

SIXTY-SECOND DAY

St. Paul, Minnesota, Thursday, February 11, 2010

The Senate met at 8:30 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Craig Richter.

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

Anderson	Fischbach	Kubly	Pappas	Sieben
Bakk	Fobbe	Langseth	Pariseau	Skoe
Berglin	Foley	Latz	Parry	Skogen
Betzold	Frederickson	Limmer	Pogemiller	Sparks
Bonoff	Gerlach	Lourey	Prettner Solon	Stumpf
Carlson	Gimse	Lynch	Rest	Tomassoni
Chaudhary	Hann	Marty	Robling	Torres Ray
Clark	Higgins	Metzen	Rosen	Vandever
Cohen	Ingebrigtsen	Michel	Rummel	Vickerman
Dahle	Johnson	Moua	Saltzman	Wiger
Dibble	Jungbauer	Olseen	Saxhaug	
Dille	Kelash	Olson, G.	Scheid	
Doll	Koch	Olson, M.	Senjem	
Erickson Ropes	Koering	Ortman	Sheran	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Pogemiller moved that the Committee Reports at the Desk be now adopted, with the exception of the reports pertaining to appointments. The motion prevailed.

Senator Metzen from the Committee on Business, Industry and Jobs, to which was referred

S.F. No. 2167: A bill for an act relating to economic development; providing for stimulation of the construction industry; streamlining and modifying conditions that apply to certain construction projects; providing an investment tax credit and a historic structure rehabilitation credit; authorizing green energy revenue bonds; permitting local assessments for energy improvements; appropriating

money; amending Minnesota Statutes 2008, sections 16C.16, by adding a subdivision; 429.011, by adding subdivisions; 429.021, subdivision 1; 429.031, subdivision 3; 469.176, subdivision 2, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 116J; 290; 469.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

CONSTRUCTION INDUSTRY STIMULUS

Section 1. Minnesota Statutes 2008, section 16C.16, is amended by adding a subdivision to read:

Subd. 13. **Actions related to stimulus projects.** This section applies to the construction of a stimulus project, as authorized in section 469.176, subdivision 8.

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

Sec. 2. Minnesota Statutes 2008, section 429.011, is amended by adding a subdivision to read:

Subd. 2c. **Municipality, energy conservation improvements.** For purposes of construction, improvement, alteration, and reconstruction of an on-site energy conservation system, a municipality may provide the improvements through and impose special assessments upon the request of a port authority, economic development authority, industrial development authority, or housing and redevelopment authority.

Sec. 3. Minnesota Statutes 2008, section 429.011, is amended by adding a subdivision to read:

Subd. 17. **On-site energy conservation improvements.** "On-site energy conservation improvement" means any type of active or passive improvement, including insulation; windows or doors; heating, cooling, or other building systems; lighting systems; energy-related process or manufacturing changes; energy demand monitoring and regulation equipment; and any other type of device, improvement, or equipment installed in a building for the primary purpose of reduction in the use of energy in the building, whether the devices, equipment, or improvements so installed are publicly or privately owned.

Sec. 4. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

Subdivision 1. **Improvements authorized.** The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate

limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.

(12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

(16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.

(17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.

(18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.

(19) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, if the council finds that:

(i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and

(ii) the service to be provided by the facilities will not compete with service provided by private entities.

(20) To assess affected property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system within the public right-of-way that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only upon petition under section 429.031, subdivision 3.

(21) To construct, reconstruct, improve, alter, and maintain on-site energy conservation improvements in existing buildings, but only upon a petition under section 429.031, subdivision 3. The activities under this clause may also be undertaken by a port authority, economic development authority, industrial development authority, or housing and redevelopment authority, and the municipality may act on the request of those entities in imposing special assessments.

Sec. 5. Minnesota Statutes 2008, section 429.031, subdivision 3, is amended to read:

Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon any street named as the location of any improvement shall petition the council to construct the improvement and to assess the entire cost against their property, the council may, without a public hearing, adopt a resolution determining such fact and ordering the improvement. The validity of the resolution shall not be questioned by any taxpayer or property owner or the municipality unless an action for that purpose is commenced within 30 days after adoption of the resolution as provided in section 429.036. Nothing herein prevents any property owner from questioning the amount or validity of the special assessment against the owner's property pursuant to section 429.081. In the case of a petition for the municipality to own and install a fire protection system, a pedestrian skyway system, on-site energy conservation improvements, or on-site water contaminant improvements, the petition must contain or be accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner will grant the municipality the necessary property interest in the building to permit the city to enter upon the property and the building to construct, maintain, and operate the fire protection system, pedestrian skyway system, on-site energy conservation improvements, or on-site water contaminant improvements. In the case of a petition for the installation of a privately owned fire protection system, a privately owned pedestrian skyway system, privately owned on-site energy conservation improvements, or privately owned on-site water contaminant improvements, the petition shall contain the plans and specifications for the improvement, the estimated cost of the improvement and a statement indicating whether the city or the owner will contract for the construction of the improvement. If the owner is contracting for the construction of the improvement, the city shall not approve the petition until it has reviewed and approved the plans, specifications, and cost estimates contained in the petition. The construction cost financed under section 429.091 shall not exceed the amount of the cost estimate contained in the petition. In the case of a petition for the installation of a fire protection system, a pedestrian skyway system, on-site energy conservation improvements, or on-site water contaminant improvements, the petitioner may request abandonment of the improvement at any time after it has been ordered pursuant to subdivision 1 and before contracts have been awarded for the construction of the improvement under section 429.041, subdivision 2. If such a request is received, the city council shall abandon the proceedings but in such case the petitioner shall reimburse the city for any and all expenses incurred by the city in connection with the improvement.

Sec. 6. Minnesota Statutes 2008, section 469.153, subdivision 2, is amended to read:

Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale, or leasing of equipment or products to be used in gathering, processing, generating, transmitting, or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial, or governmental entity in heating, cooling, or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail, county regional jail, community corrections facilities authorized by chapter 401, or other law enforcement facilities, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 469.155, subdivisions 7 and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purpose and policy of section 469.141.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

(j) "Project" also includes an undertaking to purchase the obligations of local governments located in whole or in part within the boundaries of the municipality that are issued or to be issued for public purposes.

(k) "Project" also includes any properties designated as a qualified green building and sustainable design project under section 469.1655.

Sec. 7. [469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

Subdivision 1. Project designation and eligibility. (a) A municipality or redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may designate the project for which the bonds are issued as a qualified green building and sustainable design project as provided in this section.

(b) The issuer must ensure that each designated project substantially:

- (1) reduces consumption of electricity compared to conventional construction;
- (2) reduces daily carbon dioxide emissions compared to energy generated from coal;
- (3) increases the use of solar photovoltaic cells in this state; or
- (4) increases the use of fuel cells to generate energy.

(c) Before designating a project under this section, the issuer must document in writing that the project will satisfy the eligibility criteria in this section.

(d) At least 75 percent of the square footage of commercial buildings that are part of the project must be registered with a recognized green building rating system, including Minnesota's sustainable building guidelines or the United States Green Building Council's LEED certification, or in the case of residential buildings, Minnesota GreenStar rating, and must be reasonably expected to receive the certification.

Subd. 2. Applications. An application for designation under this section must include a project proposal that describes the energy-efficiency, renewable energy, and sustainable design features of the project and demonstrates that the project satisfies the eligibility criteria in this section. The application must include a description of:

- (1) the amount of electric consumption reduced as compared to conventional construction;
- (2) the amount of carbon dioxide daily emissions reduced compared to energy generated from coal;
- (3) the amount of the gross installed capacity of the project's solar photovoltaic capacity measured in megawatts; and
- (4) the amount in megawatts of the project's energy generated by fuel cells.

Subd. 3. Use of bond financing. The project proposal must include a description of the bond financing that will be allocated for financing of one or more of the following:

- (1) the purchase, construction, integration, or other use of energy-efficiency, renewable energy,

and sustainable design features of the project; or

(2) compliance with certification standards cited under subdivision 1, paragraph (d).

EFFECTIVE DATE. This section is effective for bonds issued after June 30, 2010.

Sec. 8. Minnesota Statutes 2008, section 469.176, subdivision 2, is amended to read:

Subd. 2. **Excess increments.** (a) The authority shall annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year and the increments and other revenues received as of December 31 of the year. The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.

(b) For purposes of this subdivision, "excess increments" equals the excess of:

(1) total increments collected from the district since its certification, reduced by any excess increments paid under paragraph (c), clause (4), for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, reduced, but not below zero, by the sum of:

(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;

(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i);

(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year; and

(iv) increased by the sum of the transfers of increments made under section 469.1763, subdivision 6, to reduce deficits in other districts made by December 31 of the year.

(c) The authority shall use excess increment only to do one or more of the following:

(1) prepay any outstanding bonds;

(2) discharge the pledge of tax increment for any outstanding bonds;

(3) pay into an escrow account dedicated to the payment of any outstanding bonds; ~~or~~

(4) pay or reimburse eligible project costs for a stimulus project certified by the authority as defined in section 469.176, subdivision 8, paragraph (b); or

(5) return the excess amount to the county auditor who shall distribute the excess amount to the city or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

(d) For purposes of a district for which the request for certification was made prior to August 1, 1979, excess increments equal the amount of increments on hand on December 31, less the principal and interest obligations due on outstanding bonds or advances, qualifying under subdivision 1c, clauses (1), (2), (4), and (5), after December 31 of the year and not prepaid under paragraph (c).

(e) The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured by increments from the district.

(g) The state auditor may exempt an authority from reporting the amounts calculated under this subdivision for a calendar year, if the authority certifies to the auditor in its report that the total amount authorized by the tax increment plan to be paid with increments from the district exceeds the sum of the total increments collected for the district for all years by 20 percent.

Sec. 9. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision to read:

Subd. 8. **Economic stimulus projects.** (a) In connection with a stimulus project, the authority may extend by ten years the duration limits in subdivision 1b, paragraph (a), for any district for which the request for certification was made after June 30, 2010, and before January 1, 2012, to pay expenditures relating to a stimulus project located within the district. Permitted expenditures in economic development districts will include office facilities during the duration of the economic stimulus project. The authority may reallocate excess funds from existing tax increment districts in connection with a stimulus project outside of the boundaries of the district between June 30, 2010, and before January 1, 2012.

(b) A "stimulus project" means any capital project, the construction of which commences after June 30, 2010, and before January 1, 2012, determined to create or retain jobs in the state, including construction jobs, by the governing body of the municipality in which the project is located.

Sec. 10. EXTENSION OF CERTAIN ECONOMIC DEVELOPMENT-RELATED PERMITS.

Notwithstanding any law, rule, or local ordinance or regulation to the contrary, the expiration date of a permit for an economic development project or subdivision approved under Minnesota Statutes, section 326B.121, subdivision 2, or Minnesota Statutes, sections 462.351 to 462.364, that has not expired before the effective date of this section is extended for one year beyond its original expiration date. The permit grantee shall notify the grantor in writing of the status of the economic development project or subdivision approved every 90 days from the effective date and no less than 90 days in advance of initiation of construction.

