

## NINETY-FIRST DAY

St. Paul, Minnesota, Wednesday, April 19, 2006

The Senate met at 9:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Michael J. Jungbauer.

The roll was called, and the following Senators answered to their names:

Anderson	Foley	Kubly	Nienow	Scheid
Bachmann	Frederickson	Langseth	Olson	Senjem
Bakk	Gerlach	Larson	Ortman	Skoe
Belanger	Hann	LeClair	Pappas	Skoglund
Berglin	Higgins	Limmer	Pariseau	Solon
Betzold	Hottinger	Lourey	Pogemiller	Sparks
Bonoff	Johnson, D.E.	Marko	Ranum	Stumpf
Chaudhary	Johnson, D.J.	Marty	Reiter	Tomassoni
Clark	Jungbauer	McGinn	Rest	Vickerman
Cohen	Kelley	Metzen	Robling	Wergin
Day	Kierlin	Michel	Rosen	Wiger
Dibble	Kiscaden	Moua	Ruud	
Dille	Koch	Murphy	Sams	
Fischbach	Koering	Neuville	Saxhaug	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

## MOTIONS AND RESOLUTIONS

**Senators Kelley, Bonoff, Rest, Michel and Hann introduced –**

**Senate Resolution No. 191:** A Senate resolution honoring the Hopkins High School girls basketball team on winning the 2006 State High School Class AAAA girls basketball tournament.

Referred to the Committee on Rules and Administration.

## RECESS

Senator Johnson, D.E. moved that the Senate do now recess until 11:30 a.m. The motion prevailed.

The hour of 11:30 a.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Johnson, D.E., Chair of the Committee on Rules and Administration, designated S.F. No. 3131 a Special Order to be heard immediately.

### SPECIAL ORDER

**S.F. No. 3131:** A bill for an act relating to tax compliance; providing for income tax return processing; requiring certain withholding returns be filed by electronic means; providing for a study of certain audit positions within the Department of Revenue; providing for a study of sales and use tax compliance assistance for taxpayers of limited English proficiency; imposing a civil penalty; amending Minnesota Statutes 2004, section 289A.09, by adding a subdivision; Minnesota Statutes 2005 Supplement, sections 270C.01, subdivision 4; 289A.60, subdivision 21; proposing coding for new law in Minnesota Statutes, chapter 270C.

Senator Pogemiller moved to amend S.F. No. 3131 as follows:

Page 6, line 3, delete everything after "individual" and insert "may take a credit against the tax due under this chapter equal to \$59 for each month or portion thereof the individual was in active military service in a designated area after September 11, 2001."

Page 6, delete line 4

Page 6, line 5, delete everything before "An"

Page 21, after line 31, insert:

"Sec. 12. Minnesota Statutes 2005 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71,

subdivision 17;

(8) materials, supplies, fixtures, furnishings, and equipment for a county law enforcement and family service center under section 297A.71, subdivision 26;

(9) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23; ~~and~~

(10) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35; ~~and~~

(11) products purchased for use as fuel for a commuter rail system exempt under section 297A.68, subdivision 19, clause (7).

Sec. 13. Minnesota Statutes 2005 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

(2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (9), the owner of the qualified low-income housing project; ~~and~~

(6) for subdivision 1, clause (10), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities; ~~and~~

(7) for subdivision 1, clause (11), the applicant must be the purchaser of the fuel."

Page 34, line 35, delete "the following projects:"

Page 35, line 1, delete "(1)"

Page 35, line 2, delete everything after "\$3,000,000" and insert a period

Page 35, delete lines 3 and 4

Page 35, lines 6 and 20, delete "projects" and insert "project"

Page 37, line 16, delete "\$6,000,000" and insert "\$5,250,000"

Page 50, line 16, after "2008" insert "and later"

Page 56, line 19, after "years" insert ", not to exceed the time during which the person owned the property"

Page 61, after line 28, insert:

"Sec. 18. Minnesota Statutes 2005 Supplement, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial industrial tax capacity and five~~

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

**EFFECTIVE DATE.** This section is effective for taxes payable in 2007 and thereafter."

Page 68, delete section 27 and insert:

"Sec. 28. **MISCELLANEOUS EDUCATION PROPERTY TAX REDUCTION.**

Notwithstanding Minnesota Statutes, section 126C.10, subdivision 13a, the commissioner of education shall increase the operating capital equalizing factor under Minnesota Statutes, section 126C.10, subdivision 13a, to reduce the operating capital levy by \$2,593,000 in fiscal year 2008 and \$2,259,000 in fiscal year 2009."

