

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2008

 ONE HUNDRED NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 30, 2008

The House of Representatives convened at 10:30 a.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Pastor Chris DeGraff, Grace Lutheran Church, Andover, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dill	Haws	Lesch	Olson	Slawik
Anderson, B.	Dittrich	Heidgerken	Liebling	Otremba	Slocum
Anderson, S.	Dominguez	Hilstrom	Lieder	Ozment	Smith
Anzelc	Doty	Hilty	Lillie	Paulsen	Solberg
Atkins	Drazkowski	Holberg	Loeffler	Paymar	Swails
Benson	Eastlund	Hoppe	Madore	Pelowski	Thao
Berns	Eken	Hortman	Magnus	Peppin	Thissen
Bigham	Emmer	Hosch	Mahoney	Peterson, A.	Tillberry
Bly	Erhardt	Howes	Mariani	Peterson, N.	Tingelstad
Brod	Erickson	Huntley	Marquart	Peterson, S.	Tschumper
Brown	Faust	Jaros	Masin	Poppe	Urdahl
Brynaert	Finstad	Johnson	McFarlane	Rukavina	Wagenius
Buesgens	Fritz	Juhnke	McNamara	Ruth	Walker
Bunn	Gardner	Kahn	Morgan	Ruud	Ward
Carlson	Garofalo	Kalin	Morrow	Sailer	Wardlow
Clark	Gottwalt	Knuth	Mullery	Scalze	Welti
Cornish	Greiling	Koenen	Murphy, E.	Seifert	Westrom
Davnie	Gunther	Kohls	Murphy, M.	Sertich	Winkler
Dean	Hackbarth	Kranz	Nelson	Severson	Wollschlager
DeLaForest	Hamilton	Laine	Nornes	Shimanski	Zellers
Demmer	Hansen	Lanning	Norton	Simon	Spk. Kelliher
Dettmer	Hausman	Lenczewski	Olin	Simpson	

A quorum was present.

Beard, Hornstein and Moe were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Norton moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 3096 and H. F. No. 3669, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kalin moved that the rules be so far suspended that S. F. No. 3096 be substituted for H. F. No. 3669 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3189 and H. F. No. 3490, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bigham moved that S. F. No. 3189 be substituted for H. F. No. 3490 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3486 and H. F. No. 3873, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rukavina moved that the rules be so far suspended that S. F. No. 3486 be substituted for H. F. No. 3873 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3715 and H. F. No. 4014, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Fritz moved that S. F. No. 3715 be substituted for H. F. No. 4014 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Finance to which was referred:

H. F. No. 863, A bill for an act relating to global warming and the environment; requiring adoption of California standards regarding low emission vehicles; providing for updates to the standards as necessary to comply with the federal Clean Air Act; amending Minnesota Statutes 2006, section 116.07, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 116.07, subdivision 2, is amended to read:

Subd. 2. **Adoption of standards.** (a) The Pollution Control Agency shall improve air quality by promoting, in the most practicable way possible, the use of energy sources and waste disposal methods which produce or emit the least air contaminants consistent with the agency's overall goal of reducing all forms of pollution. The agency shall

also adopt standards of air quality, including maximum allowable standards of emission of air contaminants from motor vehicles, recognizing that due to variable factors, no single standard of purity of air is applicable to all areas of the state. In adopting standards the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of air contaminants or the duration of their presence in the atmosphere, which may cause air pollution in one area of the state, may cause less or not cause any air pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, prevailing wind directions and velocities, and the fact that a standard of air quality which may be proper as to an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such standards of air quality shall be premised upon scientific knowledge of causes as well as effects based on technically substantiated criteria and commonly accepted practices. No local government unit shall set standards of air quality which are more stringent than those set by the Pollution Control Agency.

(b) The Pollution Control Agency shall adopt rules, as authorized under the federal Clean Air Act, United States Code, title 42, section 7507, to regulate emission standards of motor vehicles sold in this state. The rules:

(1) must be adopted under section 14.388, subdivision 1, clause (3);

(2) except as provided in clauses (3) to (5), must be identical to and must incorporate by reference the California low emission vehicle regulations adopted by the California Air Resources Board under the California Code of Regulations, title 13, sections 1900 to 2235;

(3) must not include the zero emission vehicle standards contained in California Code of Regulations, title 13, section 1962;

(4) must not include the 15-year or 150,000-mile extended warranty specified in California Code of Regulations, title 13, section 1962, for partial zero emission vehicles, provided that partial zero emission vehicles delivered for sale to Minnesota are equipped with the same quality components as partial zero emission vehicles supplied to areas where the full 15-year or 150,000-mile warranty remains in effect. This section does not amend the requirements of California Code of Regulations, title 13, section 1962, that indicate the warranty period for a zero emission energy storage device used for traction power will be ten years;

(5) must not include any fuel standards set forth in California Code of Regulations, title 13, sections 2250 et. seq.;

(6) must be amended as necessary in a timely fashion to minimize the time during which Minnesota's rules are not identical with California's regulations, as required under United States Code, title 42, section 7507. Amendments under this clause must be made under section 14.388, subdivision 1, clause (3); and

(7) must state that each section of the rules is severable, and that if any section is held invalid, the remainder will continue in full force and effect.

If the California emission standards referred to under this section are extended to off-road vehicles or engines including, but not limited to, all-terrain vehicles, snowmobiles, boats, aircraft, lawnmowers, tractors, farm machinery, or construction equipment, this section is no longer effective, and Minnesota reverts to the federal motor vehicle emissions standards by operation of law without requiring further executive or legislative branch action.

Any portion of California's regulations requiring a federal waiver under the Clean Air Act in order to become effective may not be enforced in Minnesota unless and until California receives the requisite federal waiver.

At least 30 days prior to beginning to adopt rules under this paragraph, the commissioner of the Pollution Control Agency must notify the governor, commissioner of agriculture, commissioner of commerce, and chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agricultural policy and finance, environmental policy and finance, and commerce policy and finance of the commissioner's intention to adopt rules under this paragraph.

Beginning January 1, 2009, and each year thereafter, the commissioner must submit to the governor, commissioner of agriculture, commissioner of commerce, and chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agricultural policy and finance, environmental policy and finance, and commerce policy and finance a report containing the following information, to the extent it is available:

(1) for each motor vehicle manufacturer:

(i) the makes and models of flexible fuel vehicles offered for sale in Minnesota; and

(ii) the percentage of flexible fuel vehicles offered for sale in Minnesota that are engineered for optimal performance using E85; and

(2) for each of the 50 states:

(i) the number of E85 pumps operating;

(ii) gross sales of E85; and

(iii) the market share of E85 as a proportion of total fuel purchased for motor vehicle use.

(c) The Pollution Control Agency shall promote solid waste disposal control by encouraging the updating of collection systems, elimination of open dumps, and improvements in incinerator practices. The agency shall also adopt standards for the control of the collection, transportation, storage, processing, and disposal of solid waste and sewage sludge for the prevention and abatement of water, air, and land pollution, recognizing that due to variable factors, no single standard of control is applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, topography, soils and geology, climate, transportation, and land use. Such standards of control shall be premised on technical criteria and commonly accepted practices.

(d) The Pollution Control Agency shall also adopt standards describing the maximum levels of noise in terms of sound pressure level which may occur in the outdoor atmosphere, recognizing that due to variable factors no single standard of sound pressure is applicable to all areas of the state. Such standards shall give due consideration to such factors as the intensity of noises, the types of noises, the frequency with which noises recur, the time period for which noises continue, the times of day during which noises occur, and such other factors as could affect the extent to which noises may be injurious to human health or welfare, animal or plant life, or property, or could interfere unreasonably with the enjoyment of life or property. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of noise or the duration of its presence in the outdoor atmosphere, which may cause noise pollution in one area of the state, may cause less or not cause any noise pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, meteorological conditions and the fact that a standard which may be proper in an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such noise standards shall be premised upon scientific

knowledge as well as effects based on technically substantiated criteria and commonly accepted practices. No local governing unit shall set standards describing the maximum levels of sound pressure which are more stringent than those set by the Pollution Control Agency.

(e) The Pollution Control Agency shall adopt standards for the identification of hazardous waste and for the management, identification, labeling, classification, storage, collection, transportation, processing, and disposal of hazardous waste, recognizing that due to variable factors, a single standard of hazardous waste control may not be applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall recognize that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state. The agency shall consider existing physical conditions, topography, soils, and geology, climate, transportation and land use. Standards of hazardous waste control shall be premised on technical knowledge, and commonly accepted practices. Hazardous waste generator licenses may be issued for a term not to exceed five years. No local government unit shall set standards of hazardous waste control which are in conflict or inconsistent with those set by the Pollution Control Agency.

A person who generates less than 100 kilograms of hazardous waste per month is exempt from the following agency hazardous waste rules:

(1) rules relating to transportation, manifesting, storage, and labeling for photographic fixer and X-ray negative wastes that are hazardous solely because of silver content; and

(2) any rule requiring the generator to send to the agency or commissioner a copy of each manifest for the transportation of hazardous waste for off-site treatment, storage, or disposal, except that counties within the metropolitan area may require generators to provide manifests.