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

ARTICLE 2

SMALL BUSINESS INVESTMENT CREDIT

Section 1. **[116J.8737] SMALL BUSINESS INVESTMENT TAX CREDIT.**

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

(b) "Qualified small business" means a business that satisfies all of the following conditions:

(1) the business has its headquarters in Minnesota;

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

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

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

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

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

(iv) qualified green manufacturing;

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

(5) the business has fewer than 25 employees;

(6) if the business has five or more employees as measured on a full-time equivalent basis, the business must pay its employees in excess of the first five annual wages at least 175 percent of the federal poverty guideline for the year for a family of four;

(7) the business has not been in operation for more than ten consecutive years;

(8) the business has not received more than \$4,000,000 in qualifying investments that have qualified for and received tax credits under this section;

(9) the business is not a member of a unitary group that employs more than 100 employees; and

(10) the business has not previously received private equity investments of more than \$2,000,000.

(c) "Qualified high-technology field" includes, but is not limited to, aerospace, agricultural processing, alternative energy, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, and veterinary science.

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

(e) "Qualified green manufacturing" means a business whose primary business activity is production of products, processes, methods, technologies, or services, excluding consulting, intended to do one or more of the following:

(1) increase the use of energy from renewable sources, as defined in section 216B.1691;

(2) increase the energy efficiency of the electric utility-producing infrastructure system or to increase energy conservation related to electricity or other utility use, as provided in sections 216B.2401 and 216B.241;

(3) reduce greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or to mitigate greenhouse gas emissions or other waste products through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters; and

(5) expand use of biofuels, including expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels.

(f) "Qualified taxpayer" means an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501(a), who:

(1) does not own, control, or hold power to vote 20 percent or more of the outstanding securities of the qualified small business in which the eligible investment is proposed; or

(2) does not receive more than 50 percent of the taxpayer's gross annual income from the qualified small business in which the eligible investment is proposed.

A member of the family of a taxpayer disqualified by this subdivision is not eligible for a credit under this section.

(g)(1) "Qualified angel investment network fund" means a pooled investment fund that:

(i) invests in qualified small businesses;

(ii) is organized as a pass-through entity; and

(iii) has at least three separate investors, all of whom are qualified taxpayers as defined in paragraph (f), and who own no more than 50 percent of the outstanding ownership interests in the fund; and

(2) for purposes of determining the number of investors and the ownership interest of an investor under this paragraph, the ownership interests of an investor include those of the investor's family, and any corporation, limited liability company, partnership, or trust in which the investor or the investor's family has a controlling equity interest or exercises management control. Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(h) "Qualified investment" means either a cash investment of a minimum of:

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

(2) \$50,000 in a calendar year by a qualified angel investment network fund.

The qualified investment in a qualified small business must be in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or

an equivalent ownership interest as determined by the commissioner.

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

Subd. 2. **Certification of small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. The application for certification must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year. Application fees collected are appropriated to the commissioner to be used for personnel and administrative expenses related to administering the program.

(b) A business seeking certification must submit an application for each taxable year for which the business desires certification. If a qualified small business receives a qualified investment for which tax credits are allocated, the business must annually submit a certified small business report in the form required by the commissioner with the required fee no later than February 1 for the two years subsequent to the last qualified investment. Failure to file an annual report as required under this subdivision results in a fine of \$500 and revocation of certification.

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

Subd. 3. **Certification of qualified taxpayers.** (a) Taxpayers may apply to the commissioner for certification as a qualified taxpayer. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. The application for certification of qualified taxpayers must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year. Application fees are appropriated to the commissioner for personnel and administrative expenses related to administering the program.

(b) A qualified taxpayer seeking certification must submit an application for each taxable year in which the qualified taxpayer seeks certification. If a qualified taxpayer receives tax credits under this section, a qualified taxpayer must submit an angel investor annual report in the form required by the commissioner with the required fee no later than February 1 of each year for two years subsequent to the last allocation of tax credits. Failure to file an angel investor annual report as required under this subdivision results in the revocation of tax credits. Once a qualified taxpayer has filed the required annual reports and accompanying fees for two subsequent years following allocation of tax credits and complied with all other requirements for that allocation, the tax credits are no longer subject to revocation.

Subd. 4. **Certification of qualified angel investment network funds.** (a) Angel investment network funds may apply to the commissioner of employment and economic development for certification as a qualified angel investment network fund. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. The application for certification of qualified angel investor network funds must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available by November 1 of the preceding year. Application fees collected are appropriated to the commissioner to be used for personnel and administrative

expenses related to administering the program.

(b) A qualified angel investment network fund seeking certification must submit an application for each taxable year for which the angel investment network fund seeks certification. If any member of a qualified angel investment network fund receives tax credits under this section for qualified investments made by the fund, the qualified angel investment network fund must annually submit an angel investor annual report in the form required by the commissioner with the required fee no later than February 1 of each year for two years subsequent to the last allocation of credits. Failure to file an angel investor annual report as required under this subdivision results in revocation of tax credits. Once a qualified angel investment network fund has filed the required annual reports and accompanying fees for two subsequent years following allocation of tax credits and complied with all other requirements for that allocation, the tax credits are no longer subject to revocation.

Subd. 5. **Credit allowed.** (a) A qualified taxpayer or angel investor network fund is allowed a credit for investment in a qualified small business in the amount determined by the certification allocated by the commissioner against the tax imposed by chapter 290. The commissioner must not allocate more than \$10,000,000 in credits to qualified taxpayers or angel investment network funds per taxable year for taxable years beginning after December 31, 2009, and before January 1, 2012, and must not allocate more than \$12,000,000 in credits per year for taxable years beginning after December 31, 2011. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to the subsequent taxable year until all credits have been allocated. Applications for tax investment credits must be made available on the department's Web site by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(b) Tax investment credits must be allocated to qualified taxpayers or angel investor network funds in the order that the tax credit request applications are filed with the department. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credits are deemed revoked. A qualified taxpayer or angel investor network fund that fails to invest as specified in the application, within 60 days from allocation of the credits, must notify the department of the failure to invest within five business days of the expiration of the 60-day investment period.

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

(d) The commissioner must notify the commissioner of revenue of every credit allocated and every credit revoked under this section.

Subd. 6. **Annual reports.** (a) By February 1 of each year for two years subsequent to the last allocation of credits, qualified small businesses, qualified taxpayers, and qualified angel investment network funds must submit an annual report and a filing fee of \$100. All report fees collected are appropriated to the commissioner for personnel and administrative expense related to administering the program.

(b) Qualified small businesses must certify to the department in the form required by the commissioner that it satisfies the following requirements:

(1) the business has its headquarters in Minnesota;

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

(3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 1; and

(4) that the business meets the payroll requirements in subdivision 1, paragraph (b), clause (6).

(c) Qualified taxpayers must certify to the department in the form required by the commissioner that the investor satisfies the following requirements:

(1) the taxpayer continues to meet the requirements of subdivision 1, paragraph (f); and

(2) that the taxpayer continues to remain invested in the qualified small business as required by section 290.0692, subdivision 3.

(d) Qualified angel investment network funds must certify to the department in the form required by the commissioner that the investor satisfies the following requirements:

(1) the taxpayer continues to meet the requirements of subdivision 1, paragraph (g); and

(2) that the angel investment network fund continues to remain invested in the qualified small business as required by section 290.0692, subdivision 3.

Subd. 7. **Rulemaking exception.** The commissioner's actions in establishing procedures and requirements and in making determinations and certifications to administer this section are not a rule for purposes of chapter 14, are not subject to the Administrative Procedure Act contained in chapter 14, and are not subject to section 14.386.

Subd. 8. **Report.** Beginning in 2011, the commissioner must annually report by March 15 to the chairs of the committees having jurisdiction over taxes and economic development in the senate and the house of representatives on the tax credits issued under this section. The report must include:

(1) the number and amount of the credits issued;

(2) the recipients of the credits;

(3) the number and type of each business certified as a qualified small business;

(4) to the extent determinable, the total amount of investment generated by these credits; and

(5) any other information relevant to evaluating the effect of these credits.

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

Sec. 2. [290.0692] SMALL BUSINESS INVESTMENT CREDIT; CREDIT ALLOWED; LIMITATIONS; HOLDING PERIOD; AND CARRYOVER.

Subdivision 1. Credit allowed. A qualified taxpayer is allowed a credit against the tax imposed under this chapter for investments made in the year in a qualified small business as defined under section 116J.8737. The credit equals 25 percent of the qualified taxpayer's investment in the business, but not to exceed the lesser of:

- (1) the liability for tax under this chapter, including the applicable alternative minimum tax, but excluding the minimum fee under section 290.0922; and
- (2) the amount of the certificate provided to the qualified taxpayer under section 116J.8737.

Subd. 2. Limitations. No taxpayer may receive more than \$125,000 in credits under this section in any one year.

Subd. 3. Holding periods. The credit is allowed only for investments for which a credit has been allocated by the commissioner of employment and economic development under section 116J.8737. Any credit taken by a taxpayer must be repaid, and any unused credits must be canceled, if the investment in the qualified small business is not held for at least three years. The three-year holding period does not apply if:

- (1) the investment by the qualified taxpayer becomes worthless before the end of the three-year period;
- (2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;
- (3) the qualified small business is sold before the end of the three-year period; or
- (4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period.

Subd. 4. Proportional credits. Each pass-through entity must provide each investor a statement indicating the investor's share of the credit amount certified to the pass-through entity based on its share of the pass-through entity's assets at the time of the qualified investment.

Subd. 5. Carryover. If the amount of the credit under this subdivision for any taxable year exceeds the liability for tax, the excess is a credit carryover to each of the ten succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried. The amount of the unused credit that may be added under this subdivision may not exceed the taxpayer's liability for tax less the credit for the taxable year.

Subd. 6. Transfer of credits. Any taxpayer who has not had liability under this chapter for the immediate past three taxable years and does not have anticipated liability for the current taxable year may transfer the entirety of the credit to any natural person of net worth, as defined in the Code of Federal Regulations, title 17, section 230.501(a). No person is entitled to a refund for the interest created under this subdivision. Only the full credit for any one taxpayer may be transferred and the interest may be transferred only one time. A credit acquired by transfer is subject to the limitations

prescribed in this section. Documentation of any credit acquired by transfer must be provided by the taxpayer in the form required by the commissioner.

Subd. 7. **Audit powers.** Notwithstanding the certification eligibility issued by the commissioner of employment and economic development under section 116J.8737, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

EFFECTIVE DATE. This section is effective for investments made after July 1, 2010, for taxable years beginning after December 31, 2009, and only applies to investments for which a credit has been allocated.

ARTICLE 3

HISTORICAL STRUCTURE REHABILITATION CREDIT

Section 1. [290.0681] CREDIT FOR HISTORIC STRUCTURE REHABILITATION.

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

(b) "Certified historic structure" means a property located in Minnesota and listed individually on the National Register of Historic Places or a historic property designated by either a certified local government or a heritage preservation commission created under the National Historic Preservation Act of 1966 and whose designation is approved by the state historic preservation officer.

(c) "Eligible property" means a certified historic structure or a structure in a certified historic district that is offered or used for residential or business purposes.

(d) "Structure in a certified historic district" means a structure located in Minnesota that is certified by the State Historic Preservation Office as contributing to the historic significance of a certified historic district listed on the National Register of Historic Places or a local district that has been certified by the United States Department of the Interior.

