraph (a) or (b)~~ (iii) Any balance remaining ~~shall must~~ be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, and ~~if the board avails itself of the authority under paragraph (a) or (b) the balance remaining shall be apportioned among the county, town or city, and school district in the proportions in this paragraph above stated, provided, however, that in unorganized territory that portion which should would have accrued to the township shall must~~ be administered by the county board of commissioners.

Sec. 14. Minnesota Statutes 1998, section 282.09, is amended to read:

282.09 [FORFEITED TAX SALE FUND.]

Subdivision 1. [MONEY PLACED IN FUND; FEES AND DISBURSEMENTS.] The county

auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund, and all disbursements and costs shall must be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as fixed by law. The amount of compensation of a land commissioner and assistants, if a land commissioner is appointed, shall must be in the amount determined by the county board. The county auditor shall must receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding \$300, as fixed by the county board. The amount of compensation of any other clerical help that may be needed by the county auditor or land commissioner shall must be in the amount determined by the county board. All compensation provided for herein shall be in this subdivision is in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall must be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof of fees. On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section 282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund. When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such the disbursements shall must be charged to the account of the taxing districts interested in such parcels forfeited tax sale fund. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Subd. 2. [EXPENDITURES.] In all counties, ~~from said "Forfeited Tax Sale Fund,"~~ the authorities ~~duly charged with the execution of~~ responsible for carrying out the duties imposed by sections 282.01 to 282.13, at their discretion, may expend moneys ~~in repairing from the forfeited tax sale fund to repair any sewer or water main either inside or outside of any curb line situated along any property forfeited to the state for nonpayment of taxes, to acquire and maintain equipment used exclusively for the maintenance and improvement of tax-forfeited lands, and to cut down, otherwise destroy or eradicate noxious weeds on all tax-forfeited lands.~~ In any year, the money to be expended for the cutting down, destruction or eradication of noxious weeds shall not exceed in amount more than ten percent of the net proceeds of said "Forfeited Tax Sale Fund" during the preceding calendar year, or \$10,000, whichever is the lesser sum, and to maintain tax-forfeited lands.

Sec. 15. Minnesota Statutes 1998, section 282.241, is amended to read:

282.241 [REPURCHASE AFTER FORFEITURE.]

The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn ~~such the~~ parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, ~~such repurchase shall be is~~ permitted during one year only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that ~~thereby by~~ repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that ~~permitting such~~ the repurchase will promote the use of ~~such the~~ lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment

payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase ~~shall be~~ is subject to any easement, lease, or other encumbrance granted by the state ~~prior thereto~~ before the repurchase, and if said the land is located within a restricted area established by any county under Laws 1939, chapter 340, ~~such the~~ repurchase shall must not be permitted unless said the resolution with respect thereto approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

Sec. 16. Minnesota Statutes 1998, section 282.261, subdivision 4, is amended to read:

Subd. 4. [SERVICE FEE.] The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase ~~contract approved application~~ received after July 1, 1985. The fee ~~shall must~~ be paid at the time of repurchase application and shall must be credited to the county general revenue fund.

Sec. 17. Minnesota Statutes 1998, section 282.261, is amended by adding a subdivision to read:

Subd. 5. [COUNTY MAY IMPOSE CONDITIONS OF REPURCHASE.] The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, telegraph, electric power, or telecommunications.

Sec. 18. Minnesota Statutes 1998, section 283.10, is amended to read:

283.10 [APPLICATION MUST BE MADE WITHIN TWO YEARS.]

~~No such refundment~~ refund shall be granted unless an application ~~therefor shall be duly for~~ refund is approved and presented to the commissioner of revenue within two years from the date of ~~such tax certificate or the~~ state assignment certificate.

Sec. 19. Minnesota Statutes 1998, section 375.192, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE, CONDITIONS.] Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. Except as provided in sections 469.1812 to 469.1815, no reduction or abatement may be granted on the basis of providing an incentive for economic development or redevelopment. Except as provided in section 375.194, the county board ~~is authorized to may~~ consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. ~~Before taking action~~ On any reduction or abatement ~~where~~ when the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days² notice within 20 days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and

~~the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.~~

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 20. Minnesota Statutes 1998, section 383C.482, subdivision 1, is amended to read:

Subdivision 1. [AUDITOR TO SEARCH RECORDS; CERTIFICATES.] The St. Louis county auditor, upon written application of any person, shall ~~make search of~~ the records of the auditor's office and the county treasurer's office, and ascertain the amount of current tax against any lot or parcel of land described in the application and the existence of all tax liens and tax sales as to ~~such~~ the lot or parcel of land, and certify the result of ~~such~~ the search under the seal of office, giving the description of the lot or parcel of land, the amount of the current tax, if any, and all tax liens and tax sales shown by such records, and the amount ~~thereof~~ of liens and tax sales, the year of tax covered by ~~such~~ the lien, and the date of tax sale, ~~and the name of the purchaser at such tax sale.~~ For the purpose of ascertaining the current tax against ~~such~~ a lot or parcel of land, the county auditor has the right of access to the records of current taxes in the office of the county treasurer.

Sec. 21. [REPEALER.]

Minnesota Statutes 1998, sections 92.22; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; and 284.06, are repealed.

Sec. 22. [EFFECTIVE DATES.]

This article is effective September 1, 1999, except that sections 11 and 13 to 15 are effective beginning January 1, 2000, and except that section 12 is effective for net proceeds received after the date of final enactment of this act.

ARTICLE 14 WATER AND SANITARY SEWER DISTRICTS

Section 1. [CEDAR LAKE AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 1 to 19, the definitions in this section apply.

Subd. 2. [DISTRICT.] "Cedar lake area water and sanitary sewer district" and "district" mean the area over which the Cedar lake area water and sanitary sewer board has jurisdiction, which includes the area within the city of New Prague and Helena and Cedar Lake townships in Scott county. The district shall precisely describe the area over which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 5. The territory may not be larger than the area encompassed by the Cedar Lake improvement district, but it may be smaller and the area may include a route along public rights-of-way from Cedar Lake to the city of New Prague along which the sewer main is laid.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Cedar lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means Scott county, the city of New Prague, and Helena and Cedar Lake Townships in Scott county.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, section 475.51.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, section 116.02.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any town or home rule charter or statutory city.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established in Helena and Cedar Lake townships and the city of New Prague in Scott county, to be known as the Cedar lake area water and sanitary sewer district. The water and sewer district is under the control

and management of the Cedar lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in sections 1 to 19.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as provided in this subdivision. Each of the town boards of the townships shall meet to appoint two residents to the water and sanitary sewer board. The township appointees must live on Cedar lake and must be served by the system. One member must be selected by the city of New Prague. Two members must be selected by the Scott county board of commissioners. Each member has one vote. The first terms are as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 1 to 19 are effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, the board must meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members is a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon

other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 1 to 19, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board expires on January 1, 2001, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select persons who may, but need not be, members of the board, to act as its secretary and treasurer. The two offices may be combined. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 5. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 6. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants

or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 1 to 19.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and applies to any property or interest in the property owned by any local governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section

469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of Scott county and in conformance with all planning and zoning ordinances of Scott county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. In no case shall the comprehensive plan provide for more than 325 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Cedar lake area water and sanitary sewer board, in order to implement the powers granted under sections 1 to 19 to establish, maintain, and administer the Cedar lake area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 1 to 19 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Cedar lake area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 1 to 19, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

(a) The board shall prepare and adopt, on or before October 1 in 2000 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 1 to 19 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

- (1) costs of operation, administration, and maintenance of the district disposal system;
- (2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service

without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13, or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 1 to 19 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 1 to 19 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board must hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing must not be held on a project unless the project is within the area covered by the comprehensive plan adopted by the board under section 5, except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess

against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section. The board must set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing in this subdivision prevents the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale

of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended under the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. An election is not required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with

its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 1 to 19, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 1 to 19, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 1 to 19 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state. The properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement.