Nothing in this paragraph exempts the generator from the agency's rules relating to on-site accumulation or outdoor storage. A political subdivision or other local unit of government may not adopt management requirements that are more restrictive than this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 2. **STUDY.**

The commissioner of the Pollution Control Agency shall issue a request for proposals from academic institutions within the state to complete a study regarding the implementation of this act. The study must be submitted to the legislature by February 1, 2009. The study must address the following:

(1) the differences between California low emission vehicle (LEV) regulations and federal regulations;

(2) a summary of the numbers of flexible fuel vehicles (FFV's) sold and the amount of E85 fuel used in California and other states that have adopted the California LEV regulations, compared with the numbers of FFV's sold and the amount of E85 fuel used in states utilizing federal regulations. The summary should be based on the ratio of FFV's to gasoline vehicles;

(3) any negative impact that the California standards would have on the availability of the purchase of FFV's and E85 in Minnesota;

(4) recommendations as to how an automaker would certify that E85 is being used in FFV's;

(5) an analysis of the extent that California uses survey reports to determine E85 use in FFV's;

(6) an analysis of using the GM On-Star and similar computer systems to determine E85 use in FFV's, including the ability of the system to collect the data, the current availability of On-Star type systems on FFV's and the cost of adding the technology on those vehicles, and whether collection of the data violates state privacy laws;

(7) a summary of national use of high occupancy vehicle (HOV) lanes by vehicles that operate on alternative fuels, including whether FFV's are permitted to use HOV lanes and any difficulties in determining the type of fuel being used;

(8) a review of the evolution of the California LEV regulations and any planned future changes, including:

(i) how those changes impact the availability of FFV's and whether they encourage broader use of renewable fuels;

(ii) a summary of past, present, and future biofuel use; and

(iii) a summary of California's transportation planning, including any anticipated reliance on particular transportation components, such as all-electric vehicles, use of biodiesel and ethanol fuels, and the like; and

(9) an analysis of California vehicle and gasoline test methodology and certifications, including:

(i) whether FFV's are tested on gasoline grades sold in Minnesota;

(ii) why FFV's are not tested on E85;

(iii) what are lifecycle emission impacts associated with E85 use;

(iv) how California gasoline differs from that of other regions and federally reformulated gasoline;

(v) what are the emission impacts of using Minnesota gasoline in California-certified vehicles, compared with modeled emission impacts; and

(vi) the impact on Minnesota air pollution if California LEV standards are adopted, given that California is NO_x-limited for ground-level ozone formation and Minnesota is a VOC-limited air shed.

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

Sec. 3. **ADOPTION.**

The rules under section 1 must be adopted and made effective by September 30, 2009, and shall be effective for motor vehicles with a model year of 2013 and later. The rules adopted under section 1 do not affect collector vehicles or street rods under Minnesota Statutes, section 168.10."

Delete the title and insert:

"A bill for an act relating to air pollution; requiring adoption of emission standards for motor vehicles; providing for updates as necessary to comply with the Clean Air Act; requiring reports and a study; amending Minnesota Statutes 2006, section 116.07, subdivision 2."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2291, A bill for an act relating to education finance; providing full funding for Telecommunications /Internet access equity aid; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 120B.36, as amended by Laws 2007 chapter 14, article 2, section 11, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.

Subdivision 1. **School performance report cards.** (a) The commissioner shall use objective criteria based on levels of student performance to report at least student academic performance, school safety, two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, and staff characteristics, with a value-added component added no later than the 2008-2009 school year. The report must indicate a school's adequate yearly progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards.

(c) The commissioner must make available the first performance report cards by November 2003, and during the beginning of each school year thereafter.

(d) A school or district may appeal its adequate yearly progress or other status determination in writing to the commissioner within 30 days of receiving the notice of its status- determination. The commissioner must give the affected school or school district notice and the opportunity for a hearing before an appeals advisory committee within 30 days after the commissioner receives the written appeal. The commissioner must notify the school or district of the date, time, and place of the hearing at least 21 days before the hearing date. Within 30 days after the hearing, the appeals advisory committee must submit a written recommendation to the commissioner regarding whether to grant or deny the appeal and include the reasons for its recommendation. The commissioner must finally decide an appeal based on an objective evaluation and must make and transmit to the school or district the commissioner's evaluation and final decision within 15 days of receiving the advisory committee recommendation. The commissioner, after consulting with the appeals advisory committee, may postpone the hearing date under special circumstances. The appeals advisory committee is composed of five members:

(1) a representative of a statewide professional teachers organization selected by the organization;

(2) a representative of a statewide organization of school administrators selected by the organization;

(3) a representative of a statewide parent and teachers organization selected by the organization;

(4) a representative of a statewide commerce organization having a significant interest in kindergarten through grade 12 education selected by the organization; and

(5) a representative of a statewide school boards association selected by the organization.

Membership terms and removal of members are governed by section 15.059, except that the terms are three years. The commissioner may reimburse members for expenses under section 15.059 only if federal funding is available for this purpose. The appeals advisory committee does not expire.

The commissioner must seek the advice of the appeals advisory committee before deciding an appeal. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance report cards data are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) concludes. The department shall annually post school performance report cards to its public Web site no later than September 1.

Subd. 1a. GRAD test appeals. (a) Consistent with this subdivision, the commissioner must collaborate with high school teachers, high school administrators, parents of high school students, school district assessment directors, higher education faculty with expertise in kindergarten through grade 12 education and assessment, and other interested experts and stakeholders to establish a timely, transparent, and data-based appeals process that allows school districts, at their discretion, to grant a diploma to high school seniors in the 2008-2009, 2009-2010, and 2010-2011 school years who do not receive a passing score on the state reading or mathematics GRAD test.

(b) A high school student in the 2008-2009, 2009-2010, or 2010-2011 school year who does not receive a passing score on the state reading or mathematics GRAD test by April of the student's senior year may appeal to the chief administrator of the high school where the student is enrolled, in the form and manner the commissioner determines, requesting that the school district grant the student a high school diploma without passing the reading or mathematics GRAD test. The high school administrator, in collaboration with teachers and other school staff selected by the administrator, must formally decide whether or not to grant the student a high school diploma based on multiple, well-understood measures of student learning that measurement experts have determined to be valid and reliable and that are available to the educators deciding whether or not to grant the student's request. School district officials must use the data that form the bases of the student appeals under this subdivision, where appropriate, to revise district curriculum to ensure that all students have an equal opportunity to learn and provide appropriate academic intervention and remediation to students who fail to pass the state's reading or mathematics GRAD test.

(c) The commissioner must evaluate the effectiveness and impact of the appeals process and recommend to the legislature by February 1, 2011, whether or not to continue the appeals process under this subdivision. If the commissioner recommends continuing this process, the commissioner also must recommend student performance levels for the state reading and mathematics GRAD tests and the appropriate indicators for school districts to consider in deciding whether or not to grant a diploma to high school seniors who do not receive a passing score on the state reading or mathematics GRAD test.

Subd. 2. Adequate yearly progress data. All data the department receives, collects, or creates for purposes of determining adequate yearly progress designations under Public Law 107-110, section 1116, are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in subdivision 1, paragraph (d), concludes. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The department shall annually post adequate yearly progress data to its public Web site no later than September 1.

Sec. 2. **DEPARTMENT OF EDUCATION REPORT.**

The Department of Education must submit a report to the education committees of the legislature by January 15, 2009, analyzing existing stand-alone school district reporting requirements and recommend the elimination of any district reports that are duplicative of other data already collected by the department."

Delete the title and insert:

"A bill for an act relating to education; modifying provisions governing appeals of graduation test scores; amending Minnesota Statutes 2006, section 120B.36, as amended."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

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

H. F. No. 2351, A bill for an act relating to telecommunications; requiring a study of the impact of state video franchising in states that have enacted such legislation; appropriating money.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 3149, A bill for an act relating to taxation; making policy, technical, administrative, and clarifying changes to various taxes and fees and related provisions; changing provisions relating to government data practices and debt collection; providing for compliance with job opportunity building zone requirements; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2; 163.051, subdivision 5; 270A.08, subdivision 1; 270C.33, subdivision 5; 270C.56, subdivision 1; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivision 8; 273.124, subdivisions 6, 13, 21; 273.128, subdivision 1; 273.13, subdivisions 22, 23, 25, 33; 274.01, subdivision 3; 274.014, subdivision 3; 276.04, subdivision 2; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.18, subdivision 1; 289A.55, by adding a subdivision; 289A.60, by adding a subdivision; 290.01, subdivision 6b; 290.068, subdivision 3; 290.07, subdivision 1; 290.21, subdivision 4; 290.92, subdivision 26; 290B.04, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665; 297A.67, subdivision 7; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297F.01, subdivision 8; 297F.21, subdivision 1; 297G.01, subdivision 9; 297H.09; 297I.05, subdivision 12; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c; 469.319; 477A.03, subdivision 2a; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 273; 469; repealing Minnesota Statutes 2006, section 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HOMESTEAD CREDIT STATE REFUND

Section 1. Minnesota Statutes 2006, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value credit.** (a) Each county auditor shall determine a homestead credit for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of the first \$76,000 of market value of the property minus .09 percent of the market value in excess of \$76,000. The credit amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property that is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

(b) For property taxes payable in 2009 and thereafter, the county auditor shall determine the amount of the homestead credit under paragraph (a) and this paragraph. The county auditor shall report the amount of the credit to the taxpayer on the property tax statement or in another manner, as authorized by the commissioner of revenue. The amount of the credit allowed for the property taxes payable year is to be computed as the following percentage of the credit amount under paragraph (a):

(1) for property taxes payable in 2009, 100 percent;

(2) for property taxes payable in 2010, 60 percent;

(3) for property taxes payable in 2011, 45 percent;

(4) for property taxes payable in 2012, 30 percent;

(5) for property taxes payable in 2013, 15 percent; and

(6) for property taxes payable in 2014 or thereafter, no credit is allowed.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2009.