Subd. 2. **Credit allowed.** A taxpayer who incurs costs for the rehabilitation of eligible property may take a credit against the tax imposed under this chapter in an amount equal to 25 percent of the total costs of rehabilitation. Costs of rehabilitation include, but are not limited to, qualified rehabilitation expenditures as defined under section 47(c)(2)(A) of the Internal Revenue Code, provided that the costs of rehabilitation must exceed 50 percent of the total basis in the property at the time the rehabilitation activity begins and the rehabilitation must meet standards consistent with the standards of the Secretary of the Interior for rehabilitation as determined by the State Historic Preservation Office of the Minnesota Historical Society.

Subd. 3. **Carryback and carryforward.** If the amount of the credit under subdivision 2 exceeds the tax liability under this chapter for the year in which the cost is incurred, the amount that exceeds the tax liability may be carried back to any of the three preceding taxable years or carried forward to each of the ten taxable years succeeding the taxable year in which the expense was incurred. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year.

Subd. 4. **Partnerships; multiple owners; transfers.** (a) Credits granted to a partnership, a

limited liability company taxed as a partnership, or multiple owners of property shall be passed through to the partners, members, or owners, respectively, pro rata or pursuant to an executed agreement among the partners, members, or owners documenting an alternate distribution method.

(b) Taxpayers eligible for credits may transfer, sell, or assign the credits in whole or part. Any assignee may use acquired credits to offset up to 100 percent of the taxes otherwise imposed by this chapter. The assignee shall perfect a transfer by notifying the Department of Revenue in writing within 30 calendar days following the effective date of the transfer in a form and manner as prescribed by the Department of Revenue. The proceeds of any sale or assignment of a credit is exempt from taxation under this chapter.

Subd. 5. **Process.** To claim the credit, the taxpayer must apply to the State Historic Preservation Office of the Minnesota Historical Society before a historic rehabilitation project begins. The State Historic Preservation Office shall determine the amount of eligible rehabilitation costs and whether the rehabilitation meets the standards of the United States Department of the Interior. The State Historic Preservation Office shall issue certificates verifying eligibility for and the amount of credit. The taxpayer shall attach the certificate to any income tax return on which the credit is claimed. The State Historic Preservation Office of the Minnesota Historical Society may collect fees for applications for the historic preservation tax credit. Fees shall be set at an amount that does not exceed the costs of administering the tax credit program.

Subd. 6. **Mortgage certificates; credit for lending institutions.** (a) The taxpayer may elect, in lieu of the credit otherwise allowed under this section, to receive a historic rehabilitation mortgage credit certificate.

(b) For purposes of this subdivision, a historic rehabilitation mortgage credit is a certificate that is issued to the taxpayer according to procedures prescribed by the State Historic Preservation Office with respect to the certified rehabilitation and meets the requirements of this paragraph. The face amount of the certificate must be equal to the credit that would be allowable under subdivision 2 to the taxpayer with respect to the rehabilitation. The certificate may only be transferred by the taxpayer to a lending institution, including a nondepository home mortgage lending institution, in connection with a loan:

(1) that is secured by the building with respect to which the credit is issued; and

(2) the proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of the building.

(c) In exchange for the certificate, the lending institution must provide to the taxpayer an amount equal to the face amount of the certificate discounted by the amount by which the federal income tax liability of the lending institution is increased due to its use of the certificate in the manner provided in this section. That amount must be applied, as directed by the taxpayer, in whole or in part, to reduce:

(1) the principal amount of the loan;

(2) the rate of interest on the loan; or

(3) the taxpayer's cost of purchasing the building, but only in the case of a qualified historic home that is located in a poverty-impacted area as designated by the State Historic Preservation Office.

(d) The lending institution may take as a credit against the tax due under this chapter an amount equal to the amount specified in the certificate. If the amount of the discount retained by the lender exceeds the amount by which the lending institution's federal income tax liability is increased due to the use of a mortgage credit certificate, the excess shall be refunded to the borrower with interest at the rate prescribed by the State Historic Preservation Office. The lending institution may carry forward all unused credits under this subdivision until exhausted. Nothing in this subdivision requires a lending institution to accept a historic rehabilitation certificate from any person.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

ARTICLE 4

MINNESOTA BUSINESS INVESTMENT COMPANY CREDIT

Section 1. [116J.665] MINNESOTA BUSINESS INVESTMENT COMPANY CREDIT.

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

(b) "Affiliate" means:

(1) any person who, directly or indirectly, beneficially owns, controls, or holds power to vote 15 percent or more of the outstanding voting securities or other voting ownership interest of a Minnesota business investment company or insurance company; or

(2) any person, 15 percent or more of whose outstanding voting securities or other voting ownership interests are directly or indirectly beneficially owned, controlled, or held with power to vote by a Minnesota business investment company or insurance company.

Notwithstanding this subdivision, an investment by a participating investor in a Minnesota business investment company pursuant to an allocation of premium tax credits under this section does not cause that Minnesota business investment company to become an affiliate of that participating investor.

(c) "Allocation date" means the date on which credits under section 297I.23 are allocated to the participating investors of a Minnesota business investment company under this section.

(d) "Designated capital" means an amount of money that:

(1) is invested by a participating investor in a Minnesota business investment company; and

(2) fully funds the purchase price of either or both participating investor's equity interest in a Minnesota business investment company or a qualified debt instrument issued by a Minnesota business investment company.

(e) "Minnesota business investment company" means a partnership, corporation, trust, or limited liability company, organized on a for-profit basis, that:

(1) has its principal office located or is headquartered in Minnesota;

(2) has as its primary business activity the investment of cash in qualified businesses; and

(3) is certified by the Department of Employment and Economic Development as meeting the criteria in this section.

(f) "Participating investor" means any insurance company as defined in section 60A.02, subdivision 4, excluding health maintenance organizations, that contributes designated capital pursuant to this section.

(g) "Person" means any natural person or entity, including, but not limited to, a corporation, general or limited partnership, trust, or limited liability company.

(h)(1) "Qualified business" means a business that is independently owned and operated and meets all of the following requirements:

(i) it is headquartered in Minnesota, its principal business operations are located in this state, and at least 80 percent of its employees are located in Minnesota;

(ii) it has no more than 100 employees;

(iii) it is not engaged in:

(A) professional services provided by accountants, doctors, or lawyers;

(B) banking or lending;

(C) real estate development;

(D) insurance;

(E) oil and gas exploration;

(F) direct gambling activities;

(G) retail sales; or

(H) making loans to or investments in a Minnesota business investment company or an affiliate;
and

(iv) it is not a franchise of and has no financial relationship with a Minnesota business investment company or any affiliate of a Minnesota business investment company prior to a Minnesota business investment company's first qualified investment in the business;

(2) a business classified as a qualified business at the time of the first qualified investment in the business remains classified as a qualified business and may receive continuing qualified investments from any Minnesota business investment company. Continuing investments constitute qualified investments even though the business may not meet the definition of a qualified business at the time of the continuing investments.

(i) "Qualified debt instrument" means a debt instrument issued by a Minnesota business investment company which meets all of the following criteria:

(1) it is issued at par value or a premium; and

(2) it has an original maturity date of at least four years from the date of issuance, and a repayment schedule that is not faster than a level principal amortization over four years.

(j) "Qualified distribution" means any distribution or payment made by a Minnesota business investment company in connection with any of the following:

(1) costs and expenses of forming, syndicating, and organizing the Minnesota business investment company, including fees paid for professional services, and the costs of financing and insuring the obligations of a Minnesota business investment company, provided no payment is made to a participating investor;

(2) an annual management fee not to exceed one percent of designated capital on an annual basis to offset the costs and expenses of managing and operating a Minnesota business investment company;

(3) reasonable and necessary fees in accordance with industry custom for ongoing professional services, including, but not limited to, legal and accounting services related to the operation of a Minnesota business investment company, not including lobbying or governmental relations;

(4) any increase or projected increase in federal or state taxes, including penalties and related interest of the equity owners of a Minnesota business investment company resulting from the earnings or other tax liability of a Minnesota business investment company to the extent that the increase is related to the ownership, management, or operation of a Minnesota business investment company;

(5) payments of principal and interest to holders of qualified debt instruments issued by a Minnesota business investment company may be made without restriction whatsoever.

(k) "Qualified investment" means the investment of money by a Minnesota business investment company in a qualified business for the purchase of any debt, debt participation, equity, or hybrid security of any nature and description whatsoever, including a debt instrument or security that has the characteristics of debt but that provides for conversion into equity or equity participation instruments such as options or warrants. Any repayment of a qualified investment prior to one year from the date of issuance shall result in the amount of the qualified investment being reduced by 50 percent for purposes of the cumulative investment requirement in subdivision 8, paragraph (d).

(l) "State premium tax liability" means any liability incurred by an insurance company under chapter 297I or in the case of a repeal or a rate reduction by the state of the liability imposed by chapter 297I, any other tax liability imposed upon an insurance company by the state, other than the tax imposed on taxpayers under section 290.05.

Subd. 2. **Certification.** (a) The department must provide a standardized format for applying for the business investment credit under section 297I.23, and for certification as a Minnesota business investment company.

(b) An applicant for certification as a Minnesota business investment company is required to:

(1) file an application with the department that includes, without limitation, a statement that the applicant has read and understands the requirements of this section;

(2) pay a nonrefundable application fee of \$7,500 at the time of filing the application;

(3) submit as part of its application an audited balance sheet that contains an unqualified opinion of an independent certified public accountant issued not more than 35 days before the application

date that states that the applicant has an equity capitalization of \$500,000 or more in the form of unencumbered cash, marketable securities, or other liquid assets; and

(4) have at least two principals or persons, at least one of which is primarily located in Minnesota, employed or engaged to manage the funds who each have a minimum of five years of money management experience in the venture capital or business industry.

(c) The department may certify partnerships, corporations, trusts, or limited liability companies, organized on a for-profit basis, which submit an application to be designated as a Minnesota business investment company if the applicant is located, headquartered, and licensed or registered to conduct business in Minnesota, has as its primary business activity the investment of cash in qualified businesses, and meets the other criteria in this section.

(d) The department must review the organizational documents of each applicant for certification and the business history of each applicant and determine whether the applicant has satisfied the requirements of this section.

(e) Within 45 days after the receipt of an application, the department must issue the certification or refuse the certification and communicate in detail to the applicant the grounds for refusal, including suggestions for the removal of such grounds.

(f) The department must begin accepting applications to become a Minnesota business investment company as defined under section 297I.23 by August 1, 2010.

(g) All certification fees collected by the department under this section are appropriated to the commissioner to be used for personnel and administrative expenses related to administering the program.

Subd. 3. **Requirements.** (a) A participating investor or affiliate of a participating investor must not, directly or indirectly:

(1) beneficially own, whether through rights, options, convertible interest, or otherwise, 15 percent or more of the voting securities or other voting ownership interest of a Minnesota business investment company;

(2) manage a Minnesota business investment company; or

(3) control the direction of investments for a Minnesota business investment company.

(b) A Minnesota business investment company may obtain one or more guaranties, indemnities, bonds, insurance policies, or other payment undertakings for the benefit of its participating investors from any entity, except that in no case can more than one participating investor of a Minnesota business investment company on an aggregate basis with all affiliates of the participating investor be entitled to provide the guaranties, indemnities, bonds, insurance policies, or other payment undertakings in favor of the participating investors of a Minnesota business investment company and its affiliates in this state.