Sec. 19. [RELATION TO EXISTING LAWS.]

Sections 1 to 19 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 1 to 19. The powers conferred on the board under sections 1 to 19 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. [BANNING JUNCTION AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] For the purposes of sections 20 to 38, the terms defined in this section have the meanings given them.

Subd. 2. [DISTRICT.] "Banning Junction area water and sanitary sewer district" and "district" mean the area over which the Banning Junction area water and sanitary sewer board has jurisdiction, including the town of Finlayson and the city of Finlayson in Pine county and Banning state park, but only that part of the township described in the comprehensive plan adopted by the board pursuant to section 24.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Banning Junction area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means the town of Finlayson, the department of natural resources, and the city of Finlayson.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, chapter 475.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, chapter 116.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local

governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any home rule charter or statutory city or town.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 32, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 21. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established for the town of Finlayson, for the Banning state park, under the jurisdiction of the Minnesota department of natural resources, and for the city of Finlayson in Pine county, to be known as the Banning Junction area water and sanitary sewer district. The water and sewer district is under the control and management of the Banning Junction area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in sections 20 to 38.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of five members selected as follows: the town board shall meet to appoint three members, one of whom shall be an elected township officer, and two of whom shall be persons served by the system, the city shall appoint one member, and the department of natural resources shall appoint one member to the water and sanitary sewer board and each board member shall have one vote. The first terms must be as follows: one for one year, two for two years, and two for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 20 to 38 become effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection

of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks, city administrator, and by the commissioner of natural resources. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 22. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 20 to 38, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 2001, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [EXECUTIVE DIRECTOR.] The board may appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:

(1) to see that all resolutions, rules, regulations, or orders of the board are enforced;

(2) to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;

(3) to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption the measures the executive director deems necessary to enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;

(4) to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information the board may request;

(5) to recommend to the board for adoption rules and regulations the executive director deems necessary for the efficient operation of the district disposal system; and

(6) to perform other duties prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 23. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of

the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 20 to 38.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and shall apply to any property or interest in the property owned by any local governmental unit. No property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local

governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 24. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 25. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Banning Junction area water and sanitary sewer board, in order to implement the powers granted under sections 20 to 38 to establish, maintain, and administer the Banning Junction area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 20 to 38 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 26. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Banning Junction area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 27. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 20 to 38, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 28. [BUDGET.]

The board shall prepare and adopt, on or before October 1 in 1999 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 20 to 38 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

- (1) costs of operation, administration, and maintenance of the district disposal system;
- (2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 32, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable

except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 32 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 29. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 20 to 38 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 30. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 20 to 38 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 29, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 31. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 29 as current costs, the board shall hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 24 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for

in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 24.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 32. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 33. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and must set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 34. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 20 to 38, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 35. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 29, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 20 to 38, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 36. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 37. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 20 to 38 are declared to be acquired, owned,

leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 38. [RELATION TO EXISTING LAWS.]

The provisions of sections 20 to 38 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 20 to 38. The powers conferred on the board under sections 20 to 38 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 39. [EFFECTIVE DATE.]

Sections 1 to 19 are effective the day after a certificate of approval under Minnesota Statutes, section 645.021, subdivision 3, is filed by the last of the four local governmental units subject to sections 1 to 19.

Sections 20 to 38 are effective as to the city and the town of Finlayson separately the day after the certificate of approval of the governing body of each is filed as provided in Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

AUTOMATIC REBATE IN ENACTED BUDGET

Section 1. [16A.1522] [REBATE REQUIREMENTS.]

Subdivision 1. [FORECAST.] If, on the basis of a forecast of general fund revenues and expenditures in November of an even-numbered year or February of an odd-numbered year, the commissioner projects a positive unrestricted budgetary general fund balance at the close of the biennium that exceeds one-half of one percent of total general fund biennial revenues, the commissioner shall designate the entire balance as available for rebate to the taxpayers of this state. In forecasting, projecting, or designating the unrestricted budgetary general fund balance or general fund biennial revenue under this section, the commissioner shall not include any balance or revenue attributable to settlement payments received after July 1, 1998, and before July 1, 2001, as defined in Section IIB of the settlement document, filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District).

Subd. 2. [PLAN.] If the commissioner designates an amount for rebate in either forecast, the governor shall present a plan to the legislature for rebating that amount. The plan must provide for payments to begin no later than August 15 of the odd-numbered year. By April 15 of each odd-numbered year, the legislature shall enact, modify, or reject the plan presented by the governor.

Subd. 3. [CERTIFICATION.] By July 15 of each odd-numbered year, based on a preliminary analysis of the general fund balance at the end of the fiscal year June 30, the commissioner of finance shall certify to the commissioner of revenue the amount available for rebate.

Subd. 4. [TRANSFER TO TAX RELIEF ACCOUNT.] Any positive unrestricted budgetary general fund balance on June 30 of an odd-numbered year is appropriated to the commissioner for transfer to the tax relief account.

Subd. 5. [APPROPRIATION.] A sum sufficient to pay any rebate due under the plan enacted under subdivision 2 is appropriated from the general fund to the commissioner of revenue.

Sec. 2. [ABOLISHING TAX REFORM AND REDUCTION ACCOUNT.]

The tax reform and reduction account created in Laws 1998, chapter 389, article 9, section 2, subdivision 2, clause (2), is abolished. The balance in the account shall revert to the unrestricted general fund balance.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1999. Section 2 is effective the day following final enactment.

ARTICLE 16
MISCELLANEOUS

Section 1. Minnesota Statutes 1998, section 3.986, subdivision 2, is amended to read:

Subd. 2. [LOCAL FISCAL IMPACT.] (a) "Local fiscal impact" means increased or decreased costs or revenues that a political subdivision would incur as a result of a law enacted after June 30, 1997, or rule proposed after December 31, 1998 1999:

(1) that mandates a new program, eliminates an existing mandated program, requires an increased level of service of an existing program, or permits a decreased level of service in an existing mandated program;

(2) that implements or interprets federal law and, by its implementation or interpretation, increases or decreases program or service levels beyond the level required by the federal law;

(3) that implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by its implementation or interpretation, increases or decreases program or service levels beyond the levels required by the ballot measure;

(4) that removes an option previously available to political subdivisions, or adds an option previously unavailable to political subdivisions, thus requiring higher program or service levels or permitting lower program or service levels, or prohibits a specific activity and so forces political subdivisions to use a more costly alternative to provide a mandated program or service;

(5) that requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service, or permits an existing mandated program or service to be provided in a longer time period, thus permitting a decrease in the cost of the program or service;

(6) that adds new requirements to an existing optional program or service and thus increases the cost of the program or service because the political subdivisions have no reasonable alternative other than to continue the optional program;

(7) that affects local revenue collections by changes in property or sales and use tax exemptions;

(8) that requires costs previously incurred at local option that have subsequently been mandated by the state; or

(9) that requires payment of a new fee or increases the amount of an existing fee, or permits the elimination or decrease of an existing fee mandated by the state.