Page 90, delete section 18

Page 120, after line 24, insert:

"Sec. 21. **CITY OF PENNOCK; ACQUIRE REAL ESTATE, EXPEND CITY FUNDS, AND CONVEY TO PRIVATE ENTITY.**

Subdivision 1. **Authorization.** The city of Pennock may purchase a parcel of real estate in the city consisting of four city lots and an appurtenant building formerly operated as a convenience store known as Phil's Corner on the terms and conditions that may be agreed upon between the city and the current owner of the parcel, and the city may expend city funds to make necessary improvements to the building. Once acquired and improved and in order to ensure the continued economic vitality of the city, the city may convey the parcel and building by sale or lease to a private person, firm, partnership, corporation or other entity for a nominal consideration or on whatever terms and conditions the city and the private entity may agree upon in order for the building to be operated as a commercial establishment.

Subd. 2. **Bonds.** The city of Pennock may issue general obligation bonds of the city in the aggregate principal amount not to exceed \$250,000 to finance the project authorized by subdivision 1. The bonds must be issued in compliance with Minnesota Statutes, chapter 475, except that a referendum under Minnesota Statutes, section 475.58, is not required. The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation otherwise applicable to the city.

**EFFECTIVE DATE.** Under Minnesota Statutes 2004, section 645.023, subdivision 1, paragraph (a), this section is effective without local approval on the day following final enactment."

Page 121, delete section 1

Page 122, delete section 2

Page 124, delete sections 7 to 9

Page 131, line 16, delete "2038" and insert "2033, and tax increment financing district No. 1-C, containing the Mall of America development, for a period through December 31, 2033"

Page 133, line 29, delete "act" and insert "section"

Page 137, delete section 29

Page 137, line 23, before "Laws" insert "(a)"

Page 137, after line 23, insert:

"(b) Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed."

Page 142, after line 13, insert:

"Sec. 2. Minnesota Statutes 2005 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** In calendar year 2004 and subsequent years, the formula aid for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the sum of the city's net tax capacity multiplied by the tax effort rate; the taconite aids under sections 298.28 and 298.282 to any city except a city directly impacted by a taconite mine or plant, multiplied by the following percentages:

- (i) zero percent for aids payable in 2004;
- (ii) 25 percent for aids payable in 2005;
- (iii) 50 percent for aids payable in 2006;
- (iv) 75 percent for aids payable in 2007; and
- (v) 100 percent for aids payable in 2008 and thereafter.

For purposes of this subdivision, "a city directly impacted by a taconite mine or plant" means: (1) Babbitt, (2) Eveleth, (3) Hibbing, (4) Keewatin, (5) Mountain Iron, (6) Silver Bay, or (7) Virginia.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

~~The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03 after the subtraction under section 477A.014, subdivisions 4 and 5 is 100 percent for aids payable in 2007 and thereafter.~~

Page 143, line 24, after the second "payable" insert "to each city"

Page 143, line 25, after "increased" insert "by the difference between the amount that would have been paid to the city under that provision and the amount that would be payable to the city if the aid were determined"

Page 144, line 31, delete "tax relief account" and insert "general fund"

Page 154, delete section 6

Page 159, line 23, after the period, insert "This exemption applies only if the purchase is made and delivery received after the business signed the business subsidy agreement required under chapter 469."

Pages 160 to 162, delete sections 15 to 17

Page 163, after line 17, insert:

"(c) Before final designation of the zone, the foreign trade zone authority, in consultation with the applicant, must conduct a transportation impact study based on the regional model and utilizing traffic forecasting and assignments. The results must be used to evaluate the effects of the proposed use on the transportation system and identify any needed improvements. If the site is in the metropolitan area the study must also evaluate the effect of the transportation impacts on the Metropolitan Transportation System plan as well as the comprehensive plans of the municipalities that would be affected. The authority shall provide copies of the study to the legislature under

section 3.195 and to the chairs of the committees with jurisdiction over transportation and economic development. The applicant must pay the cost of the study."

Page 163, line 18, strike "(c)" and insert "(d)"

Page 163, line 19, strike "(d)" and insert "(e)"

Page 166, delete section 27

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Senator Betzold imposed a call of the Senate for the balance of the proceedings on S.F. No. 3131. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Pogemiller amendment.

The roll was called, and there were yeas 58 and nays 7, as follows:

Those who voted in the affirmative were:

Bachmann	Gerlach	Langseth	Olson	Scheid
Bakk	Hann	Larson	Ortman	Senjem
Belanger	Hottinger	LeClair	Pariseau	Skoglund
Betzold	Johnson, D.E.	Limmer	Pogemiller	Solon
Bonoff	Johnson, D.J.	Lourey	Ranum	Sparks
Chaudhary	Jungbauer	Marko	Reiter	Stumpf
Clark	Kelley	McGinn	Rest	Tomassoni
Day	Kierlin	Metzen	Robling	Vickerman
Dille	Kiscaden	Michel	Rosen	Wergin
Fischbach	Koch	Murphy	Ruud	Wiger
Foley	Koering	Neuville	Sams	
Frederickson	Kubly	Nienow	Saxhaug	

Those who voted in the negative were:

Anderson	Dibble	Marty	Skoe
Cohen	Higgins	Pappas	

The motion prevailed. So the amendment was adopted.