Sec. 2. Minnesota Statutes 2006, section 276.04, subdivision 2, as amended by Laws 2008, chapter 154, article 2, section 19, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the

county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, before credits; any items required by the commissioner of revenue under section 273.1384, subdivision 1, paragraph (b); and
- ~~(4) for homestead residential and agricultural properties, the credits under section 273.1384;~~
- ~~(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and~~
- ~~(6)~~ (4) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 290.01, subdivision 19a, as amended by Laws 2008, chapter 154, article 3, section 2, and Laws 2008, chapter 154, article 4, section 3, is amended to read:

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

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

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

(2) the amount of (i) income or sales and use taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid or sales and use taxes paid to any other state or to any province or territory of Canada, and (ii) the amount of real and personal property taxes paid or accrued within the taxable year, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction disallowed, real property tax is the second to last itemized deduction disallowed, and personal property tax is the third to last itemized deduction disallowed;

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

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

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

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

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

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

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

(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(12) for taxable years beginning after December 31, 2006, and before January 1, 2008, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income; and

(13) for taxable years beginning after December 31, 2006, and before January 1, 2008, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 4. Minnesota Statutes 2006, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, ~~273.1384~~, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. Beginning for property taxes payable in 2009, the amount of the credit under section 273.1384, subdivision 1, must not be deducted in computing property taxes payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 19 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective beginning for refund claims based on property taxes payable in 2009.

Sec. 5. Minnesota Statutes 2006, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16, or to the reduction in and elimination of the homestead market value credit under section 273.1384, subdivision 1, paragraph (b).

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2009 and thereafter.

Sec. 6. Minnesota Statutes 2006, section 290A.04, is amended by adding a subdivision to read:

Subd. 2k. **Homestead credit state refund.** (a) A claimant who is a homeowner is entitled to a state refund of the amount of the property taxes payable in excess of two percent of the claimant's household income, based on the percentage and maximum for the appropriate household income level shown below. The refund amount determined from the table must be reduced further by the amount of the homestead market value credit under section 273.1384, subdivision 1, paragraph (b), but not to an amount that is less than zero.

<u>Household Income</u>	<u>Refund Percentage</u>	<u>Maximum State Refund</u>
<u>0 to \$5,399</u>	<u>90 percent</u>	<u>\$2,500</u>
<u>5,400 to 18,899</u>	<u>85 percent</u>	<u>2,500</u>
<u>18,900 to 26,999</u>	<u>80 percent</u>	<u>2,500</u>
<u>27,000 to 32,399</u>	<u>70 percent</u>	<u>2,500</u>
<u>32,400 to 37,799</u>	<u>65 percent</u>	<u>2,500</u>
<u>37,800 to 45,899</u>	<u>60 percent</u>	<u>2,500</u>
<u>45,900 to 64,699</u>	<u>55 percent</u>	<u>2,500</u>
<u>64,700 to 80,899</u>	<u>50 percent</u>	<u>2,300</u>
<u>80,900 to 94,399</u>	<u>45 percent</u>	<u>2,100</u>
<u>94,400 to 99,299</u>	<u>40 percent</u>	<u>1,900</u>

<u>99,300 to 104,099</u>	<u>35 percent</u>	<u>1,700</u>
<u>104,100 to 115,599</u>	<u>30 percent</u>	<u>1,500</u>
<u>115,600 to 127,199</u>	<u>25 percent</u>	<u>1,250</u>
<u>127,200 to 134,099</u>	<u>25 percent</u>	<u>1,000</u>
<u>134,100 to 138,799</u>	<u>25 percent</u>	<u>750</u>
<u>138,800 to 144,399</u>	<u>25 percent</u>	<u>500</u>
<u>144,400 to 200,000</u>	<u>25 percent</u>	<u>250</u>

(b) No payment is allowed under paragraph (a) if the claimant's household income is more than \$200,000.

EFFECTIVE DATE. This section is effective beginning for claims based on property taxes payable in 2009.

Sec. 7. Minnesota Statutes 2006, section 290A.04, is amended by adding a subdivision to read:

Subd. 2l. **Revenue neutrality.** (a) No later than August 1st of each year, beginning in 2010, the commissioner must calculate the amount of revenue estimated to be raised in the next fiscal year through the phaseout of the residential homestead market value credit in section 273.1384, subdivision 1, paragraph (b), and the disallowance of the deduction of real and personal property taxes in section 290.01, subdivision 19a, clause (2). The commissioner must also estimate the total amount estimated to be paid to homeowners in refunds based on taxes payable in the next calendar year under the homestead credit state refund in subdivision 2k, and the amount that would have been paid in refunds based on taxes payable in the next calendar year under the homeowner property tax refund if section 290A.04, subdivision 2, had not been repealed.

(b) If the commissioner estimates that more revenue will be raised in the next fiscal year through the phaseout of the residential homestead market value credit and the disallowance of the real and personal property tax deduction than will be paid in increased refunds under the homestead credit state refund as compared with the repealed homeowner property tax refund, and if the revenue raised exceeds the additional refunds to be paid by more than \$5,000,000, then the commissioner must adjust the maximum refunds allowed under subdivision 2k for refunds based on taxes payable in the next calendar year. The adjustment applies to the maximum refunds after the inflation adjustment provided in subdivision 4. The commissioner must adjust the maximum refunds for all income ranges proportionately, rounded to the nearest \$10 amount as provided in subdivision 4, paragraph (b), so that the amount estimated to be paid in refunds based on taxes payable in the next calendar year approximates but does not exceed the revenue estimated to be raised through the phaseout of the residential homestead market value credit and the disallowance of the real and personal property tax deduction in the next fiscal year. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective the day following final enactment, for refunds based on property taxes payable in 2011 and following years.

Sec. 8. Minnesota Statutes 2006, section 290A.04, subdivision 3, is amended to read:

Subd. 3. **Table.** The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the ~~property taxes to be paid and~~ refund allowed at various levels of income ~~and assessment~~. The table shall follow the schedule of income percentages, maximums and other provisions specified in ~~subdivision 2~~ this section, except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner of revenue.

The commissioner shall include on the form an appropriate space or method for the claimant to identify if the property taxes paid are for a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9.

Sec. 9. Minnesota Statutes 2006, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar year 2002 2010, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a subdivision 2k for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on June 30, 2000 2008, to the year ending on June 30 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a subdivision 2k for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(b) Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivision 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective beginning for claims based on property taxes payable in 2010.

Sec. 10. **REPEALER.**

Minnesota Statutes 2006, section 290A.04, subdivisions 2 and 2b, are repealed.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2009 and thereafter.

ARTICLE 2

AIDS TO LOCAL GOVERNMENTS

Section 1. Minnesota Statutes 2006, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 5.0734098 times the pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage; plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan area factor; minus (6) 49.10638 times the household size.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4) 1.206 times the transformed population; minus (5) 62.772.

(c) For a city with a population of 2,500 or more and a population in one of the most recently available five years that was less than 2,500, "city revenue need" is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its transition factor; plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied by the difference between one and its transition factor. For purposes of this paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's population estimate has been 2,500 or more. This provision only applies for aids payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It applies to any city for aids payable in 2009 and thereafter. The city revenue need under this paragraph may not be less than 290.

(d) The city revenue need cannot be less than zero.

(e) For aids certified in 2010 and subsequent years, the city revenue need is equal to the average of (1) the city's revenue need calculated under paragraphs (a) to (d) based on data available by January 1 in the year the aid is certified, and (2) its revenue need calculated under paragraphs (a) to (d) based on data available by January 1 in the previous year.

~~(e)~~ (f) For calendar year 2005 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to ~~(e)~~ (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2003 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 2. Minnesota Statutes 2006, section 477A.011, subdivision 36, as amended by Laws 2008, chapter 154, article 1, section 1, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

~~(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:~~

~~(i) the city had a population in 1996 of at least 50,000;~~

~~(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and~~

~~(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.~~

~~(e)~~ (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

~~(f)~~ (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

~~(h)~~ (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

~~(h)~~ (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

~~(h)~~ (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

~~(j)~~ (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

~~(k)~~ (k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

~~(l)~~ (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

~~(m)~~ (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

~~(n)~~ (n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

~~(o)~~ (o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

~~(p)~~ (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

~~(q)~~ (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

~~(s)~~ The city aid base for a city with a population less than 5,000 is increased in 2006 and thereafter and the minimum and maximum amount of total aid it may receive under this section is also increased in calendar year 2006 only by an amount equal to \$6 multiplied by its population.