(c) This subdivision does not preclude a participating investor, insurance company, or other party from exercising its legal rights and remedies, including, without limitation, interim management of a Minnesota business investment company, in the event that a Minnesota business investment company is in default of its statutory obligations or its contractual obligations to the participating

investor, insurance company, or other party, or from monitoring a Minnesota business investment company to ensure its compliance with this section or disallowing any investments that have not been approved by the department.

(d) The department may contract with an independent third party to review, investigate, and certify that the applications comply with this section.

Subd. 4. **Aggregate limitations on investment tax credits; allocation.** (a) The aggregate amount of investment tax credits to be allocated to all participating investors of Minnesota business investment companies under this section shall not exceed \$100,000,000. No Minnesota business investment company, on an aggregate basis with its affiliates, may file credit allocation claims that exceed \$100,000,000.

(b) Credits must be allocated to participating investors in the order that the credit allocation claims are filed with the department, provided that all credit allocation claims filed with the department on the same day must be treated as having been filed contemporaneously. Any credit allocation claims filed with the department prior to the initial credit allocation claim filing date are deemed to have been filed on the initial credit allocation claim filing date. The department must set the initial credit allocation claim filing date not less than 120 days and not greater than 150 days after the department begins accepting applications for certification.

(c) In the event that two or more Minnesota business investment companies file credit allocation claims with the department on behalf of their respective participating investors on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of investment tax credits under this section or the lesser amount of credits that remain unallocated on that day, then the department must allocate the credits among the participating investors who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one participating investor is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a participating investor and the denominator of which is the total of all credit allocation claims filed on behalf of all participating investors on that day, by the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day.

(d) Within ten business days after the department receives a credit allocation claim filed by a Minnesota business investment company on behalf of one or more of its participating investors, the department must notify the Minnesota business investment company of the amount of credits allocated to each of the participating investors of that Minnesota business investment company. In the event a Minnesota business investment company does not receive an investment of designated capital from each participating investor required to earn the amount of credits allocated to the participating investor within ten business days of the Minnesota business investment company's receipt of notice of allocation, then it shall notify the department on or before the next business day, and the credits allocated to the participating investor of the Minnesota business investment company are forfeited. The department must then reallocate those forfeited credits among the participating investors of the other Minnesota business investment companies on a pro rata basis with respect to the credit allocation claims filed on behalf of the participating investors. The commissioner is authorized, but not required, to levy a fine of not more than \$50,000 on any participating investor that does not invest the full amount of designated capital required to fund the credits allocated to it by the department in accordance with the credit allocation claim filed on its behalf.

(e) No participating investor, on an aggregate basis with its affiliates, may file an allocation claim for more than 25 percent of the maximum amount of investment tax credits authorized under this subdivision, regardless of whether the claim is made in connection with one or more Minnesota business investment companies.

Subd. 5. Requirements for continuance of certification. (a) To maintain its certification, a Minnesota business investment company must make qualified investments as follows:

(1) within two years after the allocation date, a Minnesota business investment company must invest an amount equal to at least 35 percent of its designated capital in qualified investments; and

(2) within three years after the allocation date, a Minnesota business investment company must invest an amount equal to at least 50 percent of its designated capital in qualified investments.

(b) Prior to making a proposed qualified investment in a specific business, a Minnesota business investment company must request from the department a written determination that the proposed investment qualifies as a qualified investment in a qualified business. The department must notify a Minnesota business investment company within ten business days from the receipt of a request of its determination and an explanation thereof. If the department fails to notify the Minnesota business investment company of its determination within the ten-business-day period, the proposed investment is deemed a qualified investment in a qualified business. If the department determines that the proposed investment does not meet the definition of a qualified investment or qualified business, or both, the department may nevertheless consider the proposed investment a qualified investment and, if necessary, the business a qualified business, if the department determines that the proposed investment furthers state economic development.

(c) All designated capital not invested in qualified investments by a Minnesota business investment company shall be held or invested in such manner as the Minnesota business investment company, in its discretion, deems appropriate. Designated capital and proceeds of designated capital returned to a Minnesota business investment company after being originally invested in qualified investments may be invested again in qualified investments and the investment shall count toward the requirements of paragraph (a) with respect to making investments of designated capital in qualified investments.

(d) If, within four years after its allocation date, a Minnesota business investment company has not invested at least 60 percent of its designated capital in qualified investments, the Minnesota business investment company must not be permitted to pay management fees.

(e) If, within six years after its allocation date, a Minnesota business investment company has not invested at least 100 percent of its designated capital in qualified investments, the Minnesota business investment company must not be permitted to pay management fees.

(f) A Minnesota business investment company may not invest more than 15 percent of its designated capital in any one qualified business without the specific approval of the department.

(g) For purposes of calculating the investment percentage thresholds of paragraph (a), the cumulative amount of all qualified investments made by a Minnesota business investment company from the allocation date must be considered.

Subd. 6. Minnesota business investment company reporting requirements. (a) Each Minnesota business investment company must report the following to the department in the form

designated by the commissioner:

(1) as soon as practicable after the receipt of designated capital:

(i) the name of each participating investor from which the designated capital was received, including such participating investor's insurance tax identification number;

(ii) the amount of each participating investor's investment of designated capital; and

(iii) the date on which the designated capital was received;

(2) on an annual basis, on or before January 31 of each year:

(i) the amount of the Minnesota business investment company's designated capital that remains to be invested in qualified investments at the end of the immediately preceding taxable year;

(ii) whether or not the Minnesota business investment company has invested more than 15 percent of its total designated capital in any one business;

(iii) all qualified investments that the Minnesota business investment company has made in the previous taxable year, including the number of employees of each qualified business in which it has made investments at the time of such investment, and as of December 1 of the preceding taxable year; and

(iv) for any qualified business where the Minnesota business investment company no longer has an investment, the Minnesota business investment company must provide employment figures for that company as of the last day before the investment was terminated;

(3) other information that the department may reasonably request that helps the department ascertain the impact of the Minnesota business investment company program both directly and indirectly on the economy of the state including, but not limited to, the number of jobs created by qualified businesses that have received qualified investments;

(4) within 90 days of the close of its fiscal year, annual audited financial statements of the Minnesota business investment company, which must include the opinion of an independent certified public accountant; and

(5) an agreed upon procedures report or equivalent regarding the operations of the Minnesota business investment company.

(b) A Minnesota business investment company must pay to the department an annual, nonrefundable certification fee of \$5,000 on or before April 1, or \$10,000 if later. No annual certification fee is required if the payment date for the fee is within six months of the date a Minnesota business investment company is first certified by the department.

(c) Upon satisfying the requirements of subdivision 5, paragraph (a), clause (2), a Minnesota business investment company must provide the notice to the department and the department shall, within 60 days of receipt of the notice, either confirm that the Minnesota business investment company has satisfied the requirements of subdivision 5, paragraph (a), clause (2), as of such date or provide notice of noncompliance and an explanation of any existing deficiencies. If the department does not provide notification within 60 days, the Minnesota business investment company is deemed to have met the requirements of subdivision 5, paragraph (a), clause (2).

Subd. 7. **Distributions.** (a) A Minnesota business investment company may make qualified distributions at any time. In order for a Minnesota business investment company to make a distribution other than a qualified distribution to its equity holders, the cumulative amount of all qualified investments of the Minnesota business investment company must equal or exceed 100 percent of its designated capital.

(b) The state shall receive ten percent of the net profits on qualified investments. For purposes of this paragraph, "net profits on qualified investments" means the amount of money returned to the Minnesota business investment company in exchange for or repayment of its qualified investments in qualified businesses in excess of the amount invested by the Minnesota business investment company in qualified investments. The net profits on qualified investments are the aggregate of all of the Minnesota business investment company's qualified investments where gains on qualified investments are netted against losses on qualified investments.

Subd. 8. **Decertification.** (a) The department shall conduct an annual review of each Minnesota business investment company to determine if a Minnesota business investment company is abiding by the requirements of certification and to ensure that no investment has been made in violation of this section. The cost of the annual review must be paid by each Minnesota business investment company according to a reasonable fee schedule adopted by the department.

(b) Any material violation of this section, including any material misrepresentation made to the department in connection with the application process, is grounds for decertification of a Minnesota business investment company and the disallowance of credits under section 297I.23, provided that in all instances the department shall provide notice to the Minnesota business investment company of the grounds of the proposed decertification and the opportunity to cure the violation before any decertification becomes effective.

(c) The department shall send written notice of decertification to the commissioner of revenue and to the address of each participating investor whose tax credit may be subject to recapture or forfeiture, using the address shown on the last filing submitted to the department.

(d) Once a Minnesota business investment company has invested an amount cumulatively equal to 100 percent of its designated capital in qualified investments, provided that the Minnesota business investment company has met all other requirements under this section as of such date, the Minnesota business investment company is no longer subject to regulation by the department or the reporting requirements under subdivision 6. Upon receiving certification by a Minnesota business investment company that it has invested an amount equal to 100 percent of its designated capital, the department shall notify a Minnesota business investment company within 60 days that it has or has not met the requirements, with a reason for the determination if it has not. If the department does not provide notification of deregulation within 60 days, the Minnesota business investment company is deemed to have met the requirements and is deemed to no longer be subject to regulation by the department.

Subd. 9. **Registration requirements.** All investments by participating investors for which tax credits are awarded under this section must be registered or specifically exempt from registration.

Subd. 10. **Rulemaking exception.** The commissioner's actions in establishing procedures and requirements and in making determinations and certifications to administer this section are not a rule for purposes of chapter 14, are not subject to the Administrative Procedure Act contained in chapter 14, and are not subject to section 14.386.

Subd. 11. **Reports to governor and legislature.** The department shall make an annual report to the governor and the chairs and ranking minority members of the committees having jurisdiction over taxes and economic development. The report must include:

- (1) the number of Minnesota business investment companies holding designated capital;
- (2) the amount of designated capital invested in each Minnesota business investment company;
- (3) the cumulative amount that each Minnesota business investment company has invested as of January 1, 2011, and the cumulative total each year thereafter;
- (4) the cumulative amount of follow-on capital that the investments of each Minnesota business investment company have created in terms of capital invested in qualified businesses at the same time or subsequent to investments made by a Minnesota business investment company in such businesses by sources other than Minnesota business investment companies;
- (5) the total amount of investment tax credits applied under this section for each year;
- (6) the performance of each Minnesota business investment company with regard to the requirements for continued certification;
- (7) the classification of the companies in which each Minnesota business investment company has invested according to industrial sector and size of company;
- (8) the gross number of jobs created by investments made by each Minnesota business investment company and the number of jobs retained;
- (9) the location of the companies in which each Minnesota business investment company has invested;
- (10) those Minnesota business investment companies that have been decertified, including the reasons for decertification; and
- (11) other related information as necessary to evaluate the effect of this section on economic development.

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

Sec. 2. **[297I.23] MINNESOTA BUSINESS INVESTMENT COMPANY CREDIT.**

Subdivision 1. **Credit allowed.** (a) A participating investor as defined under section 116J.665, subdivision 1, is allowed a credit against the tax imposed in this chapter equal to 80 percent of the participating investor's investment of designated capital in a Minnesota business investment company. Beginning January 1, 2014, in tax years 2014 to 2017, a participating investor may claim an amount equal to 20 percent of the participating investor's investment of designated capital.