Senator Stumpf moved to amend S.F. No. 3131 as follows:

Page 137, after line 14, insert:

"Sec. 29. **QUALIFIED BUSINESS; SMALL DECLINING POPULATION COUNTY.**

Notwithstanding Minnesota Statutes, section 469.310, subdivision 11, paragraph (f), a qualified business for purposes of Minnesota Statutes, section 469.310, subdivision 11, includes a food service business if the business is located solely in a qualified county, and if the business began operations in January 2004, with employment of between 15 and 20 part-time and full-time employees. For the purpose of this section, a "qualified county" is a county having an estimated population of less than 5,000 in 2004 and that experienced a reduction in population of at least 7.5 percent between 2000 and 2004, according to the state demographer.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Tomassoni moved to amend S.F. No. 3131 as follows:

Page 122, after line 26, insert:

**"Sec. 5. [383C.558] ST. LOUIS COUNTY DEED AND MORTGAGE TAX.**

Subdivision 1. **Authority to impose; rate.** (a) The governing body of St. Louis County may impose a mortgage registry and deed tax.

(b) The rate of the mortgage registry tax equals .0001 of the principal.

(c) The rate of the deed tax equals .0001 of the amount.

Subd. 2. **General law provisions apply.** The taxes under this section apply to the same base and must be imposed, collected, administered, and enforced in the same manner as provided under chapter 287 for the state mortgage registry and deed taxes. All the provisions of chapter 287 apply to these taxes, except the rate is as specified in subdivision 1, the term "St. Louis County" must be substituted for "the state," and the revenue must be deposited as provided in subdivision 3.

Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of the St. Louis County Board of Commissioners and must be deposited in the county's environmental response fund under section 383C.559.

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, 2013.

**Sec. 6. [383C.559] ST. LOUIS COUNTY ENVIRONMENTAL RESPONSE FUND.**

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed by section 383C.558 must be deposited in the fund. The board of county commissioners shall administer the fund either as a county board, a housing and redevelopment authority, or a regional rail authority.

Subd. 2. **Uses of fund.** The fund created in subdivision 1 must be used for the following purposes:

(1) acquisition through purchase or condemnation of lands or property which are polluted or contaminated with hazardous substances;

(2) paying the costs associated with indemnifying or holding harmless the entity taking title to lands or property from any liability arising out of the ownership, remediation, or use of the land or property;

(3) paying for the costs of remediating the acquired land or property;

(4) paying the costs associated with remediating lands or property which are polluted or contaminated with hazardous substances; or

(5) paying for the costs associated with improving the property for economic development, recreational, housing, transportation or rail traffic.

Subd. 3. **Matching funds.** In expending funds under this section, the county shall seek matching funds from contamination cleanup funds administered by the commissioner of the Department of Employment and Economic Development, the federal government, the private sector, and any other source.

Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by section 383C.558 to bonds issued under this chapter and chapters 398A, 462, 469, and 475.

Subd. 5. **Land sales.** Land or property acquired under this section may be resold at fair market value. Proceeds from the sale of the land must be deposited in the environmental response fund.

Subd. 6. **DOT assistance.** The commissioner of transportation shall collaborate with the county

and any affected municipality by providing technical assistance and support in cleaning up a contaminated site related to a trunk highway or railroad improvement."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Dille moved to amend S.F. No. 3131 as follows:

Page 153, after line 35, insert:

"Sec. 6. Minnesota Statutes 2004, 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 or a municipal ambulance service,~~ 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, and the Minnesota collection enterprise as defined in section 16D.02, subdivision 8, for the purpose of collecting the costs imposed under section 16D.11. A county may act as a claimant agency on behalf of an ambulance service licensed under chapter 144E if the ambulance service's primary service area is located at least in part within the county, but more than one county may not act as a claimant agency for a licensed ambulance service with respect to the same debt."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Bakk moved to amend S.F. No. 3131 as follows:

Page 145, after line 20, insert:

"Section 1. Minnesota Statutes 2004, section 298.001, is amended by adding a subdivision to read:

Subd. 3a. **Producer.** "Producer" means a person engaged in the business of mining or producing iron ore, taconite concentrate, or direct reduced ore in this state.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 2. Minnesota Statutes 2005 Supplement, section 298.01, subdivision 3, is amended to read:

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

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;



(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 3. Minnesota Statutes 2004, section 298.01, subdivision 3a, is amended to read:

Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 3, gross income is determined by the amount of gross proceeds from mining in this state under section 298.016 and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state. If more than one mineral, metal, or energy resource referred to in section 298.016 is mined and processed at the same mine and plant, a gross income for each mineral, metal, or energy resource must be determined separately. The gross incomes may be combined on one occupation tax return to arrive at the gross income of all production.