(b) When state law is intended to achieve compliance with federal law or court orders, state mandates shall be determined as follows:

(1) if the federal law or court order is discretionary, the state law is a state mandate;

(2) if the state law exceeds what is required by the federal law or court order, only the provisions of the state law that exceed the federal requirements are a state mandate; and

(3) if the state law does not exceed what is required by the federal statute or regulation or court order, the state law is not a state mandate.

Sec. 2. Minnesota Statutes 1998, section 3.987, subdivision 1, is amended to read:

Subdivision 1. [LOCAL IMPACT NOTES.] The commissioner of finance shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, or any rule proposed after December 31, ~~1998~~ 1999, upon request of the chair or the ranking minority member of either legislative tax committee. Upon receipt of a request to prepare a local impact note, the commissioner must notify the authors of the proposed legislation or, for an administrative rule, the head of the relevant executive agency or department, that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The commissioner shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of finance may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the commissioner of finance with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the commissioner must provide a copy to the authors of the proposed legislation or, for an administrative rule, to the head of the relevant executive agency or department.

Sec. 3. [16A.77] [TOBACCO SETTLEMENT FUND.]

(a) A tobacco settlement fund is established in the state treasury. Amounts in the fund are available only for purposes authorized by appropriation by the legislature. The governor shall make recommendations to the legislature regarding use of the money in the fund.

(b) The commissioner of finance shall credit all settlement payments received after July 1, 1998, and before July 1, 2001, as defined in Section IIB of the settlement document, filed May 18, 1998, in the State of Minnesota et al. vs. Philip Morris et al., to the tobacco settlement fund. All other payments to the state resulting from the specified litigation shall be credited to the general fund.

Sec. 4. Minnesota Statutes 1998, section 270.07, subdivision 1, is amended to read:

Subdivision 1. [POWERS OF COMMISSIONER; APPLICATION FOR ABATEMENT; ORDERS.] (a) The commissioner of revenue shall prescribe the form of all blanks and books required under this chapter and shall hear and determine all matters of grievance relating to taxation. Except for matters delegated to the various boards of county commissioners under section 375.192, and except as otherwise provided by law, the commissioner shall have power to grant such reduction or abatement of net tax capacities or taxes and of any costs, penalties or interest thereon as the commissioner may deem just and equitable, and to order the refundment, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Application therefor shall be submitted with a statement of facts in the case and the favorable recommendation of the county board or of the board of abatement of any city where any such board exists, and the county auditor of the county wherein such tax was levied or paid. In the case of taxes other than gross earnings taxes, the order may be made only on application and approval as provided in this paragraph. No reduction, abatement, or refundment of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of such municipality.

(b) The commissioner has the power to grant reductions or abatements of gross earnings tax. An application for reduction of gross earnings taxes may be made directly to the commissioner without the favorable action of the county board and county auditor. The commissioner shall direct that any gross earnings taxes that may have been erroneously or unjustly paid be applied against unpaid taxes due from the applicant.

(c) The commissioner shall forward to the county auditor a copy of the order made by the commissioner in all cases in which the approval of the county board is required.

(d) The commissioner may refer any question that may arise in reference to the true construction of this chapter to the attorney general, and the decision thereon shall be in force and effect until annulled by the judgment of a court of competent jurisdiction.

(e) The commissioner may by written order abate, reduce, or refund any penalty or interest imposed by any law relating to taxation, if in the commissioner's opinion the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster area. ~~The order shall be made on application of the taxpayer to the commissioner.~~

~~(f) If an order issued under this subdivision is for an abatement, reduction, or refund of over \$5,000, it shall be valid only if approved in writing by the attorney general.~~

~~(g)~~ (f) An appeal may not be taken to the tax court from any order of the commissioner of revenue made in the exercise of the discretionary authority granted in paragraph (a) with respect to the reduction or abatement of real or personal property taxes in response to a taxpayer's application for an abatement, reduction, or refund of taxes, net tax capacities, costs, penalties, or interest.

Sec. 5. Minnesota Statutes 1998, section 270.65, is amended to read:

270.65 [DATE OF ASSESSMENT; DEFINITION.]

For purposes of taxes administered by the commissioner, the term "date of assessment" means the date a return was filed or the date a return should have been filed, whichever is later; or, in the case of taxes determined by the commissioner, "date of assessment" means the date of the order assessing taxes; or, in the case of an amended return filed by the taxpayer, the assessment date is the date the return was filed with the commissioner; or, in the case of a check from a taxpayer that is dishonored and results in an erroneous refund being given to the taxpayer, remittance of the check is deemed to be an assessment and the "date of assessment" is the date the check was received by the commissioner.

Sec. 6. Minnesota Statutes 1998, section 270.67, is amended by adding a subdivision to read:

Subd. 4. [OFFER-IN-COMPROMISE AND INSTALLMENT PAYMENT PROGRAM.] (a) In implementing the authority provided in subdivision 1 or in section 8.30 to accept offers of installment payments or offers-in-compromise of tax liabilities, the commissioner of revenue shall prescribe guidelines for employees of the department of revenue to determine whether an offer-in-compromise or an offer to make installment payments is adequate and should be accepted to resolve a dispute. In prescribing the guidelines, the commissioner shall develop and publish schedules of national and local allowances designed to provide that taxpayers entering into a compromise or payment agreement have an adequate means to provide for basic living expenses. The guidelines must provide that the taxpayer's ownership interest in a motor vehicle, to the extent of the value allowed in section 550.37, will not be considered as an asset; in the case of an offer related to a joint tax liability of spouses, that value of two motor vehicles must be excluded. The guidelines must provide that employees of the department shall determine, on the basis of the facts and circumstances of each taxpayer, whether the use of the schedules is appropriate and that employees must not use the schedules to the extent the use would result in the taxpayer not having adequate means to provide for basic living expenses. The guidelines must provide that:

(1) an employee of the department shall not reject an offer-in-compromise or an offer to make installment payments from a low-income taxpayer solely on the basis of the amount of the offer; and

(2) in the case of an offer-in-compromise which relates only to issues of liability of the taxpayer:

(i) the offer must not be rejected solely because the commissioner is unable to locate the taxpayer's return or return information for verification of the liability; and

(ii) the taxpayer shall not be required to provide an audited, reviewed, or compiled financial statement.

(b) The commissioner shall establish procedures:

(1) that require presentation of a counteroffer or a written rejection of the offer by the commissioner if the amount offered by the taxpayer in an offer-in-compromise or an offer to make installment payments is not accepted by the commissioner;

(2) for an administrative review of any written rejection of a proposed offer-in-compromise or installment agreement made by a taxpayer under this section before the rejection is communicated to the taxpayer;

(3) that allow a taxpayer to request reconsideration of any written rejection of the offer or agreement to the commissioner of revenue to determine whether the rejection is reasonable and appropriate under the circumstances; and

(4) that provide for notification to the taxpayer when an offer-in-compromise has been accepted, and issuance of certificates of release of any liens imposed under section 270.69 related to the liability which is the subject of the compromise.