(b) The credit for any taxable year must not exceed the liability for tax. If the amount of the credit determined under this section for any taxable year exceeds the liability for tax, the excess is an investment tax credit carryover to each of the succeeding taxable years and must be carried forward to each succeeding taxable year until the entire carryforward has been credited against the participating investor's liability for tax under this chapter. Credits may be used in connection with both estimated and return payments of a participating investor's state premium tax liability.

(c) A participating investor claiming a credit under this section is not required to pay any additional retaliatory tax levied by Minnesota as a result of claiming the credit.

(d) A participating investor is not required to reduce the amount of tax pursuant to the state premium tax liability included by the participating investor in connection with ratemaking for any insurance contract written in this state because of a reduction in the participating investor's tax liability based on the tax credit allowed under this section.

(e) Decertification of a Minnesota business investment company under section 116J.665 may result in the disallowance and the recapture of the credit allowed under this section. The amount disallowed and recaptured must be assessed as follows:

(1) decertification of a Minnesota business investment company within two years of the allocation date of tax credits and prior to meeting the requirements of section 116J.665, subdivision 5, paragraph (a), clause (1), shall result in the disallowance of all of the credits allowed under this section;

(2) decertification of a Minnesota business investment company after two years of the allocation date of tax credits, but prior to meeting the requirements of section 116J.665, subdivision 5, paragraph (a), clause (1), results in the disallowance of one-half of all the credits allowed under this section; and

(3) decertification of Minnesota business investment company that has already met the requirements of section 116J.665, subdivision 5, paragraph (a), clause (1), does not cause the disallowance of any credits allowed under this section nor the recapture of any portion of the credits that was previously taken.

Subd. 2. **Transfers.** A participating investor must not transfer, agree to transfer, sell, or agree to sell the credit under this section until 180 days from the date on which the participating investor invested designated capital. After 180 days from the date of investment, a participating investor, or subsequent transferee, may transfer credits to another person who is subject to tax and must notify the department in the form prescribed by the commissioner within 30 days of the transfer. A person must not transfer a credit more than once in a 12-month period. No person is entitled to a refund for the interest created under this subdivision. A credit acquired by transfer is subject to the limitations prescribed in this section. Any transfer or sale of the credits does not affect the time schedule for claiming the credit. Any tax credits recaptured under this section remain the liability of the participating investor that actually applied the credit towards its tax liability.

Subd. 3. **Repayment of tax benefits received.** (a) Decertification of a Minnesota small business investment company or revocation of credits under section 116J.665, results in the disallowance to certified investors of any credits for that tax year or future tax years and the participating investor is required to repay any credits claimed for the previous year. Repayment must be made within 60 days of the decertification or the revocation of the certification.

(b) The provisions of chapters 270C and 297I relating to audit, assessment, refund, collection, and appeals are applicable to the credits claimed and repayment required under this section. The commissioner may impose civil penalties as provided in section 297I.85, and additional tax and penalties are subject to interest at the rate provided in section 270C.40, from the date payment was due.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Delete the title and insert:

"A bill for an act relating to economic development; providing for stimulation of the construction industry; streamlining and modifying conditions that apply to certain construction projects; providing investment tax credits and an historic structure rehabilitation credit; authorizing green energy revenue bonds; permitting local assessments for energy improvements; appropriating money; amending Minnesota Statutes 2008, sections 16C.16, by adding a subdivision; 429.011, by adding subdivisions; 429.021, subdivision 1; 429.031, subdivision 3; 469.153, subdivision 2; 469.176, subdivision 2, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 116J; 290; 297I; 469."

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations and Oversight. Amendments adopted. Report adopted.

Senator Metzen from the Committee on Business, Industry and Jobs, to which was referred

S.F. No. 2306: A bill for an act relating to taxation; insurance; providing a credit for investment in start-up and emerging Minnesota businesses; proposing coding for new law in Minnesota Statutes, chapters 116J; 297I.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on State and Local Government Operations and Oversight. Report adopted.

Senator Metzen from the Committee on Business, Industry and Jobs, to which was referred

S.F. No. 2307: A bill for an act relating to taxation; providing an investment tax credit; requiring reports; proposing coding for new law in Minnesota Statutes, chapters 116J; 290.

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

Page 5, line 21, after "credit" insert "for investment in a qualified small business"

Page 5, line 23, after "funds" insert "per taxable year"

Page 5, line 25, after "per" insert "taxable"

Page 6, line 19, delete "certified" and insert "qualified"

Page 6, line 23, delete "Certified" and insert "Qualified small"

Page 6, line 32, delete "Certified" and insert "Qualified"

Page 7, line 3, delete "Certified" and insert "Qualified"

Page 7, line 9, after "Rulemaking" insert "exception"

Page 7, line 23, delete "for investments made after July" and insert "the day following final enactment."

Page 7, delete lines 24 to 27

Page 8, line 5, delete everything after "investments" and insert "for which a credit has been allocated"

Page 8, line 6, delete everything before "by"

Page 9, line 8, delete "made after the qualified taxpayer has been certified" and insert "for which a credit has been allocated"

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations and Oversight. Amendments adopted. Report adopted.

Senator Marty from the Committee on Health, Housing and Family Security, to which was referred

S.F. No. 1631: A bill for an act relating to public health; limiting the Board of Medical Practice from bringing a disciplinary action against a physician for prescribing, administering, or dispensing long-term antibiotic therapy for chronic Lyme disease.

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

Delete everything after the enacting clause and insert:

"Section 1. **LONG-TERM ANTIBIOTIC THERAPY FOR CHRONIC LYME DISEASE.**

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

(b) "Chronic Lyme disease" means the clinical diagnosis by a physician of the presence of signs or symptoms compatible with acute, late stage, persistent, or chronic infection with *Borrelia burgdorferi*, or with other strains of *Borrelia* that are recognized by the national Centers for Disease Control and Prevention as a cause of Lyme disease, or with complications related to such an infection.

(c) "Clinical diagnosis" means a diagnosis that is based on knowledge obtained through medical history and physical examination alone or in conjunction with testing that provides supportive data for the diagnosis.

(d) "Long-term antibiotic therapy" means the prolonged administration of oral, intramuscular, or intravenous antibiotics, singly or in combination, for periods of time greater than 28 days.

Subd. 2. **Long-term antibiotic therapy.** (a) The Board of Medical Practice shall not impose disciplinary action as described in Minnesota Statutes, section 147.141, against any physician solely on the basis of prescribing, administering, or dispensing long-term antibiotic therapy to a patient who has been clinically diagnosed with chronic Lyme disease.

(b) Nothing in this section shall prohibit the board from imposing disciplinary action in accordance with Minnesota Statutes, chapter 147, against any physician who:

(1) fails to monitor the ongoing care of a patient receiving long-term antibiotic therapy; or

(2) fails to keep complete and accurate ongoing records of the diagnosis and treatment of a patient receiving long-term antibiotic therapy.

Subd. 3. **Sunset.** This section expires July 1, 2015.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Health, Housing and Family Security, to which was referred

S.F. No. 1024: A bill for an act relating to mental health; authorizing placement at a community behavioral health hospital; amending Minnesota Statutes 2008, sections 253B.02, by adding a subdivision; 253B.09, subdivision 1.

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

Page 1, delete section 1

Re-number the sections in sequence

Amend the title numbers accordingly

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

Senator Chaudhary from the Committee on Environment and Natural Resources, to which was referred the following appointment:

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES
Nancy Gibson

Reports the same back with the recommendation that the appointment be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Chaudhary from the Committee on Environment and Natural Resources, to which was referred the following appointment:

MINNESOTA POLLUTION CONTROL AGENCY
COMMISSIONER
Paul H. Eger

Reports the same back with the recommendation that the appointment be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Rest from the Committee on State and Local Government Operations and Oversight, to which were referred the following appointments:

METROPOLITAN COUNCIL

Richard Aguilar
Polly Peterson Bowles
Craig J. Peterson

Reports the same back to the Senate without recommendation.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Rest from the Committee on State and Local Government Operations and Oversight, to which were referred the following appointments:

METROPOLITAN COUNCIL

Kirstin Sersland Beach
Sherry Broecker
Georgeanne Hilker
Robert J. McFarlin, Jr.
Annette Meeks
Tony Pistilli
Natalie Haas Steffen
Lynette Wittsack
Daniel J. Wolter
Wendy Wulff

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Rest from the Committee on State and Local Government Operations and Oversight, to which were referred the following appointments:

BOARD OF THE ARTS

Edward Oliver
Mary Beth Schubert

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Rest from the Committee on State and Local Government Operations and Oversight, to which was referred the following appointment:

BOARD OF THE ARTS

Brooke Barsness

Reports the same back to the Senate without recommendation.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Rest from the Committee on State and Local Government Operations and Oversight, to which was referred the following appointment:

MINNESOTA RACING COMMISSION

Jacqueline Duncanson

Reports the same back with the recommendation that the appointment be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Stumpf from the Committee on Education, to which were referred the following appointments:

BOARD OF THE PERPICH CENTER FOR ARTS EDUCATION

Virginia Katz

Susan Mackert

Kaimay Terry

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Stumpf from the Committee on Education, to which were referred the following appointments:

BOARD OF TEACHING

Jeffrey Anderson

Daniel Bittman

Jennifer Brist

Kristi Delaney

Ron Hill

Leonard Runck

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Stumpf from the Committee on Education, to which were referred the following appointments:

BOARD OF THE MINNESOTA STATE ACADEMIES

Martha Amundson

Alex Caddy

Nadine Jacobson

Walter Kramer

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Stumpf from the Committee on Education, to which was referred the following appointment:

BOARD OF SCHOOL ADMINISTRATORS

Louise A. Sundin

Reports the same back with the recommendation that the appointment be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. No. 1631 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Sieben introduced—

S.F. No. 2508: A bill for an act relating to capital investment; appropriating money for a Red Rock Corridor Park-and-Ride facility; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Ingebrigtsen, Scheid, Murphy, Jungbauer and Vandever introduced—

S.F. No. 2509: A bill for an act relating to liquor; farm wineries; increasing annual production limit; amending Minnesota Statutes 2009 Supplement, section 340A.315, subdivisions 2, 7.

Referred to the Committee on Commerce and Consumer Protection.

Senators Sparks, Tomassoni, Metzen, Saltzman and Koch introduced—

S.F. No. 2510: A bill for an act relating to labor and industry; modifying licensing provisions; imposing and modifying certain license fees; amending Minnesota Statutes 2008, sections 326B.133, subdivisions 1, 3, 8, 11, by adding subdivisions; 326B.197; 326B.33, subdivisions 18, 20, 21; 326B.42, by adding subdivisions; 326B.43, subdivision 2; 326B.44; 326B.46, as amended; 326B.47; 326B.475, subdivision 2; 326B.50, by adding subdivisions; 326B.54; 326B.55, as amended if enacted; 326B.56, as amended; 326B.805, subdivision 6; 326B.83, subdivisions 1,

3, 6; 326B.865; 326B.921, subdivisions 2, 4, 7; 326B.922; 326B.978, subdivision 2, by adding a subdivision; 327B.04, subdivision 2; Minnesota Statutes 2009 Supplement, sections 326B.33, subdivision 19; 326B.475, subdivision 4; 326B.49, subdivision 1; 326B.58; 326B.815, subdivision 1; 326B.86, subdivision 1; 326B.94, subdivision 4; 326B.986, subdivision 5; 327B.04, subdivisions 7, 7a, 8; 327B.041; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2008, sections 326B.133, subdivisions 9, 10; 326B.37, subdivision 13; 326B.475, subdivisions 5, 6; 326B.56, subdivision 3; 326B.885, subdivisions 3, 4; 326B.976; Minnesota Statutes 2009 Supplement, section 326B.56, subdivision 4; Minnesota Rules, parts 1301.0500; 1301.0900; 1301.1100, subparts 2, 3, 4; 1350.7200, subpart 3; 1350.8000, subpart 2.