(b) ~~In applying section 290.191, subdivision 5, transfers of ores are deemed to be sales outside in this state if the ores are transported out of this state after the ores have been converted to a marketable quality.~~

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 4. Minnesota Statutes 2004, section 298.01, subdivision 3b, is amended to read:

Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under subdivision 3, the deductions from gross income include only those expenses necessary to convert raw ores to marketable quality. Such expenses include costs associated with refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable ores are produced, unless the expenses are included in gross income. The allowable deductions from a mine or plant that mines and produces more than one mineral, metal, or energy resource must be determined separately for the purposes of computing the deduction in section 290.01, subdivision 19c, clause (9). These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

(b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (9), and 19d, clauses (7) and (11), are not used to determine taxable income.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 5. Minnesota Statutes 2005 Supplement, section 298.01, subdivision 4, is amended to read:

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

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the

trade or business during the tax period;

(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 6. Minnesota Statutes 2004, section 298.01, subdivision 4a, is amended to read:

Subd. 4a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 4, gross income is determined by the mine value of the ore mined in Minnesota and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state.

(b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b. mine. The mine value is calculated by multiplying the iron unit price for the period, as determined by the commissioner, by the tons produced and the weighted average analysis.

(c) In applying section 290.191, subdivision 5, transfers of iron ore and taconite concentrates are deemed to be sales ~~outside in~~ this state ~~if the iron ore or taconite concentrates are transported out of this state after the raw iron ore and taconite concentrates have been converted to a marketable quality.~~

(d) If iron ore or taconite and a mineral, metal, or energy resource referred to in section 298.016 is mined and processed at the same mine and plant, a gross income for each mineral, metal, or energy resource must be determined separately from the mine value for the iron ore or taconite. The gross income may be combined on one occupation tax return to arrive at the gross income from all production.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 7. Minnesota Statutes 2004, section 298.01, subdivision 4b, is amended to read:

Subd. 4b. **Deductions.** For purposes of determining taxable income under subdivision 4, the deductions from gross income include only those expenses necessary to convert raw iron ore or taconite concentrates to marketable quality. Such expenses include costs associated with beneficiation and refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable iron ore or taconite pellets are produced. The allowable deductions from a mine or plant that mines and produces iron ore or taconite and one or more mineral or metal referred to in section 298.016 must be determined separately for the purposes of computing the deduction in section 290.01, subdivision 19c, clause (9). These deductions may be combined on one occupation tax return to arrive at the deduction from gross income for all production.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005.

Sec. 8. Minnesota Statutes 2004, section 298.01, is amended by adding a subdivision to read:

Subd. 6. **Deductions applicable to mining both taconite and other ores; ratio applied.** If a person is engaged in the business of mining or producing both iron ores, taconite concentrates, or direct reduced ore, and other ores from the same mine or facility, that person must separately

determine the mine value of (1) the iron ore, taconite concentrates, and direct reduced ore, and (2) the amount of gross proceeds from mining other ores in Minnesota. The ratio of mine value from iron ore, taconite concentrates, and direct reduced ore to gross proceeds from mining other ores must be applied to deductions common to both processes to determine taxable income for tax paid pursuant to subdivisions 3 and 4.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005."

Page 150, after line 13, insert:

"Sec. 15. **TRANSITION PROVISIONS.**

Each person with an alternative minimum tax credit on December 31, 2005, pursuant to Minnesota Statutes 2004, section 298.01, may take that credit against occupation tax under Minnesota Statutes 2004, section 298.01, subdivisions 3d and 4e.

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2004, section 298.01, subdivisions 3c, 3d, 4d, and 4e, are repealed effective for tax years beginning after December 31, 2005."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Vickerman moved to amend S.F. No. 3131 as follows:

Page 4, after line 7, insert:

"Sec. 2. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching

of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

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

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

(7) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

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

(9) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

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

(11) the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes services performed exclusively for purposes of basic combat training, advanced individual training, annual training, and periodic inactive duty training; special training periodically made available to reserve members; and service performed in accordance with section 190.08, subdivision 3;

(12) the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota;

(13) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical

procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

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

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

(17) to the extent included in federal taxable income, a percentage of compensation received from a pension or other retirement pay from the government for service in the armed forces of the United States, up to a maximum amount.

For taxable years beginning after December 31, 2005, and before January 1, 2007, the percentage is 25 percent and the maximum amount is \$7,500; for taxable years beginning after December 31, 2006, and before January 1, 2008, the percentage is 50 percent and the maximum amount is \$15,000; for taxable years beginning after December 31, 2007, and before January 1, 2009, the percentage is 75 percent and the maximum amount is \$22,500; and for taxable years beginning after December 31, 2008, the percentage is 100 percent and there is no maximum amount.

**EFFECTIVE DATE.** This section is effective for tax years beginning after December 31, 2005."

Page 6, delete section 4

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Pogemiller moved to amend the Vickerman amendment to S.F. No. 3131 as follows:

Page 4, delete line 8

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

Pursuant to Rule 41.2, Senator Johnson, D.E. moved that he be excused from voting on the Vickerman amendment to S.F. No. 3131. The motion prevailed.

Pursuant to Rule 41.2, Senator Betzold moved that he be excused from voting on the Vickerman amendment to S.F. No. 3131. The motion prevailed.