~~(r)~~ (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

~~(s)~~ (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

~~(v)~~ (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$200,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2009 only, if the city:

(1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;

(2) has a 2005 population greater than 7,000 but less than 8,000; and

(3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$80,000 in calendar years 2009 to 2018 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$80,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base for a city is increased by \$100,000 in 2009 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased by \$100,000 in calendar year 2009 only, provided that:

(1) the city is located in the metropolitan area and its 2006 population is less than 2,500;

(2) at least 25 percent of its housing was built before 1940 and at least 50 percent of its housing is rental housing, according to the 2000 United States census;

(3) the median household income in the city is 80 percent or less than the median household income in the metropolitan area and 50 percent or less than the median household income for all cities contiguous to that city, according to the 2000 United States Census; and

(4) at least 60 percent of the land and water acres in the city are classified as tax-exempt property, according to its 2008 planning document.

(y) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to \$9 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce for the most recently available year to the 2007 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 4. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000 or more is equal to the product of (1) \$30, (2) the number of jobs per capita in the city, and (3) its population. For cities with a population less than 5,000, the city jobs base is equal to zero. For a city receiving aid under section 477A.011, subdivision 36, paragraph (1), its city jobs base is reduced by the lesser of one-half of the amount of aid received under that paragraph or \$1,200,000. No city's jobs base may exceed \$5,000,000 under this paragraph.

(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as determined in paragraph (a), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce for the most recently available year to the 2007 implicit price deflator for state and local government purchases.

(c) For purposes of this subdivision, "jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available as of January 1 of the year in which the aid is calculated, divided by (2) the city's population for the same calendar year as the employment data.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 5. Minnesota Statutes 2006, section 477A.0124, subdivision 5, is amended to read:

~~Subd. 5. **County transition aid.** (a) For 2005, a county is eligible for transition aid equal to the amount, if any, by which:~~

~~(1) the difference between:~~

~~(i) the aid the county received under subdivision 1 in 2004, divided by the total aid paid to all counties under subdivision 1, multiplied by \$205,000,000; and~~

~~(ii) the amount of aid the county is certified to receive in 2005 under subdivisions 3 and 4;~~

~~exceeds:~~

~~(2) three percent of the county's adjusted net tax capacity.~~

~~A county's aid under this paragraph may not be less than zero.~~

~~(b) In 2006, a county is eligible to receive two thirds of the transition aid it received in 2005.~~

~~(c) In 2007, For 2009 and each year thereafter, a county is eligible to receive one third of the transition aid it received in 2005 2007.~~

~~(d) No county shall receive aid under this subdivision after 2007.~~

(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2) an average Part I crimes per capita greater than 3.9 percent based on factors used in determining county program aid payable in 2008, shall receive \$100,000.

(c) For aids payable in 2009, 2010, and 2011 only, \$250,000 each year shall be distributed to any county in which (1) the 2006 estimated population exceeds 30,000, and (2) the 2006 percentage of households receiving food stamps exceeds 15 percent, based on data used in computing county program aids for aids payable in 2008 and the 2006 estimated household count according to the state demographer. The aid must be used to meet the county's cost of out-of-home placement programs.

EFFECTIVE DATE. This section is effective for aids payable in 2009 and thereafter.

Sec. 6. Minnesota Statutes 2006, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** ~~In 2002, no~~ In calendar year 2009 and subsequent years, each organized town is eligible for a distribution under this subdivision equal to \$100 plus the product of the town aid factor multiplied by its population. Each county with one or more unorganized townships shall receive \$100 plus the product of the town aid factor multiplied by the total population in all unorganized townships in the county.

The "town aid factor" is the same for all towns and must be calculated by the Department of Revenue so that the total aid under this subdivision equals the total amount available for aid under section 477A.03.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 7. Minnesota Statutes 2006, section 477A.013, subdivision 8, as amended by Laws 2008, chapter 154, article 1, section 2, is amended to read:

Subd. 8. **City formula aid.** ~~In calendar year 2004~~ 2009 and subsequent years, the formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the difference between (4) (i) the city's revenue need multiplied by its population, and (2) (ii) the sum of the city's net tax capacity multiplied by the tax effort rate.

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

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03 after the subtraction under section 477A.014, subdivisions 4 and 5. For aids payable in 2009 only, a city's revenue need, population, net tax capacity, and tax effort rate will be based on the data available for calculating these factors for aids payable in 2008.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 8. Minnesota Statutes 2006, section 477A.013, subdivision 9, as amended by Laws 2008, chapter 154, article 1, section 3, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2009 and thereafter~~, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base, ~~and (3) one-half of the difference between its total aid in the previous year under this subdivision and its city aid base in the previous year.~~

(b) For aids payable in ~~2010 and thereafter~~, each city shall receive an aid distribution equal to (1) the city aid formula under subdivision 8, (2) its city aid base, and (3) ~~its formula aid under subdivision 8 in the previous year, prior to any adjustments under this subdivision~~ 2009 only, the total aid for any city shall not exceed the sum of (1) 40 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year.

(c) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$15 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$15 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 9. Minnesota Statutes 2006, section 477A.03, is amended to read:

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

Subd. 2a. **Cities.** For aids payable in ~~2004~~ 2009 and thereafter, the total ~~aids aid~~ aid paid under section 477A.013, subdivision 9, ~~are limited to \$429,000,000 is \$534,148,487.~~ For aids payable in 2005, ~~the total aids paid under section 477A.013, subdivision 9, are limited to \$437,052,000.~~ For aids payable in 2006 and thereafter, ~~the total aids paid under section 477A.013, subdivision 9, is limited to \$485,052,000~~ 2009 only, an additional \$1,000,000 shall be retained by the commissioner and used to make payments under section 10.

Subd. 2b. **Counties.** (a) ~~For aids payable in calendar year 2005 and thereafter, the total aids paid to counties under section 477A.0124, subdivision 3, are limited to \$100,500,000.~~ For aids payable in 2009 and thereafter, ~~the total aid payable under section 477A.0124, subdivision 3, is \$110,500,000 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (a).~~ Each calendar year, \$500,000 shall be retained

by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2005 2009 and thereafter~~, the total ~~aids aid~~ under section 477A.0124, subdivision 4, ~~are limited to \$105,000,000~~ is \$115,132,923 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (a). ~~For aids payable in 2006 and thereafter, the total aid under section 477A.0124, subdivision 4, is limited to \$105,132,923.~~ The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of finance and the commissioner of education for the preparation of local impact notes.

Subd. 2c. Towns. For aids payable in 2009 and thereafter, the total aid under section 477A.013, subdivision 1, is \$3,000,000.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 10. **CITY FORECLOSURE GRANTS.**

For calendar 2009 only, a city with a concentration of foreclosures within the city or within a zip code area of a city in calendar year 2007 may receive a grant under this section. A "concentration of foreclosures" means that the percent of housing in foreclosure within the area is at least 50 percent higher than the average percent of housing in foreclosure in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. The city must apply to the commissioner of revenue by December 30, 2008, on the form prescribed by the commissioner. The grant will be paid with other aids paid in calendar year 2009, as prescribed in Minnesota Statutes, section 477A.015.

The commissioner of revenue shall consult with the commissioner of the Housing Finance Agency to develop a form for cities to use when applying for grants under this section and to determine whether applications qualify. The appropriation for the grants under Minnesota Statutes, section 477A.03, shall be divided between successful applicants based on the number of foreclosures in the area meeting the concentration criteria. No city may receive a grant of more than \$250,000. All decisions by the commissioner regarding grant qualification and amount shall be final. The grant must be used to fund inspection and public safety costs associated with housing foreclosures.

EFFECTIVE DATE. This section is effective for grants made in calendar year 2009.

Sec. 11. **STUDY OF AIDS TO LOCAL GOVERNMENTS.**

The chairs of the senate and house of representatives committees with jurisdiction over taxes shall each appoint five members to a study group of the tax committees to examine the current system of aids to local governments and make recommendations on improvements to the system. Of the five members appointed by each chair, two must be members of the tax committee, one of whom is a majority party member and one of whom is a minority party member. The remaining members must represent local units of government. The chairs of the divisions of the tax committees having jurisdiction over property taxes shall also be members and shall serve as cochairs of the study group. The study shall include, but not be limited to, consideration of existing disparities in the distribution of local

government aid, the relationship of need for city aid to other sources of revenue such as local sales taxes, an analysis of current law need and capacity factors as well as alternative need factors, alternative analytical methods for determining correlations between factors and need, the formula used to calculate aid for small cities, and volatility in the local government aid distribution. The group must report on its specific recommendations to the legislature by December 15, 2010.

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2006, section 477A.014, subdivision 5, and Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective for aid payable in 2009 and thereafter.

ARTICLE 3

INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2006, section 270C.56, subdivision 3, is amended to read:

Subd. 3. **Procedure for assessment.** The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax, or within one year after the date of an order assessing underlying tax, whichever period expires later. An order assessing personal liability under this section is reviewable under section 270C.35 and is appealable to Tax Court. If any portion of the liability shown on the order is paid after the time for appealing the order has expired, a claim for refund may be made, but only if filed within 120 days after the first payment of the liability.

If a person has been assessed under this section for an amount for a given period and the time for appeal has expired or there has been a final determination that the person is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for subsequent assessments of additional amounts for the same person for the same period and tax type.

EFFECTIVE DATE. This section is effective for orders issued on or after the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 289A.19, subdivision 2, is amended to read:

Subd. 2. **Corporate franchise and mining company taxes.** Corporations or mining companies shall receive an extension of seven months or the amount of time granted by the Internal Revenue Service, whichever is longer, for filing the return of a corporation subject to tax under chapter 290 or for filing the return of a mining company subject to tax under sections 298.01 and 298.015. Interest on any balance of tax not paid when the regularly required return is due must be paid at the rate specified in section 270C.40, from the date such payment should have been made if no extension was granted, until the date of payment of such tax.