Referred to the Committee on Business, Industry and Jobs.

Senator Rest introduced—

S.F. No. 2511: A bill for an act relating to state government; establishing a collaborative governance council; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 6.

Referred to the Committee on State and Local Government Operations and Oversight.

Senators Scheid, Gerlach, Rest and Pogemiller introduced—

S.F. No. 2512: A bill for an act relating to commerce; making changes in required continuing education of real estate brokers and salespersons; amending Minnesota Statutes 2008, sections 82.29, subdivision 4; 82.33, subdivision 4; Minnesota Statutes 2009 Supplement, section 82.32.

Referred to the Committee on Commerce and Consumer Protection.

Senator Limmer introduced—

S.F. No. 2513: A bill for an act relating to natural resources; requiring rulemaking to amend Mississippi River management plan.

Referred to the Committee on Environment and Natural Resources.

Senator Limmer introduced—

S.F. No. 2514: A bill for an act relating to capital investment; appropriating money for Crow River Regional Park; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Limmer introduced—

S.F. No. 2515: A bill for an act relating to education; providing for explosive growth revenue; amending Minnesota Statutes 2008, section 126C.10, subdivision 1, by adding a subdivision.

Referred to the Committee on Finance.

Senator Rest introduced–

S.F. No. 2516: A bill for an act relating to state government; creating the Minnesota Coalition for Innovation and Collaboration; providing for certain rule and law waivers; appropriating money; amending Minnesota Statutes 2008, section 6.80; proposing coding for new law in Minnesota Statutes, chapter 16B.

Referred to the Committee on State and Local Government Operations and Oversight.

Senators Moua, Higgins, Foley and Latz introduced–

S.F. No. 2517: A bill for an act relating to judiciary; authorizing the court to furnish copies of documents in any electronic format to the public defender at no charge; amending Minnesota Statutes 2008, section 611.271.

Referred to the Committee on Judiciary.

Senators Rest, Clark, Moua, Gerlach and Limmer introduced–

S.F. No. 2518: A bill for an act relating to state government; making changes to the Open Meeting Law; amending Minnesota Statutes 2008, sections 13D.01; 13D.02, subdivisions 1, 4; 13D.021, subdivisions 1, 4; 13D.04.

Referred to the Committee on State and Local Government Operations and Oversight.

Senators Anderson, Cohen and Rummel introduced–

S.F. No. 2519: A bill for an act relating to public utilities; revising process and standard for approval of interim rates; requiring disclosure of public utility's travel, entertainment, and related expenses included in rate change request; amending Minnesota Statutes 2008, section 216B.16, subdivision 3, by adding a subdivision.

Referred to the Committee on Energy, Utilities, Technology and Communications.

Senator Higgins introduced–

S.F. No. 2520: A bill for an act relating to landlord and tenant; modifying certain provisions related to utilities; permitting termination of a lease for medical reasons; modifying provisions related to eviction; amending Minnesota Statutes 2008, sections 504B.215, subdivisions 2, 2a, 3, 4; 504B.241, subdivision 4; 504B.265; 504B.291, by adding a subdivision; 504B.321, subdivision 1; 504B.385, subdivision 1; 504B.395, subdivision 4; Minnesota Statutes 2009 Supplement, section 504B.285, subdivision 1.

Referred to the Committee on Judiciary.

Senators Bonoff, Olson, G., Rummel, Dahle and Fobbe introduced–

S.F. No. 2521: A bill for an act relating to education finance; expanding allowable capital levies; amending Minnesota Statutes 2008, section 126C.40, subdivision 1.

Referred to the Committee on Finance.

Senators Tomassoni, Kubly, Koch and Scheid introduced—

S.F. No. 2522: A bill for an act relating to occupational licensing; modifying electrical licenses; amending Minnesota Statutes 2008, sections 326B.31, subdivisions 14, 15, 17, 25, 28, by adding subdivisions; 326B.32, subdivision 2; 326B.33, subdivisions 12, 17, 21, by adding a subdivision; 326B.35; 326B.36, subdivision 2; 326B.37, subdivision 6; Minnesota Statutes 2009 Supplement, section 326B.33, subdivision 19.

Referred to the Committee on Business, Industry and Jobs.

Senator Koering introduced—

S.F. No. 2523: A bill for an act relating to lawful gambling; creating a temporary tax exemption for charitable contributions to local governments.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Koering introduced—

S.F. No. 2524: A bill for an act relating to capital improvements; appropriating money to design and acquire land for the Mississippi River Crossroads Trail in Cass, Crow Wing, and Morrison Counties; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2008, section 85.015, by adding a subdivision.

Referred to the Committee on Finance.

Senator Koering introduced—

S.F. No. 2525: A bill for an act relating to veterans; eliminating a residency requirement for purposes of eligibility for higher educational benefits for the surviving spouse and children of a deceased veteran who dies as a result of military service; amending Minnesota Statutes 2008, section 197.75, subdivision 1.

Referred to the Committee on Agriculture and Veterans.

Senator Koering introduced—

S.F. No. 2526: A bill for an act relating to human services; modifying the personal care assistance program; amending Minnesota Statutes 2009 Supplement, section 256B.0659, subdivisions 11, 13, 21, 27.

Referred to the Committee on Health, Housing and Family Security.

Senator Koering introduced—

S.F. No. 2527: A bill for an act relating to highways; authorizing issuance and sale of trunk highway bonds; appropriating money to reconstruct highway 371 between the cities of Nisswa and

Jenkins.

Referred to the Committee on Finance.

Senator Koering introduced—

S.F. No. 2528: A bill for an act relating to veterans; designating September 16 of each year as American Legion Day; proposing coding for new law in Minnesota Statutes, chapter 197.

Referred to the Committee on Agriculture and Veterans.

Senator Koering introduced—

S.F. No. 2529: A bill for an act relating to highways; authorizing issuance of trunk highway bonds; appropriating money for the Little Falls Truck Station.

Referred to the Committee on Finance.

Senator Koering introduced—

S.F. No. 2530: A bill for an act relating to capital investment; appropriating money for Camp Ripley troop support facility; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Koering introduced—

S.F. No. 2531: A bill for an act relating to public safety; establishing a pilot project for alcohol and controlled substance monitoring for certain persons with revoked driver's licenses in Crow Wing County.

Referred to the Committee on Judiciary.

Senator Bakk introduced—

S.F. No. 2532: A bill for an act relating to telecommunications; reducing the plurality necessary in a local election for a municipality to own and operate a telephone exchange; amending Minnesota Statutes 2008, section 237.19.

Referred to the Committee on Energy, Utilities, Technology and Communications.

Senators Bakk, Chaudhary, Frederickson and Olson, G. introduced—

S.F. No. 2533: A bill for an act relating to natural resources; authorizing the acquisition of certain lands for Lake Vermilion State Park; incorporating lands from an existing state park into Lake Vermilion State Park; repealing Minnesota Statutes 2008, section 85.012, subdivision 53a.

Referred to the Committee on Environment and Natural Resources.

Senators Saltzman, Michel, Dahle, Clark and Bonoff introduced–

S.F. No. 2534: A bill for an act relating to education; establishing the MNovate Commission; proposing coding for new law in Minnesota Statutes, chapter 127A.

Referred to the Committee on Education.

Senators Dibble, Robling and Prettnner Solon introduced–

S.F. No. 2535: A bill for an act relating to cable communications; clarifying requirements for the granting of additional cable franchises; amending Minnesota Statutes 2008, section 238.08, subdivision 1.

Referred to the Committee on Energy, Utilities, Technology and Communications.

Senator Jungbauer introduced–

S.F. No. 2536: A bill for an act relating to game and fish; modifying decoy restrictions; amending Minnesota Statutes 2009 Supplement, section 97B.811, subdivision 3; repealing Minnesota Statutes 2008, section 97B.811, subdivision 4.

Referred to the Committee on Environment and Natural Resources.

Senators Jungbauer, Murphy and Rest introduced–

S.F. No. 2537: A bill for an act relating to transportation; creating pilot program to authorize establishment and evaluate use of transportation improvement districts by certain local governments for specified projects; establishing Transportation Improvement District Project Selection Council; requiring report.

Referred to the Committee on Transportation.

Senators Scheid, by request, and Bonoff introduced–

S.F. No. 2538: A bill for an act relating to health; requiring an amended death record when ordered by the court; amending Minnesota Statutes 2008, sections 144.221, by adding a subdivision; 390.23.

Referred to the Committee on Health, Housing and Family Security.

Senators Kelash, Marty, Scheid, Dahle and Latz introduced–

S.F. No. 2539: A bill for an act relating to real estate; specifying the rights of a common interest community to take certain action to encourage prompt payment of delinquent assessments; amending Minnesota Statutes 2008, sections 515B.3-102; 515B.3-110.

Referred to the Committee on Judiciary.

Senators Murphy, Carlson, Jungbauer, Dibble and Rest introduced–

S.F. No. 2540: A bill for an act relating to transportation; modifying or adding provisions relating to transportation construction impacts on business, rest areas, highways, bridges, deputy registrars, vehicles, impounds, towing, intersection gridlock, bus operation, various traffic regulations, cargo tank vehicle weight exemptions, transportation department goals and mission, a Minnesota Council of Transportation Access, a Commuter Rail Corridor Coordinating Committee, railroad track safety, motor carriers of railroad employees, airport authorities, property acquisition for highways, transit, and town road interest extinguishment nullification; requiring a report; making technical and clarifying changes; amending Minnesota Statutes 2008, sections 161.14, by adding subdivisions; 165.14, subdivisions 4, 5; 168.33, subdivision 2; 168B.06, subdivision 1; 168B.07, subdivision 3; 169.041, subdivision 5; 169.15; 169.306; 169.87, by adding a subdivision; 174.01, subdivisions 1, 2; 174.02, subdivision 1a; 174.86, subdivision 5; 219.01; 221.012, subdivision 38, by adding a subdivision; 360.061, subdivision 3; 473.167, subdivision 2a; 473.411, subdivision 5; 514.18, subdivision 1a; Minnesota Statutes 2009 Supplement, sections 160.165; 161.14, subdivision 62; 169.71, subdivision 1; 169.865, subdivision 1; Laws 2008, chapter 287, article 1, section 122; proposing coding for new law in Minnesota Statutes, chapters 160; 174; 221; repealing Minnesota Statutes 2008, sections 13.721, subdivision 4; 169.041, subdivisions 3, 4; 221.0355, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18.

Referred to the Committee on Transportation.

Senator Kubly introduced–

S.F. No. 2541: A bill for an act relating to natural resources; exempting watercraft, off-highway vehicles, and snowmobiles that are owned by Indian tribal governments from registration or licensing; amending Minnesota Statutes 2008, sections 84.788, subdivision 2; 84.798, subdivision 2; 84.82, subdivision 6; 84.8205, subdivision 1; 86B.301, subdivision 2; Minnesota Statutes 2009 Supplement, section 84.922, subdivision 1a.