The question recurred on the adoption of the Vickerman amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

**RECONSIDERATION**

Having voted on the prevailing side, Senator Murphy moved that the vote whereby the Vickerman amendment to S.F. No. 3131 was adopted on April 19, 2006, be now reconsidered. The motion prevailed. So the vote was reconsidered.

The question recurred on the Vickerman amendment, as amended.

The roll was called, and there were yeas 57 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Koering	Nienow	Senjem
Bachmann	Foley	Kubly	Olson	Skoe
Bakk	Frederickson	Langseth	Ortman	Solon
Belanger	Gerlach	Larson	Pariseau	Sparks
Berglin	Hann	LeClair	Reiter	Stumpf
Bonoff	Higgins	Limmer	Rest	Tomassoni
Chaudhary	Johnson, D.J.	Lourey	Robling	Vickerman
Clark	Jungbauer	McGinn	Rosen	Wergin
Cohen	Kelley	Metzen	Ruud	Wiger
Day	Kierlin	Michel	Sams	
Dibble	Kiscaden	Murphy	Saxhaug	
Dille	Koch	Neuville	Scheid	

Those who voted in the negative were:

Hottinger	Pappas	Ranum	Skoglund
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The motion prevailed. So the Vickerman amendment, as amended, was adopted.

Senator Murphy moved to amend S.F. No. 3131 as follows:

Page 50, after line 33, insert:

"Sec. 5. Minnesota Statutes 2004, section 144F.01, subdivision 4, is amended to read:

**Subd. 4. Property tax levy authority.** The district's board may levy a tax on the taxable real and personal property in the district. The ad valorem tax levy may not exceed 0.048 percent of the taxable market value of the district or ~~\$250,000~~ \$400,000, whichever is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times as provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel shall be included in the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes."

Page 68, after line 23, insert:

"Sec. 27. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective date, as amended by Laws 2005, chapter 151, article 3, section 19, is amended to read:

[EFFECTIVE DATE.] This section is effective for taxes levied in 2002, payable in 2003, ~~through taxes levied in 2009, payable in 2010 and thereafter.~~

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Murphy moved to amend S.F. No. 3131 as follows:

Page 159, delete section 13

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Kierlin	Michel	Robling
Belanger	Foley	Kiscaden	Moua	Rosen
Berglin	Frederickson	LeClair	Murphy	Ruud
Betzold	Gerlach	Limmer	Ortman	Senjem
Bonoff	Hann	Lourey	Pappas	Skoglund
Chaudhary	Higgins	Marko	Ranum	Solon
Clark	Hottinger	Marty	Reiter	Sparks
Cohen	Kelley	McGinn	Rest	Wiger

Those who voted in the negative were:

Bachmann	Johnson, D.J.	Larson	Pogemiller	Tomassoni
Bakk	Jungbauer	Metzen	Sams	Vickerman
Day	Koch	Neuville	Saxhaug	Wergin
Dille	Koering	Nienow	Scheid	
Fischbach	Kubly	Olson	Skoe	
Johnson, D.E.	Langseth	Pariseau	Stumpf	

The motion prevailed. So the amendment was adopted.

Senator Vickerman moved to amend S.F. No. 3131 as follows:

Pages 150 to 153, delete sections 1 to 5

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 41.2, Senator Cohen moved that he be excused from voting on the second Vickerman amendment to S.F. No. 3131. The motion prevailed.

The question was taken on the adoption of the second Vickerman amendment.

The roll was called, and there were yeas 36 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	McGinn	Skoe
Bachmann	Frederickson	Koering	Moua	Skoglund
Berglin	Gerlach	Kubly	Olson	Solon
Bonoff	Hann	LeClair	Pappas	Vickerman
Chaudhary	Higgins	Limmer	Pariseau	
Clark	Hottinger	Lourey	Ranum	
Day	Johnson, D.E.	Marko	Rest	
Dibble	Kelley	Marty	Sams	

Those who voted in the negative were:

Bakk	Jungbauer	Michel	Reiter	Senjem
Belanger	Kierlin	Murphy	Robling	Sparks
Betzold	Koch	Neuville	Ruud	Stumpf
Fischbach	Langseth	Nienow	Ruud	Tomassoni
Foley	Larson	Ortman	Saxhaug	Wergin
Johnson, D.J.	Metzen	Pogemiller	Scheid	Wiger

The motion prevailed. So the amendment was adopted.

Senator Pogemiller moved to amend S.F. No. 3131 as follows:

Page 166, after line 26, insert:

"Sec. 27. **APPROPRIATION.**

\$2,000,000 is appropriated from the general fund to the commissioner of public safety to be used to reimburse state and local law enforcement agencies for additional law enforcement efforts, focused on downtown Minneapolis."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Hottinger moved to amend S.F. No. 3131 as follows:

Page 55, after line 32, insert:

"Sec. 12. **[273.1115] AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Requirements.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

(1) the property is classified 1a, 1b, 2a, or 2b property under section 273.13, subdivisions 22 and 23;

(2) the property is at least ten contiguous acres, when the application is filed under subdivision 2;

(3) the owner has filed a completed application for deferment as specified in subdivision 2 with the county assessor in the county in which the property is located;

(4) there are no delinquent taxes on the property; and

(5) a covenant on the land restricts its use as provided in subdivision 2, clause (4).