If a corporation or mining company does not:

(1) pay at least 90 percent of the amount of tax shown on the return on or before the regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax; or

(2) pay the balance due shown on the regularly required return on or before the extended due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax from the original due date of the return.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any federal extension that allows filing after that date.

Sec. 3. Minnesota Statutes 2006, section 289A.19, is amended by adding a subdivision to read:

Subd. 7. **Federal extensions.** When an extension of time to file a partnership or S corporation tax return is granted by the Internal Revenue Service, the commissioner shall grant an automatic extension to file the comparable Minnesota return for that period. An extension granted under this subdivision does not affect the due date for making payments of tax.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any federal extension that allows filing after that date.

Sec. 4. Minnesota Statutes 2006, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. **Time limit; generally.** Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within the latest of the following time periods that apply:

(1) 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time; or

(2) one year from the date of an order assessing tax under section 270C.33 or an order determining an appeal under section 270C.35, subdivision 8, or one year from the date of a return made by the commissioner under section 270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner, ~~whichever period expires later.~~ Claims for refund, except for taxes under chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner. In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under chapter 297A filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3-1/2 year period; or

(3) 120 days after the first payment of any portion of a tax liability shown on a return made by the commissioner under section 270C.33, subdivision 3, or shown on an order of assessment where no return has been filed under section 270C.33, subdivision 4, paragraph (a), clause (2). Claims for refund filed after the 3-1/2 year period and the one-year period but within the 120-day period are limited to the amount paid during the 120-day period. This clause does not apply to returns or orders which have previously been the subject of a denied claim for refund or an administrative appeal.

EFFECTIVE DATE. The right to file a claim for refund under this section is effective July 1, 2008. For claims filed before October 31, 2008, this section is effective retroactively to payments made after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

- (1) for individuals, estates, and trusts, the same as taxable net income;
- (2) for corporations, the taxable net income less
 - (i) the net operating loss deduction under section 290.095;
 - (ii) the dividends received deduction under section 290.21, subdivision 4;
 - (iii) the exemption for operating in a job opportunity building zone under section 469.317;
 - (iv) the exemption for operating in a biotechnology and health sciences industry zone under section 469.337; and
 - (v) the exemption for operating in an international economic development zone under section 469.326; plus
 - (vi) Minnesota development subsidies.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 6. Minnesota Statutes 2006, section 290.01, is amended by adding a subdivision to read:

Subd. 33. **Minnesota development subsidies.** (a) "Minnesota development subsidies" means the greater of the following amounts:

(1) one-half of the amount deducted by the taxpayer in computing federal taxable income for the taxable year, as property taxes, business expenses or otherwise, that is attributable to property taxes paid by the taxpayer, either directly or indirectly through a lease or otherwise, on property located in a tax increment financing district, as defined in section 469.174, or that receives an abatement under sections 469.1813 to 469.1815, if the owner of the property or a related party has entered a development or similar agreement with respect to the increment district or derives a benefit from the abatement by its property having access to or use of public improvements financed with the abatement or otherwise; or

(2) the amount of payments received by the taxpayer under a development or similar agreement that provides for payments or reimbursements from the proceeds of increments from a tax increment financing district or from an abatement under sections 469.1813 to 469.1815, but excluding reimbursements under a development action response plan, as defined in section 469.174, subdivision 17, to pay for its costs incurred to fund removal or remedial actions.

(b) For purposes of this subdivision, "tax increment financing district" excludes:

- (1) a housing district, as defined in section 469.174, subdivision 11;
- (2) a soils condition district, as defined in section 469.174, subdivision 19; and
- (3) a hazardous substance subdistrict, as defined in section 469.174, subdivision 23.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 7. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision to read:

Subd. 35. **Investment tax credit.** (a) A credit is allowed against the tax imposed by this chapter for a qualified taxpayer's investment in a qualified new business venture. The credit equals 25 percent of the taxpayer's investment made in the business, but may not exceed the least of:

(1) the liability for tax under this chapter, including the alternative minimum taxes in sections 290.091 and 290.0921;

(2) \$25,000 for an individual not part of a partnership; or

(3) \$300,000 for a pass-through entity or C corporation.

(b) For purposes of this subdivision, "qualified taxpayer" means:

(1) 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), whether part of a pass-through entity or not; and

(2) an accredited investor who does not own, control, or hold power to vote 20 percent or more of the outstanding securities of the qualified business venture in which the eligible investment is proposed.

(c) For purposes of this paragraph, "commissioner" means the commissioner of employment and economic development. Qualified taxpayers must apply to the commissioner for certification. The application must be in the form and made under the procedures specified by the commissioner. The commissioner may provide certificates entitling qualified taxpayers to tax credits under this subdivision. The maximum amount of credits for which the commissioner may issue certificates in each taxable year is \$2,000,000 for qualified business ventures in a qualified high technology field, as defined in paragraph (g), \$2,000,000 for qualified business ventures in biotechnology and medical devices, as defined in paragraph (h), and \$2,000,000 for qualified business ventures in qualified green manufacturing, as defined in paragraph (i). In awarding certificates under this paragraph, the commissioner must award them to qualified taxpayers in the order in which the applications are received in each of the categories.

(d) 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 under paragraph (c) based on its share of the pass-through entity's assets. The credit shall not exceed \$25,000 for each individual part of a pass-through entity.

(e) If the amount of the credit under this subdivision in any taxable year exceeds the limitation under paragraph (a), clause (1), the excess is a credit carryover to each of the ten succeeding years but may not exceed \$25,000 for an individual not part of a partnership and \$300,000 for a pass-through entity or C corporation. The entire amount of the excess unused credit must be carried first to the earliest of the taxable years to which the credit may be carried, and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax less the credit for the taxable year.

(f) Unless otherwise provided under the rules of the Department of Employment and Economic Development, a business is a qualified business venture for purposes of this subdivision only if the business 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;

(3) the business is engaged in, or is committed to engage in:

(i) using advanced technology to add value to a product, process, or service in a qualified high technology field or qualified biotechnology or medical device field;

(ii) conducting research in and development of a product, process, or service in a qualified high technology field or qualified biotechnology or medical device field; or

(iii) developing a new product, process, or service in a qualified high technology field or qualified biotechnology or medical device field;

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

(7) the business has not received more than \$1,000,000 in investments that have qualified for and received tax credits under this section;

(8) the business has less than \$1,000,000 in annual gross sales receipts;

(9) the business is not a subsidiary or an affiliate of a business that employs more than 100 employees or has gross sales receipts for the previous year of more than \$1,000,000, computed by aggregating all of the employees and gross sales receipts of the business entities affiliated with the business; and

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

(g) For purposes of this subdivision, "qualified high technology field" includes, but is not limited to, aerospace, agricultural processing, alternative energy, environmental engineering, food technology, cellulosic ethanol, information technology, green manufacturing, materials science technology, nanotechnology, and telecommunications, but excludes business qualifying under the definitions in paragraphs (h) and (i).

(h) For purposes of this subdivision, "qualified biotechnology or medical device field" means the business of manufacturing, processing, assembling, researching or developing biotechnology or medical device products, including biotechnology and device products used in agriculture.

(i) For purposes of this subdivision, "qualified green manufacturing" means a business whose primary business activity is production of products, processes, methods, technologies, or services intended to do one or more of the following:

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

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

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

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

(5) to 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.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 8. Minnesota Statutes 2006, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, other than a corporation treated as an "S" corporation under section 290.9725, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

(a) ~~5~~ 3 percent of the first \$2,000,000 of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base amount; and

(b) ~~2.5~~ 1.5 percent on all of such excess expenses over \$2,000,000.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 9. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit, other than the special credit under subdivision 7, for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit, other than the special credit under subdivision 7, allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section, other than the special credit under subdivision 7, for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 10. Minnesota Statutes 2006, section 290.068, is amended by adding a subdivision to read:

Subd. 7. **Special credit; small businesses.** (a) A qualified business is allowed a tax credit equal to 20 percent of qualified research expenditures incurred for the taxable year or the amount of tax credit certificates issued under paragraph (e), whichever is less.

(b) For purposes of this subdivision and subdivision 8, a "qualified business" is a corporation, individual, or partnership that:

(1) had no more than 25 full-time equivalent employees in this state during the preceding taxable year; and

(2) is engaged in or is committed to engage in a qualified high technology field.

(c) For purposes of applying the requirement under paragraph (b), clause (1), all of the employees of the unitary business, as that term is used in section 290.17, subdivision 4, must be taken into account and "full-time equivalent" has the meaning given in section 469.318, subdivision 2.

(d) For purposes of this subdivision, "qualified high technology field" includes but is not limited to aerospace, agricultural processing, alternative energy, biotechnology, defense, drug delivery, environmental engineering, food technology, cellulosic ethanol, information technology, green manufacturing, materials science technology, medical devices, nanotechnology, pharmaceutical technology, and telecommunications. Unless otherwise provided under the rules of the Department of Employment and Economic Development, a business is a qualified business venture for purposes of this subdivision only if the business 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;

(3) the business is engaged in, or is committed to engage in:

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

(ii) conducting research in and development of a product, process, or service in a qualified high technology field;

or

(iii) developing a new product, process, or service in a qualified high technology field;

(4) 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 not been in operation for more than ten consecutive years; and

(6) the business had less than \$1,000,000 in annual gross sales receipts in the preceding taxable year.