Sec. 7. Minnesota Statutes 1998, section 270.78, is amended to read:

270.78 [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

(a) In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause. The penalty bears interest at the rate specified in section 270.75 from the due date of the payment of the tax to the date of payment of the penalty.

~~(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.~~

Sec. 8. Minnesota Statutes 1998, section 270A.03, subdivision 2, is amended to read:

Subd. 2. [CLAIMANT AGENCY.] "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city presenting a claim for a municipal hospital or a public library, a hospital district, a private nonprofit hospital that leases its building from the county in which it is located, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

Sec. 9. Minnesota Statutes 1998, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund. The notice shall also advise the debtor of the right to contest the validity of the claim, other than a

claim based upon child support under section 518.171, 518.54, 518.551, or chapter 518C at a hearing, subject to the restrictions in this paragraph. The debtor must assert this right by written request to the claimant agency, which request the claimant agency must receive within 45 days of the date of the notice. This right does not apply to (1) issues relating to the validity of the claim that have been previously raised at a hearing under this section or section 270A.09; (2) issues relating to the validity of the claim that were not timely raised by the debtor under section 270A.08, subdivision 2; or (3) issues relating to the validity of the claim that have been previously raised at a hearing conducted under rules promulgated by the United States Department of Housing and Urban Development or any public agency that is responsible for the administration of a low-income housing program, or that were not timely raised by the debtor under those rules; or (4) issues relating to the validity of the claim for which a hearing is discretionary under section 270A.09.

Sec. 10. Minnesota Statutes 1998, section 270A.08, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS OF NOTICE.] (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) Except as provided in paragraph (c), the notice will also advise the debtor that the debt can be setoff against a refund unless the time period allowed by law for collecting the debt has expired, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

(c) If the claimant agency is a public agency that is responsible for the administration of a low-income housing program, the notice will also advise the debtor that the debt can be set off against a refund unless the time period allowed by law for collecting the debt has expired. If the public agency has provided the debtor with the opportunity to contest the issues relating to the validity of the claim at a hearing under rules promulgated by the United States Department of Housing and Urban Development or the public agency, the notice will advise the debtor of that fact and advise the debtor that no further hearing may be requested by the debtor to contest the validity of the claim.

Sec. 11. Minnesota Statutes 1998, section 287.01, subdivision 3, as amended by Laws 1999, chapter 31, section 1, is amended to read:

Subd. 3. [DEBT.] "Debt" means the principal amount of an obligation to pay money ~~or to perform or refrain from performing an act~~ that is secured in whole or in part by a mortgage of an interest in real property.

Sec. 12. Minnesota Statutes 1998, section 287.05, subdivision 1, as amended by Laws 1999, chapter 31, section 5, is amended to read:

Subdivision 1. [REAL PROPERTY OUTSIDE MINNESOTA.] (a) When a multistate mortgage is intended to secure only a portion of a debt amount recited or referred to in the mortgage, the mortgage may contain the following statement, or its equivalent, on the first page: "Notwithstanding anything to the contrary herein, enforcement of this mortgage in Minnesota is limited to a debt amount of \$..... under chapter 287 of Minnesota Statutes." In such case, the tax shall be imposed based only on the amount of debt so stated to be secured by real property located in this state; and, the effect of the mortgage, or any amendment or extension, as evidence in any court in this state, or as notice for any purpose in this state, shall be limited to the amount contained in the statement and for which the tax has been paid and additional amounts for accrued interest and advances not subject to tax under section 287.035 or 287.05, subdivision 4.

(b) All multistate mortgages not taxed under paragraph (a) shall be taxed under sections 287.01 to 287.13 as if the real property identified in the mortgage secures payment of that portion of the maximum debt amount referred to, or incorporated by reference, in the mortgage that is equal to a fraction the numerator of which is the value of the real property described in the mortgage that is located in this state and the denominator of which is the value of all the real property described in the mortgage.

Sec. 13. Minnesota Statutes 1998, section 287.05, subdivision 1a, as amended by Laws 1999, chapter 31, section 5, is amended to read:

Subd. 1a. [REAL PROPERTY IN THIS STATE SECURES PORTION OF DEBT.] (a) When the real property identified in a mortgage is located entirely in this state and is intended to secure only a portion of a debt amount recited or referred to in the mortgage, the mortgage may contain the following statement, or its equivalent, on the first page: "Notwithstanding anything to the contrary herein, enforcement of this mortgage is limited to a debt amount of \$..... under chapter 287 of Minnesota Statutes." In such case, the tax shall be imposed based only on the amount of debt so stated to be secured by real property; and, the effect of the mortgage, or any amendment or extension, as evidence in any court in this state, or as notice for any purpose in this state, shall be limited to the amount contained in the statement and for which the tax has been paid and additional amounts for accrued interest and advances not subject to tax under section 287.035 or 287.05, subdivision 4.

(b) All mortgages that are not multistate mortgages and that are not taxed under paragraph (a) shall be taxed under sections 287.01 to 287.13 as if the real property identified in the mortgage secures payment of the maximum debt amount referred to, or incorporated by reference, in the mortgage.

Sec. 14. Minnesota Statutes 1998, section 289A.31, subdivision 2, is amended to read:

Subd. 2. [JOINT INCOME TAX RETURNS.] (a) If a joint income tax return is made by a husband and wife, the liability for the tax is joint and several. A spouse who is ~~relieved of~~ qualifies for relief from a liability attributable to a substantial ~~an~~ underpayment under section 6013(e) 6015(b) of the Internal Revenue Code is also relieved of the state income tax liability on the substantial underpayment.

(b) In the case of individuals who were a husband and wife prior to the dissolution of their marriage or their legal separation, or prior to the death of one of the individuals, for tax liabilities reported on a joint or combined return, the liability of each person is limited to the proportion of the tax due on the return that equals that person's proportion of the total tax due if the husband and wife filed separate returns for the taxable year. This provision is effective only when the commissioner receives written notice of the marriage dissolution, legal separation, or death of a spouse from the husband or wife. No refund may be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days before receipt by the commissioner of the written notice.

Sec. 15. Minnesota Statutes 1998, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT; GENERALLY.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or one year from the date of an order assessing tax under section 289A.37, subdivision 1, or an order determining an appeal under section 289A.65, subdivision 8, or one year from the date of a return made by the commissioner under section 289A.35, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner, whichever period expires later. Claims for refund, except for taxes under chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner.

In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under

chapter 297A filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3-1/2 year period.

Sec. 16. Minnesota Statutes 1998, section 289A.40, subdivision 1a, is amended to read:

Subd. 1a. ~~[INDIVIDUAL INCOME TAXES; REASONABLE CAUSE SUSPENSION DURING PERIOD OF DISABILITY.]~~ If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1 meets the requirements for suspending the running of the time period to file a claim for refund under section 6511(h) of the Internal Revenue Code, the time period in subdivision 1 for the taxpayer to file a claim for an individual income tax refund is suspended.