Subd. 2. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 6 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (h), in the case of property classified class 2b, clause (5); or in the case of property classified 1a, 1b, 2a, and 2b, clauses (1) to (3), the application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (h); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the aggregate commercial deposit under its surface.



To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 4 allowing for the cancellation of the covenant under certain conditions.

Subd. 3. **Determination of value.** Upon timely application by the owner as provided in subdivision 2, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 2 must be valued as if it were agricultural property, using a per acre valuation equal to the current year's per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

Subd. 4. **Cancellation of covenant.** The covenant required under subdivision 2 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 5 are paid by the owner at the time of cancellation; and

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

Subd. 4a. **County termination.** Within two years of the effective date of this section, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six months of notification, all applications for valuation for deferment received shall be deemed eligible to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

Subd. 5. **Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 1, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 5, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section.

The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on such additional taxes if

timely paid.

The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 6.

Subd. 6. **Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 5 must not be imposed on the acres that are actively being mined and have been removed from the program under this section.

Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 5.

Subd. 7. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 8. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 1 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 1, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

Subd. 9. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (h).

Subd. 10. **County administrative fee.** A county may charge the owner of property that is valued under this section a fee to compensate for its costs of administering this program.

**EFFECTIVE DATE.** This section is effective for taxes levied in 2007, payable in 2008, and thereafter, except that for the 2007 assessment year, the application date under subdivision 4 shall be September 1, 2007, and subdivision 4a is effective the day following final enactment."

Page 58, line 9, strike the first "or"

Page 58, line 10, after "airport" insert "; or (5) land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, clauses (1) to (3)"

Page 60, after line 22, insert:

"(h) To qualify for classification under paragraph (b), clause (5), the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

(1) a legal description of the property;

(2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;

(3) documentation that the conditional use under the county or local zoning ordinance of this

property is for mining; and

(4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(i) When any portion of the property under this subdivision or section 273.13, subdivision 22, begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres."

Page 60, line 24, after "thereafter" insert ", except that the provisions relating to land with aggregate deposits is effective for taxes levied in 2007, payable in 2008, and thereafter"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Fischbach moved to amend S.F. No. 3131 as follows:

Page 68, after line 30, insert:

**"Sec. 27. LEASE LEVY; ADMINISTRATIVE SPACE, ROCORI AND FARIBAULT.**

Independent School Districts Nos. 656, Faribault, and 750, Rocori, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the satisfaction of the commissioner of education that the administrative space is less expensive than instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

**EFFECTIVE DATE.** This section is effective for revenue for taxes payable in 2007."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3131 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 32 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Lourey	Pogemiller	Stumpf
Bakk	Higgins	Marko	Ranum	Tomassoni
Berglin	Hottinger	Marty	Saxhaug	Vickerman
Betzold	Johnson, D.E.	Metzen	Scheid	Wiger
Chaudhary	Kelley	Moua	Skoe	
Cohen	Kiscaden	Murphy	Skoglund	
Dibble	Kubly	Pappas	Solon	

Those who voted in the negative were:

Bachmann	Frederickson	Koering	Neuville	Robling
Belanger	Gerlach	Langseth	Nienow	Rosen
Bonoff	Hann	Larson	Olson	Ruud
Clark	Johnson, D.J.	LeClair	Ortman	Sams
Day	Jungbauer	Limmer	Pariseau	Senjem
Dille	Kierlin	McGinn	Reiter	Sparks
Fischbach	Koch	Michel	Rest	Wergin

So the bill, as amended, failed to pass.

Senator Pogemiller moved that S.F. No. 3131 be laid on the table. The motion prevailed.

### CALL OF THE SENATE

Senator Limmer imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Murphy moved that S.F. No. 3764 be withdrawn from the Committee on Transportation and re-referred to the Committee on Finance. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

### REPORTS OF COMMITTEES

Senator Johnson, D.E. moved that the Committee Report at the Desk be now adopted. The motion prevailed.

#### Senator Cohen from the Committee on Finance, to which was referred

**S.F. No. 3016:** A bill for an act relating to human services; making changes to child care provider rates and parent fees; eliminating certain health care co-pays; increasing the MFIP transitional standard; reinstating health care benefits for certain noncitizens; repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax provision; appropriating money from the tax relief account; amending Minnesota Statutes 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision; 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09, subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4; 256J.37, subdivision 3a; 256L.04, subdivision 10; Minnesota Statutes 2005

Supplement, sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special Session chapter 4, article 3, section 19.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 26, after "a" insert "onetime"

Page 15, line 11, after "a" insert "onetime"

Page 15, delete section 8 and insert:

"Sec. 8. **REPEALER.**

(a) Minnesota Statutes 2004, section 256B.0631, subdivisions 2 and 4, are repealed.