Referred to the Committee on Environment and Natural Resources.

Senators Murphy, Erickson Ropes, Senjem and Lynch introduced–

S.F. No. 2542: A bill for an act relating to taxation; local government aid; disaster aid to city of St. Charles; amending Laws 2009, chapter 93, article 4, section 1.

Referred to the Committee on Taxes.

Senators Frederickson, Sparks, Skogen, Anderson and Ingebrigtsen introduced–

S.F. No. 2543: A bill for an act relating to capital investment; prohibiting funds under the reinvest in Minnesota reserve program from being used for mitigation; requiring recipients of bond funds to use certain low-impact development standards; appropriating money for natural resources asset preservation and replacement and RIM conservation reserve; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2008, section 103F.515, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 115.03, subdivision 5c.

Referred to the Committee on Finance.

Senators Jungbauer, Murphy, Skoe and Parry introduced–

S.F. No. 2544: A bill for an act relating to highways; modifying provisions relating to transportation projects; amending Minnesota Statutes 2008, section 174.02, by adding subdivisions.

Referred to the Committee on Transportation.

Senators Frederickson, Stumpf, Ingebrigtsen, Skogen and Gimse introduced–

S.F. No. 2545: A bill for an act relating to taxation; sales and use; expanding the exemption for public safety radio systems; amending Minnesota Statutes 2008, section 297A.70, subdivision 8.

Referred to the Committee on Taxes.

Senators Frederickson and Vickerman introduced–

S.F. No. 2546: A bill for an act relating to capital investment; appropriating money for the Marshall MERIT Center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Skogen introduced–

S.F. No. 2547: A bill for an act relating to plumbing; modifying license, bond, and registration requirements for well contractors; amending Minnesota Statutes 2008, section 326B.43, subdivision 5.

Referred to the Committee on Business, Industry and Jobs.

Senators Murphy and Jungbauer introduced–

S.F. No. 2548: A bill for an act relating to public safety; modifying allocation of certain state fines and forfeitures; amending Minnesota Statutes 2009 Supplement, section 299D.03, subdivision 5.

Referred to the Committee on Finance.

Senators Higgins, Scheid, Limmer, Pappas and Saltzman introduced–

S.F. No. 2549: A bill for an act relating to real property; modifying time for requesting a hearing on an order to secure a building; modifying notice of sale requirements; requiring a certificate of sale and specified information to be provided to political subdivisions; authorizing political subdivisions to recover costs and attorney fees associated with obtaining a five-week redemption period; amending Minnesota Statutes 2008, sections 580.03; 580.12; 580.30, subdivision 1; 582.03, subdivision 1; 582.032, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 463.251, subdivision 3; 580.04.

Referred to the Committee on Judiciary.

Senators Kubly, Fischbach, Saxhaug, Vickerman and Lourey introduced–

S.F. No. 2550: A bill for an act relating to education; creating a onetime exception to the contract deadline penalty.

Referred to the Committee on Finance.

Senator Wiger introduced–

S.F. No. 2551: A bill for an act relating to education; increasing the compulsory attendance age; amending Minnesota Statutes 2008, sections 120A.22, subdivision 5; 120A.24, subdivision 1; 260C.007, subdivision 19; repealing Minnesota Statutes 2008, section 120A.22, subdivision 8.

Referred to the Committee on Education.

Senators Berglin and Dibble introduced–

S.F. No. 2552: A bill for an act relating to human services; prohibiting certain restrictions on waived service living arrangements; requiring the transfer of certain clients from group residential housing to waived services; modifying certain group residential housing supplementary service payment rate caps; amending Minnesota Statutes 2008, section 256B.49, by adding subdivisions.

Referred to the Committee on Health, Housing and Family Security.

Senators Anderson, Marty, Erickson Ropes, Tomassoni and Torres Ray introduced–

S.F. No. 2553: A bill for an act relating to public health; establishing minimum standards of sick leave for certain workers; providing civil penalties; requiring rulemaking; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Business, Industry and Jobs.

Senators Senjem, Koch and Parry introduced–

S.F. No. 2554: A bill for an act relating to veterans; authorizing use of "Proud to be a Veteran" license plate on self-propelled recreational vehicles; amending Minnesota Statutes 2008, section 168.1255, subdivision 1.

Referred to the Committee on Agriculture and Veterans.

Senators Senjem, Ingebrigtsen, Rosen and Ortman introduced–

S.F. No. 2555: A bill for an act relating to civil actions; specifying immunity for certain entities in the event of an emergency or disaster; amending Minnesota Statutes 2008, section 12.22, subdivision 2a.

Referred to the Committee on Judiciary.

Senators Kelash, Murphy, Doll and Tomassoni introduced—

S.F. No. 2556: A bill for an act relating to capital investment; appropriating money for a public parking facility at Bloomington Central Station in the city of Bloomington; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Kelash and Tomassoni introduced—

S.F. No. 2557: A bill for an act relating to taxation; property; modifying apprenticeship training facilities exemption; amending Minnesota Statutes 2009 Supplement, section 272.02, subdivision 86.

Referred to the Committee on Taxes.

Senator Kelash introduced—

S.F. No. 2558: A bill for an act relating to capital improvements; appropriating money for emergency building stabilization at Fort Snelling Upper Bluff; authorizing sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Kelash, Torres Ray, Olseen and Scheid introduced—

S.F. No. 2559: A bill for an act relating to real estate; making a conforming change to provide for the right of the borrower to obtain a postponement of a foreclosure sale that has a 12-month redemption period, as is now available for a six-month redemption period; amending Minnesota Statutes 2009 Supplement, section 580.07, subdivisions 2, 3.

Referred to the Committee on Judiciary.

Senator Senjem introduced—

S.F. No. 2560: A bill for an act relating to state lands; authorizing conveyance of certain surplus state land.

Referred to the Committee on Environment and Natural Resources.

Senators Dibble, Doll, Prettner Solon, Rosen and Anderson introduced—

S.F. No. 2561: A bill for an act relating to energy; requiring public utilities commission to open docket to examine integration of electric vehicles into Minnesota's electricity grid; requiring a report.

Referred to the Committee on Energy, Utilities, Technology and Communications.

Senators Betzold and Clark introduced—

S.F. No. 2562: A bill for an act relating to child support enforcement; updating provisions on

access to certain information; authorizing certain actions by a public authority; requiring a notice; imposing certain duties; providing for survival of certain child support judgments; amending Minnesota Statutes 2008, sections 256.978, subdivision 2; 518A.46, subdivision 5, by adding a subdivision; 541.04; 548.09, subdivision 1, by adding a subdivision; repealing Minnesota Statutes 2008, sections 548.091, subdivision 3b; 548.092.

Referred to the Committee on Judiciary.

Senators Kubly; Olson, M. and Murphy introduced—

S.F. No. 2563: A bill for an act relating to transportation; authorizing conveyance by commissioner of transportation to Indian tribal government of land no longer needed for trunk highway purposes; amending Minnesota Statutes 2008, section 161.44, subdivision 1.

Referred to the Committee on Transportation.

Senators Anderson, Saxhaug, Chaudhary, Fobbe and Ingebrigtsen introduced—

S.F. No. 2564: A bill for an act relating to state government; appropriating money from constitutionally dedicated funds for outdoor heritage purposes.

Referred to the Committee on Finance.

Senators Scheid and Betzold introduced—

S.F. No. 2565: A bill for an act relating to local government aid; expanding the members of the study group to study aids to local governments; amending Laws 2008, chapter 366, article 2, section 12.

Referred to the Committee on Taxes.

Senators Cohen, Dibble, Rest, Pogemiller and Bakk introduced—

S.F. No. 2566: A bill for an act relating to state government; modifying authority of the executive branch to reduce unexpended allotments; amending Minnesota Statutes 2008, section 16A.152, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on State and Local Government Operations and Oversight.

Senators Cohen, Pappas and Bonoff introduced—

S.F. No. 2567: A bill for an act relating to human services; modifying a nursing facility rate provision; amending Minnesota Statutes 2008, section 256B.431, subdivision 35.

Referred to the Committee on Finance.

Senators Bakk, Metzen and Rosen introduced—

S.F. No. 2568: A bill for an act relating to economic development; encouraging job creation; allowing tax credits for job growth investment credit and historic structure rehabilitation;

disallowing the deduction of certain dividends; expanding the use of special assessment for certain energy conservation improvements; expanding the permitted use of tax increment financing for certain projects; repealing restrictions on city of Bloomington's development of the Mall of America site; appropriating money; amending Minnesota Statutes 2008, sections 290.06, by adding a subdivision; 290.21, subdivision 4; 429.011, by adding subdivisions; 429.021, subdivision 1; 429.031, subdivision 3; 469.174, by adding a subdivision; 469.175, by adding a subdivision; 469.176, subdivisions 1b, 4c, by adding subdivisions; Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2; Laws 1986, chapter 391, section 1; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; Laws 2008, chapter 366, article 5, sections 28, subdivision 1; 29, subdivisions 1, 2, 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 290; 469; repealing Laws 1996, chapter 464, article 1, section 8, subdivision 5.

Referred to the Committee on Business, Industry and Jobs.

Senator Clark introduced—

S.F. No. 2569: A bill for an act relating to education finance; relieving certain districts of a contract penalty; amending Minnesota Statutes 2008, section 123B.05, by adding a subdivision.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS

Senator Marty moved that the names of Senators Fobbe and Erickson Ropes be added as co-authors to S.F. No. 1631. The motion prevailed.

Senator Metzen moved that the names of Senators Senjem and Lynch be added as co-authors to S.F. No. 2167. The motion prevailed.

Senator Koering moved that the name of Senator Clark be added as a co-author to S.F. No. 2250. The motion prevailed.

Senator Rest moved that the name of Senator Scheid be added as a co-author to S.F. No. 2255. The motion prevailed.

Senator Fobbe moved that the name of Senator Koch be added as a co-author to S.F. No. 2331. The motion prevailed.

Senator Langseth moved that the name of Senator Sparks be added as a co-author to S.F. No. 2381. The motion prevailed.

Senator Tomassoni moved that the name of Senator Latz be added as a co-author to S.F. No. 2432. The motion prevailed.

Senator Kubly moved that the name of Senator Lynch be added as a co-author to S.F. No. 2491. The motion prevailed.

Senator Fobbe moved that S.F. No. 2331 be withdrawn from the Committee on Education and re-referred to the Committee on Finance. The motion prevailed.

Senator Olseen moved that S.F. No. 2471 be withdrawn from the Committee on Commerce and Consumer Protection and re-referred to the Committee on State and Local Government Operations and Oversight. The motion prevailed.