Sec. 17. Minnesota Statutes 1998, section 289A.50, is amended by adding a subdivision to read:

Subd. 1a. [REFUND FORM.] On or before January 1, 2000, the commissioner of revenue shall prepare and make available to taxpayers a form for filing claims for refund of taxes paid in excess of the amount due. If the commissioner fails to prepare a form under this subdivision by January 1, 2000, any claims for refund made after January 1, 2000, and up to ten days after the form is made available to taxpayers are deemed to be made in compliance with the requirement of the form.

Sec. 18. Minnesota Statutes 1998, section 289A.50, subdivision 7, is amended to read:

Subd. 7. [REMEDIES.] (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 289A.65, or an appeal with the tax court, within 60 days after issuance of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the date of the denial of the claim by the commissioner.

(c) No action in the district court or the tax court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the tax court at any time after the expiration of six months of the time the claim was filed, ~~but within four years of the date that the claim was filed.~~

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey county.

Sec. 19. Minnesota Statutes 1998, section 289A.55, subdivision 9, is amended to read:

Subd. 9. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 289A.60, subdivision 1, 2, 3, 4, 5, or 6, or 21 bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

Sec. 20. Minnesota Statutes 1998, section 289A.60, subdivision 3, is amended to read:

Subd. 3. [COMBINED PENALTIES.] When penalties are imposed under subdivisions 1 and 2, ~~except for the minimum penalty under subdivision 2,~~ the penalties imposed under both subdivisions combined must not exceed 38 percent.

Sec. 21. Minnesota Statutes 1998, section 289A.60, subdivision 21, is amended to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] (a) In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

~~(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.~~

Sec. 22. Minnesota Statutes 1998, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.02, subdivision 5, and 297A.25, subdivision 42, the tax on sales of capital equipment, and replacement capital equipment, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42, and the rate under section 297A.02, subdivision 5, shall be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or replacement capital equipment under section 297A.01, subdivision 20. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of ~~section~~ sections 289A.40 and 289A.50 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 23. Minnesota Statutes 1998, section 360.55, is amended by adding a subdivision to read:

Subd. 8. [AGRICULTURAL AIRCRAFT.] Aircraft registered with the Federal Aviation Administration as restricted category aircraft used for agricultural purposes must be listed for taxation and registration upon filing by the owner a sworn affidavit with the commissioner. The affidavit must state:

- (1) the name and address of the owner;
- (2) the name and address of the person from whom purchased;
- (3) the aircraft's make, year, model number, federal registration number, and manufacturer's identification number; and
- (4) that the aircraft is owned and operated solely for agricultural operations and purposes.

The owner shall file the affidavit and pay an annual fee established under sections 360.511 to 360.67, which must not exceed \$500. Should the aircraft be operated other than for agricultural purposes, the owner shall list the aircraft for taxation and registration under sections 360.511 to 360.67. If the aircraft is sold, the new owner shall list the aircraft for taxation and registration under this subdivision or under sections 360.511 to 360.67, as applicable.

Sec. 24. Minnesota Statutes 1998, section 414.11, is amended to read:

414.11 [MUNICIPAL BOARD SUNSET.]

The municipal board shall terminate on ~~December 31~~ June 1, 1999, and all of its authority and duties under this chapter shall be transferred to the office of strategic and long-range planning according to section 15.039, and any money remaining available on that date of the amount appropriated to the municipal board for fiscal year 2000 is transferred and appropriated to the director of the office of strategic and long-range planning to be used for the purposes of this chapter.

Sec. 25. [414.12] [DIRECTOR'S POWERS.]

Notwithstanding anything to the contrary in sections 414.01 to 414.11, the director of the office of strategic and long-range planning, upon consultation with affected parties and considering the procedures and principles established in sections 414.01 to 414.11, and Laws 1997, chapter 202, article 4, sections 1 to 13, may require alternative dispute resolution processes, including those provided in chapter 14, in the execution of the office's duties under this chapter.

Sec. 26. Minnesota Statutes 1998, section 469.169, subdivision 12, is amended to read:

Subd. 12. [ADDITIONAL ZONE ALLOCATIONS.] (a) In addition to tax reductions authorized in subdivisions 7, 8, 9, 10, and 11, the commissioner shall allocate tax reductions to border city enterprise zones located on the western border of the state. The cumulative total amount of tax reductions for all years of the program under sections 469.1731 to 469.1735, is limited to:

- (1) for the city of Breckenridge, \$394,000;
- (2) for the city of Dilworth, \$118,200;
- (3) for the city of East Grand Forks, \$788,000;
- (4) for the city of Moorhead, \$591,000; and
- (5) for the city of Ortonville, \$78,800.

Allocations made under this subdivision may be used for tax reductions provided in section 469.1732 or 469.1734 or for reimbursements under section 469.1735, subdivision 3, but only if the municipality determines that the granting of the tax reduction or offset is necessary to enable a business to expand within a city or to attract a business to a city. Limitations on allocations under subdivision 7 do not apply to this allocation.

(b) The limit in the allocation in paragraph (a) for a municipality may be waived by the commissioner if the commissioner of revenue finds that the municipality must provide an incentive under section 469.1732 or 469.1734 that, by itself or when aggregated with all other tax reductions granted by the municipality under those provisions, exceeds the municipality's maximum allocation under paragraph (a), in order to obtain or retain a business in the city that would not occur in the municipality without the incentive. The limit may be waived only if the commissioner finds that the business for which the tax incentives are to be provided:

- (1) requires a private capital investment of at least \$1,000,000 within the city;
- (2) employs at least 25 new or additional full-time equivalent employees within the city; and
- (3) pays its employees at the location in the city wages that, on the average, will exceed the average wage paid in the county in which the municipality is located.

Sec. 27. Minnesota Statutes 1998, section 469.169, is amended by adding a subdivision to read:

Subd. 14. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 to 12, the commissioner may allocate \$1,500,000 for tax reductions to

border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under subdivision 7, do not apply to this allocation.

Sec. 28. Minnesota Statutes 1998, section 469.1735, is amended by adding a subdivision to read:

Subd. 4. [APPROPRIATION; WAIVERS.] An amount sufficient to fund any tax reductions under a waiver made by the commissioner under section 469.169, subdivision 12, paragraph (b), is appropriated to the commissioner of revenue from the general fund. This appropriation may not be deducted from the dollar limits under this section or section 469.169 or 469.1734.

Sec. 29. Laws 1997, Second Special Session chapter 2, section 6, is amended to read:

Sec. 6. TRADE AND ECONOMIC
DEVELOPMENT

8,200,000

Notwithstanding the requirement in Minnesota Statutes, section 469.169, subdivision 11, as added by Laws 1997, chapter 231, article 16, section 20, to base allocations to zones in cities on the state's western border on a per capita basis, \$1,200,000 is a one-time appropriation from the general fund to the commissioner of trade and economic development for border city enterprise competitiveness grants under Minnesota Statutes, sections 469.166 to 469.173. Funds shall be allocated to communities with significant business losses that are at risk of losing business tax base due to noncompetitiveness with North Dakota and South Dakota and shall be available to communities for locally administered measures to retain their job base. Allocations made under this paragraph may be used for tax reductions as provided in Minnesota Statutes, section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under Minnesota Statutes, section 469.169, subdivision 7, do not apply to this appropriation. Enterprise zones that receive allocations under this paragraph may continue in effect for purposes of those allocations through ~~December 31, 1998~~ June 30, 1999.