(b) Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1 and 3; and 256J.37, subdivision 3b, are repealed.

(c) Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

(d) Minnesota Statutes 2004, section 256J.37, subdivision 3a, is repealed effective July 1, 2007."

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Amendments adopted. Report adopted.

### 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.

#### **Senator LeClair introduced—**

**S.F. No. 3779:** A bill for an act relating to taxation; providing a property tax rebate.

Referred to the Committee on Taxes.

#### **Senators Betzold and Limmer introduced—**

**S.F. No. 3780:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights; inconsistencies; ambiguities; unintended results; and technical errors; amending Minnesota Statutes 2004, section 325F.665, subdivision 1.

Referred to the Committee on Rules and Administration.

#### **Senator Cohen, for the Committee on Finance, introduced—**

**S.F. No. 3781:** A bill for an act relating to the financing of state government; making supplemental appropriations for education, environment and agriculture, economic development, transportation, public safety, state government, and health and human services; modifying certain statutory provisions and laws; providing for certain programs; establishing task forces,

commissions, and an office in state government; fixing and limiting fees; authorizing rulemaking; requiring reports; providing for penalties; appropriating money; amending Minnesota Statutes 2004, sections 13.6905, by adding a subdivision; 16B.325; 43A.08, subdivision 1a; 47.58, subdivision 8; 62A.045; 62Q.19, subdivision 2; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 80C.01, subdivision 4; 84.0835, subdivision 3; 85.053, by adding a subdivision; 85.054, by adding a subdivision; 85.32, subdivision 1; 97A.028, subdivision 3; 97A.045, subdivision 11; 115.03, by adding a subdivision; 115B.48, subdivision 3; 115E.01, subdivisions 5, 6, 7, 13, by adding subdivisions; 115E.04, subdivision 2, by adding subdivisions; 115E.05, subdivisions 1, 2; 115E.08, subdivision 3; 116J.421, subdivision 3; 116J.543; 116L.04, subdivisions 1, 1a; 116L.12, subdivision 4; 119A.50, subdivision 1; 119A.52; 119A.53; 119A.545; 119B.011, by adding a subdivision; 119B.03, subdivision 4; 119B.05, subdivision 1; 119B.13, by adding a subdivision; 120A.20, subdivision 1; 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023; 120B.024; 121A.035; 121A.15, subdivision 10; 121A.17, subdivision 3; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31, subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44; 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.57, subdivision 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90, subdivision 2; 123B.91, by adding a subdivision; 124D.02, subdivisions 2, 4; 124D.095, subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9; 124D.13, subdivisions 2, 3; 124D.518, subdivision 4; 124D.52, subdivision 1; 124D.61; 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.27, subdivisions 3, 7, 8, 11, 15, 18; 125A.29; 125A.30; 125A.32; 125A.33; 125A.48; 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.62, subdivision 1; 125A.63, subdivision 4; 125A.65, subdivisions 3, 4, 6, 8, 10; 125A.69, subdivision 3; 125A.75, subdivision 1, by adding a subdivision; 126C.05, subdivision 1; 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41, subdivision 2; 135A.031, subdivision 7, by adding subdivisions; 135A.053, subdivision 2; 136A.101, subdivisions 4, 8; 136A.15, subdivisions 6, 9, by adding a subdivision; 136A.16, by adding a subdivision; 136A.162; 136A.1701, subdivisions 4, 7, by adding a subdivision; 136A.233, subdivision 3; 136F.02, subdivision 1; 136F.42, subdivision 1; 136F.71, subdivision 2, by adding a subdivision; 137.17, subdivisions 1, 3; 144.552; 144.6501, subdivision 6; 144.9501, subdivisions 1, 2, by adding a subdivision; 144.9503, subdivision 3; 144.9507, by adding a subdivision; 144A.071, subdivision 4c; 144A.4605; 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision 2; 144D.04; 144D.05; 144D.065; 145.925, by adding a subdivision; 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 178.03, by adding a subdivision; 181.101; 183.02, by adding a subdivision; 216C.41, subdivision 4; 245.465, by adding a subdivision; 245.50, subdivisions 1, 2, 5; 245.771, by adding a subdivision; 245.94, subdivision 1; 245.97, subdivision 6; 245A.023; 245A.14, by adding a subdivision; 246.54, subdivision 1, by adding a subdivision; 253B.02, subdivision 2; 256.01, by adding subdivisions; 256.014, by adding subdivisions; 256.975, subdivision 7; 256B.02, subdivision 9; 256B.056, subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4; 256B.0625, subdivisions 20, 28, by adding subdivisions; 256B.0911, subdivision 3a; 256B.0913, by adding a subdivision; 256B.0945, subdivisions 1, 4; 256B.15, by adding a subdivision; 256B.437, subdivision 3; 256B.69, subdivisions 5g, 5h, 9, by adding a subdivision; 256B.76; 256J.01, by adding a subdivision; 256J.021; 256J.08, subdivision 65; 256J.37, subdivision 3a; 256J.521, subdivisions 1, 2; 256J.53, subdivision 2, by adding a subdivision; 256J.626, subdivisions 1, 2, 3, 4, 5; 256L.03, subdivision 3; 256L.04, subdivisions 7, 10, by adding a subdivision; 256L.07, subdivision 2; 256L.11, subdivision 1, by adding subdivisions; 256L.12, subdivision 9a; 256L.15, subdivision 1; 259.87; 298.22, subdivisions 1, 8, by adding a subdivision; 298.2213, subdivision 4; 298.223, subdivisions 2, 3; 299F.30; 326.105; 446A.03, subdivision 5; 446A.12, subdivision 1; 462A.05, by adding a subdivision; 473.252, subdivision 3; 488A.03, subdivisions 6, 11; 518.551, subdivision 7; 518.5852; 626.556, subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections 35.05; 85.053, subdivision 2; 85.055, subdivision 1; 115C.09, subdivision 3j; 116J.551, subdivision 1; 119B.13, subdivision 1; 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131, subdivision 2; 121A.19; 122A.414,