Senator Sparks introduced –

Senate Resolution No. 145: A Senate resolution congratulating Ellis Middle School for being named "The Most Patriotic School in Minnesota" by the Veterans of Foreign Wars.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 26, Senator Pogemiller, Chair of the Committee on Rules and Administration, designated S.F. No. 2168 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2168: A bill for an act relating to health care; establishing mental health urgent care and consultation services; modifying the general assistance medical care program; appropriating money; amending Minnesota Statutes 2008, sections 256.9657, subdivisions 2, 3; 256.969, subdivisions 21, 26, 27, by adding subdivisions; 256B.0625, subdivision 13f, by adding a subdivision; 256B.69, by adding a subdivision; 256D.03, subdivisions 3a, 3b; 256D.06, subdivision 7; 256L.05, subdivisions 1b, 3, 3a; 256L.07, subdivision 6; 256L.15, subdivision 4; 256L.17, subdivision 7; Minnesota Statutes 2009 Supplement, sections 256.969, subdivisions 2b, 3a, 30; 256B.195, subdivision 3; 256B.196, subdivision 2; 256B.199; 256D.03, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 245; 256D.

Senator Senjen moved that further consideration of S.F. No. 2168 be postponed until February 15, 2010.

The question was taken on the adoption of the motion.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 24 and nays 40, as follows:

Those who voted in the affirmative were:

Dille	Gerlach	Jungbauer	Olson, M.	Rosen
Doll	Gimse	Koch	Ortman	Senjem
Erickson Ropes	Hann	Koering	Pariseau	Skogen
Fischbach	Ingebrigtsen	Limmer	Parry	Vandev eer
Frederickson	Johnson	Michel	Robling	

Those who voted in the negative were:

Anderson	Dahle	Latz	Pogemiller	Sieben
Bakk	Dibble	Lourey	Prettner Solon	Skoe
Berglin	Fobbe	Lynch	Rest	Sparks
Betzold	Foley	Marty	Rummel	Stumpf
Carlson	Higgins	Metzen	Saltzman	Tomassoni
Chaudhary	Kelash	Moua	Saxhaug	Torres Ray
Clark	Kubly	Olseen	Scheid	Vickerman
Cohen	Langseth	Pappas	Sheran	Wiger

The motion did not prevail.

Senator Berglin moved to amend S.F. No. 2168 as follows:

Page 3, delete section 2

Page 4, delete section 3

Page 8, delete lines 28 to 36

Page 9, delete lines 1 to 5

Page 9, delete section 6

Page 10, delete section 7

Page 13, line 15, after the period, insert "Payments under this subdivision shall be further ratably reduced as follows: by \$3,243,000 in fiscal year 2011; and by \$2,495,000 in fiscal year 2012. These amounts shall be deposited in the account established in section 256D.032."

Page 14, delete sections 10 and 11

Page 17, delete section 14

Page 23, delete section 17

Page 35, line 26, delete "69" and insert "70"

Page 35, line 33, delete "60" and insert "40"

Page 41, delete section 33

Page 42, line 2, delete "(82,741,000)" and insert "(88,580,000)" and delete "165,372,000" and insert "27,797,000"

Page 42, line 7, delete "48,053,000" and insert "42,244,000" and delete "384,639,000" and insert "247,064,000"

Page 42, line 29, delete "(68,128,000)" and insert "(68,568,000)" and delete "(179,051,000)" and insert "(185,157,000)"

Page 42, delete line 32

Page 42, line 34, delete "3,074,000" and insert "-0-" and delete "53,875,000" and insert "(4,070,000)"

Page 43, delete line 3

Page 43, line 5, delete "2,325,000" and insert "-0-" and delete "41,314,000" and insert "(6,470,000)"

Page 43, delete line 8

Page 43, line 9, delete "266,945,000" and insert "241,308,000"

Page 43, line 12, delete "266,945,000" and insert "241,308,000"

Page 43, line 30, delete "2,784,000" and insert "2,681,000"

Page 45, delete lines 3 to 18 and insert:

"The commissioner shall transfer \$164,939,000 in fiscal year 2011 and \$12,741,000 in fiscal year 2012 from the general fund to the account created in Minnesota Statutes, section 256D.032."

Re-number the sections in sequence and correct the internal references

Correct the section totals and the appropriation summary

Amend the title accordingly

RECESS

Senator Pogemiller moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

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

The Senate resumed consideration of S.F. No. 2168 and the Berglin amendment.

Pursuant to Rule 7.4, Senator Ortman questioned whether the Berglin amendment was in order. The President ruled the amendment was in order.

Senator Ortman moved that S.F. No. 2168 be re-referred to the Committee on Finance.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate for the balance of the proceedings on S.F. No. 2168. The Sergeant at Arms was instructed to bring in the absent members.

RECESS

Senator Clark moved that the Senate do now recess until after the conclusion of the Joint Convention, subject to the call of the President. The motion prevailed.

At the appropriate time, the President called the Senate to order.

CALL OF THE SENATE

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

The Senate resumed consideration of S.F. No. 2168 and the Ortman motion to re-refer.

The question was taken on the adoption of the Ortman motion.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 21 and nays 38, as follows:

Those who voted in the affirmative were:

Dille	Ingebrigtsen	Limmer	Pariseau	Vandev eer
Fischbach	Johnson	Michel	Parry	
Frederickson	Jungbauer	Olson, G.	Robling	
Gerlach	Koch	Olson, M.	Rosen	
Hann	Koering	Ortman	Senjem	

Those who voted in the negative were:

Anderson	Dibble	Lynch	Rummel	Sparks
Berglin	Doll	Metzen	Saltzman	Stumpf
Betzold	Fobbe	Moua	Saxhaug	Tomassoni
Bonoff	Foley	Olseen	Scheid	Torres Ray
Carlson	Higgins	Pappas	Sheran	Vickerman
Chaudhary	Kubly	Pogemiller	Sieben	Wiger
Clark	Latz	Prettner Solon	Skoe	
Cohen	Lourey	Rest	Skogen	

The motion did not prevail.

Senator Berglin moved to amend the first Berglin amendment to S.F. No. 2168 as follows:

Page 1, line 36, delete "\$164,939,000" and insert "\$167,071,000"

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

Senator Hann moved that S.F. No. 2168 be re-referred to the Committee on Health, Housing and Family Security.

The question was taken on the adoption of the motion.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 23 and nays 41, as follows:

Those who voted in the affirmative were:

Dille	Gimse	Koch	Ortman	Senjem
Fischbach	Hann	Koering	Pariseau	Sparks
Fobbe	Ingebrigtsen	Limmer	Parry	Vandev eer
Frederickson	Johnson	Michel	Robling	
Gerlach	Jungbauer	Olson, G.	Rosen	

Those who voted in the negative were:

Anderson	Dahle	Lynch	Rest	Stumpf
Bakk	Dibble	Marty	Rummel	Tomassoni
Berglin	Doll	Metzen	Saltzman	Torres Ray
Betzold	Erickson Ropes	Moua	Saxhaug	Vickerman
Bonoff	Foley	Olseen	Scheid	Wiger
Carlson	Higgins	Olson, M.	Sheran	
Chaudhary	Kubly	Pappas	Sieben	
Clark	Latz	Pogemiller	Skoe	
Cohen	Lourey	Prettner Solon	Skogen	

The motion did not prevail.

The question was taken on the adoption of the first Berglin amendment, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Koch	Olson, M.	Scheid
Bakk	Fischbach	Koering	Ortman	Senjem
Berglin	Fobbe	Kubly	Pappas	Sheran
Betzold	Foley	Latz	Pariseau	Sieben
Bonoff	Frederickson	Limmer	Parry	Skoe
Carlson	Gerlach	Lourey	Pogemiller	Skogen
Chaudhary	Gimse	Lynch	Prettner Solon	Sparks
Clark	Hann	Marty	Rest	Stumpf
Cohen	Higgins	Metzen	Robling	Tomassoni
Dahle	Ingebrigtsen	Michel	Rosen	Torres Ray
Dibble	Johnson	Moua	Rummel	Vandever
Dille	Jungbauer	Olseen	Saltzman	Vickerman
Doll	Kelash	Olson, G.	Saxhaug	Wiger

The motion prevailed. So the first Berglin amendment, as amended, was adopted.

Senator Berglin moved to amend S.F. No. 2168 as follows:

Page 20, line 27, delete "makes" and insert "agrees to make enhanced"

The motion prevailed. So the amendment was adopted.

Senator Ingebrigtsen moved to amend S.F. No. 2168 as follows:

Page 29, line 26, delete "or"

Page 29, line 29, delete the period and insert "; or"

Page 29, after line 29, insert:

"(8) has been adjudicated or convicted of criminal sexual predatory conduct, under section 609.3453."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 42, as follows:

Those who voted in the affirmative were:

Fischbach	Hann	Koering	Pariseau	Sparks
Fobbe	Ingebrigtsen	Limmer	Parry	Vandever
Frederickson	Johnson	Michel	Robling	Wiger
Gerlach	Jungbauer	Olson, G.	Rosen	
Gimse	Koch	Ortman	Senjem	

Those who voted in the negative were:

Anderson	Dahle	Latz	Pogemiller	Skoe
Bakk	Dibble	Lourey	Prettner Solon	Skogen
Berglin	Doll	Lynch	Rest	Stumpf
Betzold	Erickson Ropes	Marty	Rummel	Tomassoni
Bonoff	Foley	Metzen	Saltzman	Torres Ray
Carlson	Higgins	Moua	Saxhaug	Vickerman
Chaudhary	Kelash	Olseen	Scheid	
Clark	Kubly	Olson, M.	Sheran	
Cohen	Langseth	Pappas	Sieben	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 2168 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.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 45 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Langseth	Pappas	Sieben
Bakk	Dibble	Latz	Pogemiller	Skoe
Berglin	Doll	Lourey	Prettner Solon	Skogen
Betzold	Erickson Ropes	Lynch	Rest	Sparks
Bonoff	Fobbe	Marty	Rummel	Stumpf
Carlson	Foley	Metzen	Saltzman	Tomassoni
Chaudhary	Higgins	Moua	Saxhaug	Torres Ray
Clark	Kelash	Olseen	Scheid	Vickerman
Cohen	Kubly	Olson, M.	Sheran	Wiger

Those who voted in the negative were:

Fischbach	Hann	Koch	Olson, G.	Robling
Frederickson	Ingebrigtsen	Koering	Ortman	Rosen
Gerlach	Johnson	Limmer	Pariseau	Senjem
Gimse	Jungbauer	Michel	Parry	Vanderveer

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Rest moved that S.F. No. 2267 be withdrawn from the Committee on State and Local Government Operations and Oversight and re-referred to the Committee on Judiciary. The motion prevailed.

Senator Marty moved that S.F. No. 118 be withdrawn from the Committee on State and Local Government Operations and Oversight and re-referred to the Committee on Judiciary. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate revert to the Order of Business of Introductions and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Senators Fobbe, Erickson Ropes, Olseen, Sieben and Clark introduced—

S.F. No. 2570: A bill for an act relating to the military; appropriating money for payments to certain current and former Army National Guard members to satisfy federal obligations to those members.

Referred to the Committee on Finance.

MEMBERS EXCUSED

Senator Murphy was excused from the Session of today. Senator Olson, G. was excused from the Session of today from 9:00 to 9:20 a.m. Senator Bonoff was excused from the Session of today from 9:00 to 10:10 a.m. Senator Clark was excused from the Session of today from 9:10 to 10:10 a.m. Senator Kelash was excused from the Session of today from 12:00 noon to 1:00 p.m. Senator Rest was excused from the Session of today from 12:05 to 12:40 p.m. Senator Dille was excused from the Session of today at 1:35p.m.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 11:00 a.m., Monday, February 15, 2010. The motion prevailed.

Peter S. Wattson, Secretary of the Senate (Legislative)