\$6,000,000 is a one-time appropriation from the general fund to the Minnesota investment fund for grants to local units of government for locally administered operating loan programs for businesses directly and adversely affected by the

floods. Loan criteria and requirements shall be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7, and 116J.991, are waived. Businesses that receive grants or loans from this appropriation shall set goals for jobs retained and wages paid within the area designated under Presidential Declaration of Major Disaster, DR-1175.

\$1,000,000 is a one-time appropriation from the petroleum tank release cleanup fund to the commissioner of trade and economic development. Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, as amended by Laws 1997, chapter 200, article 2, section 4, these funds are to be used for grants to buy out property substantially damaged by a petroleum tank release.

Sec. 30. Laws 1999, chapter 112, section 1, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Acre" means an acre of effective agricultural use land within the state of Minnesota as reported to the farm service agency on form 156EZ for the purposes of this subdivision and subdivisions 2 and 9.

(c) "Commissioner" means the commissioner of revenue.

(d) "Effective agricultural use land" means the land suitable for growing an agricultural crop and excludes land enrolled in the conservation reserve program established by Minnesota Statutes, section 103F.515, or the water bank program established by Minnesota Statutes, section 103F.601.

(e) "Farm" or "farm operation" means an agricultural production operation with a unique farm number as reported on form 156EZ to the farm service agency, which includes at least 40 acres of effective agricultural use land. "Farm" also includes an agricultural production operation, which contains less than 40 acres of effective agriculture use if the farm operator operates another farm qualifying under this paragraph.

(f) "Farm operator" means a person who is identified as the operator of a farm on form 156EZ filed with the farm service agency.

(g) "Farm service agency" means the United States Farm Service Agency.

(h) "Farmer" or "farmer at risk" means a person who produces an agricultural crop or livestock and is reported to the farm service agency as bearing a percentage of the risk for the farm operation.

(i) "Livestock" means cattle, hogs, poultry, and sheep.

(j) "Livestock production facility" means a farm that has produced at least \$10,000 in sales of unprocessed livestock or unprocessed dairy products as reported on schedule F or form 1065 or form 1120 or 1120S of the farmer's federal income tax return for either taxable years beginning in calendar year 1997 or 1998.

(k) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint ventures, and corporations.

Sec. 31. Laws 1999, chapter 112, section 1, subdivision 3, is amended to read:

Subd. 3. [LIVESTOCK PRODUCERS.] A farmer person who owns or resides on property homesteaded under section 273.124, subdivision 1, paragraph (c), and operates a livestock production facility on 160 acres or less may elect the agricultural property tax refund under subdivisions 4 to 8 in lieu of the per acre payment under subdivision 2. To qualify, the farmer person must apply for the refund as provided in subdivisions 4 to 8. The 40 acre minimum farm size under subdivision 1 does not apply to eligibility under subdivisions 4 to 8.

Sec. 32. Laws 1999, chapter 112, section 1, subdivision 4, is amended to read:

Subd. 4. [REFUND.] The refund equals the full amount of the property tax payment due and payable on May 15, 1999, on a livestock production facility that is class 1b agricultural homestead property or class 2a agricultural homestead property as defined in Minnesota Statutes, section 273.13, excluding that portion of the tax attributable to the house, garage, and surrounding acre of land. ~~If a portion of the property was leased for the agricultural production year, the refund amount shall be prorated so that only the portion of the property which was not leased for the agricultural production year qualifies for the refund reduced by \$4 for each acre that was leased for the agricultural production year.~~

Sec. 33. Laws 1999, chapter 112, section 1, subdivision 9, is amended to read:

Subd. 9. [ALTERNATE QUALIFICATION.] (a) If an agricultural production operation does not meet the definition of a farm under subdivision 1 solely because (1) the farm operator had not filed a form 156EZ with the farm service agency, (2) there was an error in the farm service agency's records, or (3) an operator operates more than one farm and the acres of effective agricultural use land of each a farm is less than 40 acres, but the combined acres of effective agricultural use land of all land operated by that operator is at least 40 acres, the commissioner may allow the farm operator to apply for payment under subdivision 2 after providing such information as the commissioner may require to determine the number of acres that would be comparable to the effective agricultural use land listed on form 156EZ.

(b) If the number of acres of effective agricultural use land for crop year 1998 for a farm is greater than indicated in the farm service agency's records, the commissioner may allow a farm operator to apply for payment on the greater acreage after providing such information as the commissioner may require.

(c) If a person who produced an agricultural crop or livestock in 1998 and bore a portion of the risk for the farm operation does not meet the definition of a farmer under subdivision 1 solely because that information was not reported to the farm service agency, or because there was an error in the farm service agency's records, the commissioner may allow the farmer to be included on an application for payment under subdivision 2 after the farmer provides such information as the commissioner may require to determine the farmer was at risk for that farm.

Sec. 34. [COST ESTIMATES.]

Any waiver granted under Minnesota Statutes, section 469.169, subdivision 12, paragraph (b), must be reported within 60 days to the commissioner of finance and the chairs of the house and senate tax committees.

Sec. 35. [CITY OF RICHFIELD; AIRPORT IMPACT ZONE; FINANCING.]

Subdivision 1. [DESIGNATION OF AIRPORT IMPACT ZONE.] There is established within the city of Richfield an airport impact zone consisting of the real property described as follows: commencing at the intersection of the north city limits with the w'ly ROW line of trunk highway 77, thence south along the w'ly ROW line of trunk highway 77 to the n'ly ROW line of interstate highway 494, thence west along the n'ly ROW line of interstate highway 494 to the center line of Bloomington Avenue, thence north on the center line of Bloomington Avenue to the n'ly ROW line of East 77th Street to a point 133.2 feet east of the e'ly ROW line of Bloomington Avenue, thence north on a line parallel with and 133.2 feet east of the e'ly ROW line of Bloomington Avenue to the north city limits, thence east along the north city limits to the point of beginning.

Subd. 2. [AIRPORT IMPACTS DEFINED.] The legislature finds that:

(1) the area included within the airport impact zone defined under this section will experience significant and unique adverse environmental and socioeconomic impacts directly associated with the operation of the Minneapolis-St. Paul International Airport;

(2) whether funded directly by the metropolitan airports commission or by other means, expenditures for mitigation of those airport-created impacts involve an aspect of the airport's capital and operating expenses and will be made for airport purposes;

(3) appropriate measures to mitigate those adverse impacts include but are not limited to housing replacement activities; and

(4) the state legislature has authorized the expansion of the Minneapolis-St. Paul International Airport in order to accommodate the future economic growth of the state. The environmental quality board has adopted findings that identify the need to make land uses in the area identified in subdivision 1 compatible with airport uses.