subdivisions 2b, 3; 122A.415, subdivisions 1, 3; 123B.04, subdivision 2; 123B.76, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivision 4; 124D.111, subdivision 1; 124D.135, subdivision 1; 124D.175; 124D.531, subdivision 1; 124D.68, subdivision 2; 125A.11, subdivision 1; 125A.28; 125A.79, subdivision 1; 126C.10, subdivisions 24, 31, 34; 126C.43, subdivision 2; 127A.45, subdivision 10; 135A.52, subdivisions 1, 2; 136A.121, subdivision 7a; 136A.1701, subdivision 12; 144.551, subdivision 1; 201.061, subdivision 3; 216C.052, subdivisions 3, 4; 216C.41, subdivision 3; 245.4874; 245C.24, subdivision 2; 256B.0571; 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.0625, subdivision 1a; 256B.075, subdivision 2; 256B.0911, subdivision 1a; 256B.0918, subdivisions 1, 3, 4; 256B.0946, subdivision 1; 256B.434, subdivision 4; 256B.69, subdivision 23; 256D.03, subdivisions 3, 4; 256J.626, subdivision 6; 256L.01, subdivision 4; 256L.03, subdivisions 1, 5; 256L.035; 256L.04, subdivision 1a; 256L.07, subdivisions 1, 3; 256L.15, subdivision 2; 298.296, subdivision 1; 298.298; 299A.78; 327.201; 626.556, subdivisions 2, 3; Laws 1998, chapter 404, section 15, subdivision 2, as amended; Laws 2005, chapter 136, article 1, sections 10; 13, subdivision 3; Laws 2005, chapter 156, article 1, section 11, subdivision 5; Laws 2005, First Special Session chapter 1, article 2, sections 3, subdivision 2; 11, subdivision 10; article 3, section 2, subdivision 4; Laws 2005, First Special Session chapter 4, article 7, section 59; article 9, sections 3, subdivision 2; 5, subdivision 8; Laws 2005, First Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7, 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10, 13; article 3, section 18, subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5, section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7, section 20, subdivisions 2, 3, 4, 5; article 8, section 8, subdivisions 2, 3, 5; article 9, section 4, subdivision 2; article 10, section 5, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 3; 4; 16E; 43A; 62S; 80C; 85; 115E; 116J; 119A; 121A; 122A; 124D; 135A; 136A; 144; 144A; 144D; 152; 245; 254A; 256; 256B; 256D; 256J; 256K; 256L; 259; 299A; 299F; 325E; 341; proposing coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota Statutes 2004, sections 17.10; 62J.694, subdivision 5; 119A.46, subdivisions 4, 5, 6, 7, 9, 10; 119A.51; 120A.20, subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 135A.031, subdivision 5; 135A.033; 136A.15, subdivision 5; 136A.1702; 137.17, subdivisions 2, 4; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7, 8, 9; 256B.83; 256J.626, subdivision 9; 488A.03, subdivision 11b; Minnesota Statutes 2005 Supplement, sections 119A.46, subdivisions 1, 2, 3, 8; 119B.13, subdivision 7; 135A.031, subdivisions 3, 4; 256B.0571, subdivisions 2, 5, 11; 256J.626, subdivision 7; 256L.035; Laws 2003, First Special Session chapter 14, article 9, section 36; Minnesota Rules, parts 4668.0215; 4850.0011, subparts 10, 14, 27, 9; 4850.0014, subpart 1.

Under the Rules of the Senate, laid over one day.

### MEMBERS EXCUSED

Senator Moua was excused from the Session of today from 9:00 a.m. to 1:20 p.m.

### ADJOURNMENT

Senator Johnson, D.E. moved that the Senate do now adjourn until 9:00 a.m., Thursday, April 20, 2006. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