(e) For purposes of this paragraph, "commissioner" means the commissioner of employment and economic development. Qualified businesses must apply to the commissioner for certification. The application must be in the form and made under the procedures specified by the commissioner. The commissioner may provide certificates entitling qualified taxpayers to tax credits under this subdivision. The maximum amount of credits for which the commissioner may issue certificates in each taxable year is \$3,000,000. In awarding certificates under this paragraph, the commissioner must award them to qualified taxpayers in the order in which the applications are received.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 11. Minnesota Statutes 2006, section 290.068, is amended by adding a subdivision to read:

Subd. 8. Special credit; appropriation. (a) If the amount of the special credit under subdivision 7 for any taxable year exceeds the liability for tax, the commissioner shall refund the excess to the taxpayer.

(b) An amount sufficient to pay the refunds required by this subdivision is annually appropriated to the commissioner of revenue from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 12. Minnesota Statutes 2006, section 290.091, subdivision 2, as amended by Laws 2008, chapter 154, article 4, section 7, is amended to read:

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

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

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

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

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

~~(A) for taxable years beginning before January 1, 2006, to the extent that the deduction exceeds 1.0 percent of adjusted gross income;~~

~~(B) for taxable years beginning after December 31, 2005, to the full extent of the deduction.~~

~~For purposes of this clause, "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code;~~

(ii) the medical expense deduction;

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

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

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

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

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

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

less the sum of the amounts determined under the following:

- (1) interest income as defined in section 290.01, subdivision 19b, clause (1);
- (2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;
- (3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and
- (4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6) and (9) to (16).

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

- (b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.
- (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.
- (d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.
- (e) "Net minimum tax" means the minimum tax imposed by this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 13. Minnesota Statutes 2006, section 290.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code, except that provisions of section 530 of Public Law 95-600, as amended, do not apply.

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) **Employee.** For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) **Employer.** For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any

service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have control, either individually or jointly with another or others, of the payment of the wages.

(5) **Number of withholding exemptions claimed.** For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

EFFECTIVE DATE. This section is effective for wages paid after December 31, 2008.

Sec. 14. Minnesota Statutes 2006, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue Code, as amended through December 31, 2000, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate. The tax determined under this paragraph shall not be greater than the amount computed by applying the rates and brackets under section 2001(c) of the Internal Revenue Code to the sum of the Minnesota adjusted gross taxable estate and subtracting adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, and then subtracting the federal credit allowed under section 2010 of the Internal Revenue Code of 1986, as amended through December 31, 2000. For the purposes of this section, expenses which are deducted for federal income tax purposes under section 642(g) of the Internal Revenue Code as amended through December 31, 2002, are not allowable in computing the tax under this chapter.

EFFECTIVE DATE. This section is effective retroactively as a clarification and applies to estates of decedents dying after December 31, 2005.

Sec. 15. **REPEALER.**

Minnesota Statutes 2006, section 290.191, subdivision 4, is repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

ARTICLE 4

LOCAL DEVELOPMENT

Section 1. **[116J.8732] SEED CAPITAL INVESTMENT CREDIT; COMMISSIONER'S RESPONSIBILITIES.**

Subdivision 1. **Scope.** This section establishes rules that businesses must satisfy to qualify for the seed capital investment credit under section 290.06, subdivision 34, and the commissioner's responsibility for certifying the qualifying businesses.

Subd. 2. **Definitions.** (a) For purposes of this section and section 290.06, subdivision 34, the following terms have the meanings given.

(b) "Border city" means a city qualifying to designate a border city development zone under section 469.1731.

(c) "Pass-through entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(d) "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and increases revenues to a Minnesota business generated by sales of products or services to customers outside of the state or increases revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of the product or service from a Minnesota provider.

(e) "Qualified business" means a business certified by the commissioner as meeting the requirements of subdivision 3.

Subd. 3. **Qualified business.** (a) The commissioner shall certify whether a business that has requested to become a qualified business meets the requirements of paragraph (b).

(b) For purposes of this section, a qualified business must be a primary sector business, other than a real estate investment trust, that:

(1) is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;

(2) is in compliance with the requirements for filings with the commissioner of commerce under the securities laws of this state;

(3) has Minnesota residents as a majority of its employees in its principal office or the satellite operation, which is located in a border city;

(4) has its principal office in a border city and has the majority of its business activity performed in a border city, except sales activity, or has a significant operation in a border city that has or is projected to have more than ten employees or \$150,000 of sales annually; and

(5) relies on innovation, research, or the development of new products and processes in its plans for growth and profitability.

(c) The commissioner shall establish the necessary forms and procedures for certifying qualified businesses.

(d) A qualified business may apply to the commissioner for a recertification. Only one recertification is available to a qualified business. The application for recertification must be filed with the commissioner within 90 days before the original certification expiration date. The recertification issued by the director must comply with the provisions of paragraph (e).

(e) The commissioner shall issue a certification letter to a business the commissioner determines is a qualified business. The certification letter must include:

(1) the certification effective date; and

(2) the certification expiration date, which may not be more than four years from the certification effective date.

Subd. 4. **Seed capital investment credit reporting.** Within 30 days after the date that an investment in a qualified business is purchased, the qualified business shall file with the commissioner and the commissioner of revenue and provide to the investor completed forms prescribed by the commissioner of revenue that show as to each investment in the qualified business the following:

(1) the name, address, and Social Security number of the taxpayer who made the investment; and

(2) the dollar amount paid for the investment by the taxpayer.

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

Sec. 2. Minnesota Statutes 2006, section 216B.1612, is amended by adding a subdivision to read:

Subd. 9. **Local government and political subdivision powers.** A Minnesota political subdivision or local government may plan, develop, purchase, acquire, construct, and own a C-BED project and may sell output from that project as provided for in this section. A Minnesota political subdivision or local government may operate, maintain, improve, and expand the C-BED project subject to any restrictions in this section.

Sec. 3. **[216F.09] COUNTY; WIND ENERGY CONVERSION SYSTEM.**

A county may own, construct, acquire, purchase, issue bonds and certificates of indebtedness for, maintain, and operate a wind energy conversion system, or a portion of a wind energy conversion system. A county may purchase and sell electricity from a wind energy conversion system only at wholesale on terms and conditions as the county board deems is in the best interests of the public. With respect to any wind energy conversion system, or any portion of a wind energy conversion system, a county may exercise the powers granted to a municipal power agency and to a city under sections 453.52, subdivisions 1, 6, and 9; 453.54, subdivision 10; 453.58, subdivision 4; and 453.59, except that output from that wind energy conversion system may not be sold, transmitted, or distributed at retail, or provided for end use from an offsite facility by the county. A county's onsite generation authorized under this subdivision is limited to a total of ten megawatts. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Sec. 4. Minnesota Statutes 2007 Supplement, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(5) human rights agencies within Minnesota that have enforcement powers;

- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (8) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
- (9) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- (10) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (11) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;
- (12) the United States Citizenship and Immigration Services has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;
- (13) the Department of Health for the purposes of epidemiologic investigations; ~~and~~
- (14) the Department of Corrections for the purpose of postconfinement employment tracking of individuals who had been committed to the custody of the commissioner of corrections; ~~and~~
- (15) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

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

Sec. 5. Minnesota Statutes 2006, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE AUDITOR.

(a) Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

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

Sec. 6. Minnesota Statutes 2006, section 289A.12, is amended by adding a subdivision to read:

Subd. 15. Report of job opportunity zone benefits; penalty for failure to file report. (a) By October 15 of each year, every qualified business, as defined under section 469.310, subdivision 11, must file with the commissioner, on a form prescribed by the commissioner, a report listing the tax benefits under section 469.315 received by the business for the previous year.

(b) The commissioner shall send notice to each business that fails to timely submit the report required under paragraph (a). The notice shall demand that the business submit the report within 60 days. Where good cause exists, the commissioner may extend the period for submitting the report as long as a request for extension is filed by the business before the expiration of the 60-day period. The commissioner shall notify the commissioner of the Department of Employment and Economic Development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) A business that fails to submit the report as required under paragraph (b) is no longer a qualified business under section 469.310, subdivision 11, and is subject to the repayment provisions of section 469.319.

EFFECTIVE DATE. This section is effective beginning with reports required to be filed October 15, 2008.

Sec. 7. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision to read:

Subd. 34. Seed capital investment credit. (a) An individual, estate, or trust is allowed a credit against the tax imposed by this chapter for investments in a qualifying business certified under section 116J.8732, subdivision 3. The credit equals 45 percent of the amount invested by the taxpayer in qualified businesses during the taxable year. The credit must not exceed \$112,500 for each taxable year.

(b) A pass-through entity that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this subdivision and the amount of the credit allowed with respect to a pass-through entity's investment in a qualified business must be determined at the pass-through entity level. The amount of the total credit determined at the pass-through entity level must be allowed to the members in proportion to their respective interests in the pass-through entity.