Subd. 3. [METROPOLITAN AIRPORTS COMMISSION BONDS; SECURITY.] The metropolitan airports commission shall issue and sell its obligations in an aggregate principal amount not to exceed \$30,000,000, after deducting costs of issuance, discount, and capitalized interest. The metropolitan airports commission shall, not later than January 30, 2000, transfer \$30,000,000 to the city of Richfield to be used to finance the costs of land and structure acquisition, demolition, relocation and site clearance, and public improvements within the airport impact tax zone established under subdivision 1, including, without limitation, the following housing replacement activities anywhere within the city: rehabilitation, acquisition, demolition, relocation assistance, and relocation of existing single-family or multifamily housing, and financing of new or existing single-family or multifamily housing that replaces housing units eliminated by redevelopment within the airport impact zone.

Subd. 4. [TERMS.] The obligations must be secured by the revenues and pledges from the metropolitan airports commission in accordance with subdivision 5, and must be issued in accordance with chapter 475, provided that no election is required, net debt limits do not apply, and the obligations must mature no later than 35 years from the date of issue of the original obligations. The metropolitan airports commission may issue obligations to refund any obligations issued under this section, the principal amount of which shall not be included in computing the limits on amount of obligations issuable by the commission under this section.

Subd. 5. [SECURITY; METROPOLITAN AIRPORTS COMMISSION PAYMENTS.] (a) Notwithstanding anything to the contrary in Minnesota Statutes, sections 473.601 to 473.679, on or before the due date of each principal and interest payment on obligations issued under this section, the treasurer of the metropolitan airports commission shall remit from any available funds to the trustee or paying agent for the obligations an amount sufficient for the payment, without further order from the commission. The metropolitan airports commission shall be obligated to the holders of obligations issued under this section, to establish, revise from time to time, and collect landing fees according to schedules such as to produce revenues, together with other revenues not restricted by law or regulation available to the metropolitan airport commission, at all times sufficient to pay 105 percent of principal and interest on all obligations issued under this section.

(b) Notwithstanding anything to the contrary in Minnesota Statutes, sections 473.601 to 473.679, any obligations issued under this section shall be further secured by the pledge of the full faith and credit of the metropolitan airports commission, which shall be obligated to levy upon all taxable property within the metropolitan area a tax at the times and in the amounts, if any, as may be required to provide funds sufficient to pay all the obligations and interest thereon in the event revenues pledged under paragraph (a), are insufficient for that purpose. This tax, if ever required to be levied, shall not be subject to any limitation of rate or amount.

(c) The pledges described in this section shall be made by resolution of the metropolitan airports commission. The security afforded by this section extends equally and ratably to all bonds issued under this section and all bonds issued by the metropolitan airports commission secured by similar pledges.

Subd. 6. [OBLIGATION DEFINED.] In subdivisions 1 to 5, "obligation" has the meaning given in Minnesota Statutes, section 475.51, subdivision 3. The term includes obligations issued to refund prior obligations issued under this section.

Subd. 7. [COMPLIANCE WITH FEDERAL LAW; NO ADDITIONAL COMMITMENTS.]
(a) Nothing in this section shall require the metropolitan airports commission to violate federal law or regulation, including the Federal Aviation Administration revenue diversion policy.

(b) If this section violates federal law or regulations, including the Federal Aviation Administration revenue diversion policy, the requirements imposed upon the metropolitan airports commission under this section are terminated and shall not become commitments of the state.

Subd. 8. [RELATIONSHIP TO REQUIREMENTS UNDER AGREEMENT.] The requirements imposed upon the metropolitan airports commission under this section are in addition to any requirements imposed upon the commission under the Richfield-metropolitan airports commission noise mitigation agreement dated December 18, 1998.

Sec. 36. [EXTENSIONS FOR OPERATION ALLIED FORCE SERVICE MEMBERS.]

The limitations of time provided by Minnesota Statutes, chapter 289A relating to administration of taxes, chapter 290 relating to income taxes, chapter 271 relating to the tax court for filing returns, paying taxes, claiming refunds, commencing action thereon, appealing to the tax court from orders relating to income taxes, and the filing of petitions under chapter 278, and appealing to the Supreme Court from decisions of the tax court relating to income taxes are extended, as provided in the special rule for section 7508 of the Internal Revenue Code in section 1, paragraph (c), of Public Law Number 106-21.

Sec. 37. [TRANSFER.]

The commissioner of finance shall transfer \$2,000,000 from the conservation fund under Minnesota Statutes, section 40A.151, to the general fund on July 1, 1999.

Sec. 38. [APPROPRIATION.]

\$143,000 is appropriated to the commissioner of revenue from the general fund for the cost of administering this act. This appropriation is for fiscal year 2000 and any unspent amount may be carried over to fiscal year 2001. This is a one-time appropriation and not part of the budget base for the department.

Sec. 39. [REPEALER.]

Minnesota Statutes 1998, sections 297E.12, subdivision 3; 297F.19, subdivision 4; and 297G.18, subdivision 4, are repealed.

Sec. 40. [EFFECTIVE DATES.]

Sections 4, 21, 22, 25, and 29 to 34 are effective the day following final enactment.

Section 5 is effective for checks received on or after the day following final enactment.

Section 6 is effective the day following final enactment, and applies to offers-in-compromise submitted after June 30, 1999.

Sections 7 and 19 are effective for payments due on or after the day following final enactment.

Sections 8, 9, and 10 are effective for claims for setoff submitted to the commissioner of revenue by claimant agencies after June 30, 1999.

Sections 11 to 13 are effective for documents executed, recorded, or registered after June 30, 1999.

Section 14, paragraph (a), is effective at the same time that section 6015(b) of the Internal

Revenue Code is effective for federal tax purposes. Section 14, paragraph (b), is effective for claims for innocent spouse relief, requests for allocation of joint income tax liability, and taxes filed or paid on or after the day following final enactment.

Section 15 is effective for orders issued on or after the day following final enactment.

Section 16 is effective for disabilities existing on or after the date of enactment for which claims for refund have not expired under the time limit in Minnesota Statutes, section 289A.40, subdivision 1. Claims based upon reasonable cause must be filed prior to the expiration of the repealed ten-year period or within one year after the date of enactment, whichever is earlier.

Section 18 is effective for refund claims filed on or after the day following final enactment.

Section 20 is effective for tax years ending on or after the day following final enactment.

Section 23 is effective for aircraft registered after June 30, 1999.

Section 24 is effective June 1, 1999.

Section 36 is effective at the same time section 1, paragraph (c), of Public Law Number 106-21 becomes effective."

Delete the title and insert:

"A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, estate, and special taxes; conforming with changes in federal income tax provisions; authorizing certain cities to impose sales taxes and issue bonds; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing property tax abatements; reducing the rate of health care provider taxes; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; regulating state and local business subsidies; authorizing issuance of certain local obligations; requiring the metropolitan airports commission to provide funding for airport noise mitigation projects; modifying payment of certain aids to local units of government; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; requiring tax rebates when there is a budget surplus; requiring a study; authorizing requirements to use alternative dispute resolution processes in annexation and similar proceedings; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16D.09; 60A.19, subdivision 6; 92.51; 97A.065, subdivision 2; 204B.135, by adding a subdivision; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270.78; 270A.03, subdivision 2; 270A.07, subdivision 2; 270A.08, subdivision 2; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 1a, 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.70, subdivision 5; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.55, subdivision 9; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 19g, 31,

and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3, 6, and 15; 290B.03, subdivision 1; 290B.04, subdivisions 2, 3, and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 295.57, by adding a subdivision; 296A.16, by adding subdivisions; 297A.15, subdivision 5; 297A.25, subdivisions 9, 63, 73, and by adding subdivisions; 297A.48, by adding subdivisions; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.22, subdivision 7; 298.24, subdivision 1; 298.28, subdivisions 9a and 9b; 298.296, subdivision 4; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 373.40, subdivision 1; 375.18, subdivision 12; 375.192, subdivision 2; 383C.482, subdivision 1; 414.11; 462A.071, subdivision 2; 465.82, by adding a subdivision; 469.002, subdivision 10; 469.012, subdivision 1; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding subdivisions; 469.1815, subdivision 2; 473.252, subdivision 2; 475.52, subdivisions 1, 3, and 4; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; article 2, section 68, subdivision 3, as amended; article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; Laws 1998, chapter 645, section 3; and Laws 1999, chapter 112, section 1, subdivisions 1, 3, 4, and 9; proposing coding for new law in Minnesota Statutes, chapters 16A; 116J; 275; 290; 383D; 414; and 469; repealing Minnesota Statutes 1998, sections 92.22; 116J.991; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; 473.252, subdivisions 4 and 5; and 477A.05; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ron Abrams, Dan McElroy, William Kuisle, Henry Todd Van Dellen, Ann H. Rest

Senate Conferees: (Signed) Douglas J. Johnson, Jim Vickerman, Steve L. Murphy, John C. Hottinger, William V. Belanger, Jr.

Senator Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2420 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2420 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Johnson, D.J.	Krentz	Moe, R.D.
Belanger	Foley	Johnson, J.B.	Laidig	Murphy
Berg	Frederickson	Junge	Langseth	Neuville
Berglin	Hanson	Kelley, S.P.	Larson	Novak
Betzold	Higgins	Kelly, R.C.	Lesewski	Oliver
Cohen	Hottinger	Kierlin	Lessard	Olson
Day	Janezich	Kiscaden	Limmer	Ourada
Dille	Johnson, D.E.	Kleis	Lourey	Pappas
Fischbach	Johnson, D.H.	Knutson	Metzen	Piper

Pogemiller
Price
Ranum
Robertson

Robling
Runbeck
Sams
Samuelson

Scheevel
Scheid
Solon
Spear

Stevens
Stumpf
Ten Eyck
Terwilliger

Vickerman
Wiener
Wiger
Ziegler

Those who voted in the negative were:

Marty

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 420, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 420 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1999

CONFERENCE COMMITTEE REPORT ON H.F. NO. 420

A bill for an act relating to cities; modifying the authority to establish a housing improvement area; amending Minnesota Statutes 1998, sections 428A.11, subdivision 6, and by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; and 428A.19; repealing Minnesota Statutes 1998, section 428A.21.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 420, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 420 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [BROOKLYN PARK; ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [HOUSING IMPROVEMENT AREAS.] The city of Brooklyn Park may, by resolution, authorize its economic development authority to exercise all or any part of the powers of the city under Minnesota Statutes, sections 428A.11 to 428A.20. The authority may establish one or more housing improvement areas within the city under that authority.

Subd. 2. [USE OF FEES.] The economic development authority may use fees permitted under Minnesota Statutes, section 428A.14, subdivision 1, to reimburse the authority for housing improvements or to pay bonds issued by the authority under Minnesota Statutes, section 428A.16.

Subd. 3. [BONDS.] With the approval of the governing body of the city, the authority may issue bonds secured by fees imposed under Minnesota Statutes, section 428A.14, and the full faith, credit, and taxing power of the city.

Sec. 2. [EFFECTIVE DATE.]

The provisions of this act are effective upon local approval by the governing body of the city of Brooklyn Park under Minnesota Statutes, section 645.021, and remain in effect without regard to the provisions of Minnesota Statutes, section 428A.21."

Delete the title and insert:

"A bill for an act relating to the city of Brooklyn Park; authorizing its economic development authority to exercise housing improvement powers and issue bonds."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Bill Haas, Ann H. Rest, Ron Abrams

Senate Conferees: (Signed) Linda Scheid, Douglas J. Johnson, William V. Belanger, Jr.

Senator Scheid moved that the foregoing recommendations and Conference Committee Report on H.F. No. 420 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 420 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Olson	Scheid
Belanger	Janezich	Langseth	Ourada	Solon
Berg	Johnson, D.E.	Larson	Pappas	Spear
Berglin	Johnson, D.H.	Lesewski	Pariseau	Stevens
Betzold	Johnson, D.J.	Lessard	Piper	Stumpf
Cohen	Johnson, J.B.	Limmer	Pogemiller	Ten Eyck
Day	Junge	Lourey	Price	Terwilliger
Dille	Kelley, S.P.	Marty	Ranum	Vickerman
Fischbach	Kelly, R.C.	Metzen	Robertson	Wiener
Flynn	Kierlin	Moe, R.D.	Robling	Wiger
Foley	Kiscaden	Murphy	Runbeck	Ziegler
Frederickson	Kleis	Neuville	Sams	
Hanson	Knutson	Novak	Samuelson	
Higgins	Krentz	Oliver	Scheevel	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 9: A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2000.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the

Conference Committee on Senate File No. 1876, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1876: A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

Senate File No. 1876 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 333, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 333: A bill for an act relating to crime prevention; requiring disclosure to consumer of consumer report recipients; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13C; and 609.

Senate File No. 333 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2225, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2225: A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04,

subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 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259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 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4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

Senate File No. 2225 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 2224.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1999

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 17, 1999

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter Number 167, Senate File Number 1609, a bill eliminating competitive bidding requirements at the municipal level for purchases made through a national purchasing alliance, and providing an exemption for governmental units to jointly contract in amounts estimated not to exceed \$25,000.

Earlier this session I vetoed a bill that increased the dollar limit allowed for uniform municipal contracts. While Chapter 167 may be perceived as an effort to streamline government, I have similar concerns with this bill. Chapter 167 would permit municipal purchases to be made at any dollar level through national municipal association purchasing alliances. Providing a mechanism for municipalities to evade the procurement policy objectives established by the Legislature will adversely affect the state's cooperative purchasing program and state mandates for environmentally-responsible purchasing. Economically disadvantaged small businesses and minority business owners will also be affected negatively by this bill.

Because this bill would affect the state's cooperative purchasing contracts, the Department of Correction's MNCORR program would suffer drastic reductions in its customer base. While MNCORR is on track to meet its legislative mandate to achieve self-sufficiency by 2003, this bill would hinder the department's progress and threaten the continuation of the entire program. These work programs serve a critical function in the secure and safe operation of our state prisons. We should not jeopardize this important program in the name of streamlining government.

For these reasons, I oppose this bill.

Sincerely,
Jesse Ventura, Governor

MEMBERS EXCUSED

Senator Johnson, J.B. was excused from the Session of today from 9:00 to 9:20 a.m. Senator Robertson was excused from the Session of today from 1:20 to 3:00 p.m. Senator Scheid was excused from the Session of today from 2:20 to 2:40 p.m. Senator Sams was excused from the Session of today from 4:00 to 4:20 p.m. Senator Pariseau was excused from the Session of today from 11:45 to 11:55 p.m.

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, February 1, 2000. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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