(c) An investment made in a qualified business from the assets of a retirement plan is deemed to be the retirement plan participant's investment for the purpose of this subdivision if a separate account is maintained for the plan participant and the participant directly controls where the account assets are invested.

(d) The investment must be made on or after the certification effective date and must be at risk in the business to be eligible for the tax credit under this subdivision. An investment for which a credit is received under this subdivision must remain in the qualified business for at least three years. Investments placed in escrow do not qualify for the credit.

(e) The entire amount of an investment for which a credit is claimed under this subdivision must be expended by the qualified business for plant, equipment, research and development, marketing and sales activity, or working capital for the qualified business.

(f) A taxpayer who owns a controlling interest in the qualified business or who receives more than 50 percent of the taxpayer's gross annual income from the qualified business is not entitled to a credit under this subdivision. A member of the immediate family of a taxpayer disqualified by this subdivision is not entitled to the credit under this subdivision. For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent, sibling, or child or the spouse of any such person.

(g) The commissioner may disallow any credit otherwise allowed under this subdivision if any representation by a business in the application for certification as a qualified business proves to be false or if the taxpayer or qualified business fails to satisfy any conditions under this subdivision or section 116J.8732 or any conditions consistent with those requirements otherwise determined by the commissioner. The commissioner has four years after the due date of the return or after the return was filed, whichever period expires later, to audit the credit and assess additional tax that may be found due to failure to comply with the provisions of this subdivision and section 116J.8732. The amount of any credit disallowed by the commissioner that reduced the taxpayer's income tax liability for any or all applicable tax years, plus penalty and interest as provided under chapter 289A, must be paid by the taxpayer.

(h) If the amount of the credit under this subdivision for any taxable year exceeds the limitations under paragraph (a), the excess is a credit carryover to each of the four 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 paragraph may not exceed the taxpayer's liability for tax, less the credit for the taxable year. Each year, the aggregate amount of seed capital investment tax credit allowed for investments under this subdivision is limited to allocations that a border city has available for tax reductions in border city enterprise zones under section 469.169. The city must annually notify the commissioner of the amount of its section 469.169 allocations that it wishes to use to provide credits under this paragraph and the commissioner, after verifying the available allocation, shall implement the limit under this paragraph. If investments in qualified businesses reported to the commissioner exceed the limit on credits for investments imposed by this subdivision, the credit must be allowed to taxpayers in the chronological order of their investments in qualified businesses as determined from the forms filed under section 116J.8732.

EFFECTIVE DATE. This section is effective July 1, 2008, for taxable years beginning after December 31, 2007, and only applies to investments made after the qualified business has been certified by the commissioner of employment and economic development.

Sec. 8. [373.48] FINANCING ENERGY PURCHASE CONTRACTS AND PARTICIPATION IN GENERATION AND TRANSMISSION PROJECTS.

Subdivision 1. **Definitions.** For the purpose of this section, "project" means a facility that generates electricity from renewable energy sources listed in section 216B.1691, subdivision 1, paragraph (a), clause (1).

Subd. 2. **Energy purchase contracts; generation projects.** A county may, for itself or in cooperation with other counties, enter into agreements for the purchase of electrical energy from one or more projects, and may enter into agreements with a utility for the purchase and sale of the electrical energy so purchased. Agreements may be for a term of one year to 20 years. A county may also acquire an ownership interest in a project and may enter into agreements for the purchase and sale of electrical energy produced. A county may not sell, transmit, or distribute the electrical energy at retail or provide for end use from an offsite facility by the county or counties of the electrical energy. A county's onsite generation authorized under this subdivision is limited to a total of ten megawatts. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43. The energy to be purchased by a county under agreements entered into under this section and the energy produced by the county's interest in projects shall not in any year exceed the total amount of energy used by the county for its own facilities in the immediately preceding year, regardless of the source from which energy was obtained.

Subd. 3. Joint purchase of energy and acquisition of generation projects; financing. A county may enter into agreements under section 471.59 with other counties for joint purchase of energy or joint acquisition of interests in projects. A county may annually levy an ad valorem tax for the purpose of paying the cost of energy purchased or acquiring interests in projects in an amount not exceeding 0.015 percent of the market value of taxable property in the county. A county that enters into a multiyear agreement for purchase of energy or acquires an interest in a project may finance the estimated cost of the energy to be purchased during the term of the agreement or the cost to the county of the interest in the project by the issuance of general obligation bonds of the county, provided that the annual debt service on all bonds issued under this section, together with the amounts to be paid by the county in any year for the purchase of energy under agreements entered into under this section, shall not exceed the amount of taxes authorized by this section. An agreement entered into under section 471.59 as provided by this section may provide that each county shall issue bonds to pay their respective shares of the cost of the projects, or that one of the counties shall issue bonds to pay the full costs of the project, and that the other participating counties shall levy the tax authorized under this subdivision and pledge the collections of the tax to the county that issues the bonds. Bonds issued under this section may be issued without an election and shall not constitute net debt of any participating county.

Sec. 9. Minnesota Statutes 2006, section 383E.20, is amended to read:

383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.

The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue and sell general obligation bonds of the county in the manner provided in chapter 475 to acquire, better, and construct county library buildings. The bonds shall not be subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to ~~the lesser of (i)~~ ⁽ⁱ⁾ .01 percent of the taxable market value of all taxable property in the county, excluding any taxable property taxed by any city for the support of any free public library, ~~or (ii) \$1,250,000.~~ When the tax levy authorized in this section is collected, it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for the debt service fund under section 475.61 shall be reduced by the amount available or reasonably anticipated to be available in the fund to make payments otherwise payable from the levy pursuant to section 475.61.

EFFECTIVE DATE. This section is effective the day after the governing body of Anoka County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. Minnesota Statutes 2006, section 469.033, subdivision 6, is amended to read:

Subd. 6. Operation area as taxing district, special tax. All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended

only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed ~~0.0144~~ 0.02 percent of taxable market value ~~for the current levy year, notwithstanding section 273.032.~~ The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget.

EFFECTIVE DATE. This section is effective for property taxes payable in 2009.

Sec. 11. Minnesota Statutes 2006, section 469.177, is amended by adding a subdivision to read:

Subd. 13. **Correction of errors.** (a) If the county auditor, as a result of an error or mistake, decertifies a district, fails to certify a district, incorrectly certifies a district, or otherwise fails to correctly compute the amount of increment, the county auditor may undertake one or more of the following actions to correct the error or mistake:

(1) certify the original tax capacity of the affected parcels at the appropriate value for a later taxes payable year and extend the duration of the district, in whole or in part, to compensate;

(2) recertify the affected parcels and extend duration of the district, in whole or in part, to compensate;

(3) recertify or correct the original tax capacity rate for the district; or

(4) take other appropriate action so that the amount of increment compensates for or offsets the error or mistake and correctly reflects application of the law.

(b) At least 30 days before exercising authority under this subdivision, the county auditor must notify the authority and the municipality, in writing, of the intent to do so, including supporting information to describe reason for the proposed action. The authority and municipality may waive the time requirement of this paragraph. If the city or the authority objects before expiration of the 30-day period, the matter must be submitted to the commissioner of revenue for a decision or resolution of the dispute. The commissioner of revenue shall consult with the Office of the State Auditor before making a decision.

(c) The county auditor must notify the commissioner of revenue and the Office of the State Auditor of corrections made under this subdivision. The notification must be made in the form and manner and at the time prescribed by the commissioner. The commissioner shall incorporate the corrections in the tax increment financing district tax list supplement, as appropriate.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made.

Sec. 12. Minnesota Statutes 2006, section 469.312, is amended by adding a subdivision to read:

Subd. 6. **Termination of designation of qualified business.** No person will be deemed to be a qualified business eligible for the benefits provided in sections 469.310 to 469.320 unless the person has entered into a business subsidy agreement with a local government unit as provided in section 469.310, subdivision 11, prior to June 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 469.319, is amended to read:

469.319 REPAYMENT OF TAX BENEFITS BY BUSINESSES THAT NO LONGER OPERATE IN A ZONE.

Subdivision 1. **Repayment obligation.** A business must repay the ~~amount of the total tax reduction benefits~~ listed in section 469.315 ~~and any refund under section 469.318 in excess of tax liability~~, received during the two years immediately before it ~~(1) ceased to operate in the zone, if the business:~~

~~(1) received tax reductions authorized by section 469.315; and~~

~~(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or~~

~~(ii) ceased to operate its facility located within the job opportunity building zone perform a substantial level of activities described in the business subsidy agreement, or (2) otherwise ceases ceased to be or is not a qualified business, other than those subject to the provisions of section 469.3191.~~

Subd. 1a. **Repayment obligation of businesses not operating in zone.** Persons that receive benefits without operating a business in a zone are subject to repayment under this section if the business for which those benefits relate is subject to repayment under this section. Such persons are deemed to have ceased performing in the zone on the same day that the qualified business for which the benefits relate becomes subject to repayment under subdivision 1.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Business" means any person ~~who~~ that received tax benefits enumerated in section 469.315.

(c) "Commissioner" means the commissioner of revenue.

(d) "Persons that receive benefits without operating a business in a zone" means persons that claim benefits under section 469.316, subdivision 2 or 4, as well as persons that own property leased by a qualified business and are eligible for benefits under section 272.02, subdivision 64, or 297A.68, subdivision 37, paragraph (b).

Subd. 3. **Disposition of repayment.** The repayment must be paid to the state to the extent it represents a state tax reduction and to the county to the extent it represents a property tax reduction. Any amount repaid to the state must be deposited in the general fund. Any amount repaid to the county for the property tax exemption must be distributed to the ~~local governments~~ taxing authorities with authority to levy taxes in the zone in the same manner provided for distribution of payment of delinquent property taxes. Any repayment of local sales taxes must be repaid to the commissioner for distribution to the city or county imposing the local sales tax.

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ~~ceasing to do business in the zone~~ becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after ~~ceasing to do business in the zone~~ becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40, from 30 days after ~~ceasing to do business in the job opportunity building zone~~ becoming subject to repayment under this section until the date the tax is paid.

(e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the ~~treasurer discovers that the business ceased to operate in the job opportunity building zone~~ auditor provided the statement under paragraph (c).

(f) For determining the tax required to be repaid, a ~~tax~~ reduction of a state or local sales or use tax is deemed to have been received on the date that the ~~tax would have been due if the taxpayer had not been entitled to the exemption or on the date a refund was issued for a refundable tax credit.~~ good or service was purchased or first put to a taxable use. In the case of an income tax or franchise tax, including the credit payable under section 469.318, a reduction of tax is deemed to have been received for the two most recent tax years that have ended prior to the date that the business became subject to repayment under this section. In the case of a property tax, a reduction of tax is deemed to have been received for the taxes payable in the year that the business became subject to repayment under this section and for the taxes payable in the prior year.

(g) The commissioner may assess the repayment of taxes under paragraph (d) any time within two years after the business ~~ceases to operate in the job opportunity building zone~~ becomes subject to repayment under subdivision 1, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later. The county auditor may send the statement under paragraph (c) any time within three years after the business becomes subject to repayment under subdivision 1.

(h) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business becomes subject to repayment under this section nor for any year thereafter. Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following the year in which the property became subject to repayment under this section nor for any year thereafter. A business is not eligible for any sales tax benefits beginning with goods or services purchased or first put to a taxable use on the day that the business becomes subject to repayment under this section.

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

Subd. 6. **Reconciliation.** Where this section is inconsistent with section 116J.994, subdivision 3, paragraph (e), or 6, or any other provisions of sections 116J.993 to 116J.995, this section prevails.

EFFECTIVE DATE. The amendment to subdivision 4, paragraph (c), of this section is effective the day following final enactment. The amendment to subdivision 4, paragraph (f), is effective retroactively from January 1, 2008, and applies to all businesses that become subject to this section in 2008. The rest of this section is effective retroactively from January 1, 2004, except that for violations that occur before the day following final enactment, this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver.

Sec. 14. **[469.3191] BREACH OF AGREEMENTS BY BUSINESSES THAT CONTINUE TO OPERATE IN ZONE.**

(a) A "business in violation of its business subsidy agreement but not subject to section 469.319" means a business that is operating in violation of the business subsidy agreement but maintains a level of operations in the zone that does not subject it to the repayment provisions of section 469.319, subdivision 1, clause (1).

(b) A business described in paragraph (a) that does not sign a new or amended business subsidy agreement, as authorized under paragraph (h), is subject to repayment of benefits under section 469.319 from the day that it ceases to perform in the zone a substantial level of activities described in the business subsidy agreement.

(c) A business described in paragraph (a) ceases being a qualified business after the last day that it has to meet the goals stated in the agreement.

(d) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business is no longer a qualified business under paragraph (c), and thereafter. A business is not eligible for sales tax benefits beginning with goods or services purchased or put to a taxable use on the day that it is no longer a qualified business under paragraph (c). Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following the year in which the business is no longer a qualified business under paragraph (c), and thereafter.

(e) A business described in paragraph (a) that wants to resume eligibility for benefits under section 469.315 must request that the commissioner of employment and economic development determine the length of time that the business is ineligible for benefits. The commissioner shall determine the length of ineligibility by applying the proportionate level of performance under the agreement to the total duration of the zone as measured from the date that the business subsidy agreement was executed. The length of time must not be less than one full year for each tax benefit listed in section 469.315. The commissioner of employment and economic development and the appropriate local government officials shall consult with the commissioner of revenue to ensure that the period of ineligibility includes at least one full year of benefits for each tax.

(f) The length of ineligibility determined under paragraph (e) must be applied by reducing the zone duration for the property by the duration of the ineligibility.

(g) The zone duration of property that has been adjusted under paragraph (f) must not be altered again to permit the business additional benefits under section 469.315.

(h) A business described in paragraph (a) becomes eligible for benefits available under section 469.315 by entering into a new or amended business subsidy agreement with the appropriate local government unit. The new or amended agreement must cover a period beginning from the date of ineligibility under the original business subsidy agreement, through the zone duration determined by the commissioner under paragraph (f). No exemption of property taxes under section 272.02, subdivision 64, is available under the new or amended agreement for property taxes due or paid before the date of the final execution of the new or amended agreement, but unpaid taxes due after that date need not be paid.

(i) A business that violates the terms of an agreement authorized under paragraph (h) is permanently barred from seeking benefits under section 469.315 and is subject to the repayment provisions under section 469.319 effective from the day that the business ceases to operate as a qualified business in the zone under the second agreement.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2004. For violations that occur before the day following final enactment, this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver.

Sec. 15. **[469.3192] PROHIBITION AGAINST AMENDMENTS TO BUSINESS SUBSIDY AGREEMENT.**

Except as authorized under section 469.3191, under no circumstance shall terms of any agreement required as a condition for eligibility for benefits listed under section 469.315 be amended to change job creation, job retention, or wage goals included in the agreement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all agreements executed before, on, or after the effective date.

Sec. 16. **[469.3193] CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ BENEFITS.**

(a) By December 1 of each year, every qualified business must certify to the commissioner of revenue, on a form prescribed by the commissioner of revenue, whether it is in compliance with any agreement required as a condition for eligibility for benefits listed under section 469.315. A business that fails to submit the certification, or any business, including those still operating in the zone, that submits a certification that the commissioner of revenue later determines materially misrepresents the business's compliance with the agreement, is subject to the repayment provisions under section 469.319 from January 1 of the year in which the report is due or the date that the business became subject to section 469.319, whichever is earlier. Any such business is permanently barred from obtaining benefits under section 469.315. For purposes of this section, the bar applies to an entity and also applies to any individuals or entities that have an ownership interest of at least 20 percent of the entity.

(b) Before the sanctions under paragraph (a) apply to a business that fails to submit the certification, the commissioner of revenue shall send notice to the business, demanding that the certification be submitted within 30 days and advising the business of the consequences for failing to do so. The commissioner of revenue shall notify the commissioner of employment and economic development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) The certification required under this section is public.

(d) The commissioner of revenue shall promptly notify the commissioner of employment and economic development of all businesses that certify that they are not in compliance with the terms of their business subsidy agreement and all businesses that fail to file the certification.

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

Sec. 17. Minnesota Statutes 2006, section 469.3201, is amended to read:

469.3201 JOBZ EXPENDITURE LIMITATIONS; AUDITS STATE AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND BUSINESS SUBSIDY AGREEMENTS.

The Tax Increment Financing, Investment and Finance Division of the Office of the State Auditor must annually audit the creation and operation of all job opportunity building zones and business subsidy agreements entered into under Minnesota Statutes, sections 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may request from the commissioner of revenue tax return information of taxpayers who are eligible to receive tax benefits authorized under section 469.315. To the extent necessary to perform this audit, the state auditor may request from the commissioner of employment and economic development wage detail report information required under section 268.044 of taxpayers eligible to receive tax benefits authorized under section 469.315.

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

Sec. 18. Minnesota Statutes 2006, section 473.39, is amended by adding a subdivision to read:

Subd. 1n. **Obligations.** After July 1, 2008, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$33,000,000 for capital expenditures as prescribed in the council's regional transit master plan and transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 19. Laws 1995, chapter 264, article 5, section 46, subdivision 2, is amended to read:

Subd. 2. **Limitation on use of tax increments.** (a) All revenues derived from tax increments must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those parcels.

(b) Notwithstanding paragraph (a), the city of Minneapolis may use revenues derived from tax increments from its housing replacement district for activities related to parcels not identified in the housing replacement plan, but which would qualify for inclusion under section 45, subdivision 1, paragraph (b), clauses (1) to (3).

(c) Notwithstanding paragraph (a), or any other provisions of sections 44 to 47, the Crystal Economic Development Authority may use revenues derived from tax increments from its housing replacement districts numbers one and two as if those districts were housing districts under Minnesota Statutes, section 469.174, subdivision 11, provided that eligible activities may be located anywhere in the city without regard to the boundaries of housing replacement district numbers one and two or any project area.

EFFECTIVE DATE. This section applies to revenues from the housing replacement districts, regardless of when they were received, and is effective the day following final enactment and for the city of Minneapolis, upon compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Crystal, upon compliance by the governing body of the city of Crystal with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. Laws 2003, chapter 127, article 10, section 31, subdivision 1, is amended to read:

Subdivision 1. **District extension.** ~~(a)~~ The governing body of the city of Hopkins may elect to extend the duration of its redevelopment tax increment financing district 2-11 by up to four additional years.

~~(b) Notwithstanding any law to the contrary, effective upon approval of this subdivision, no increments may be spent on activities located outside of the area of the district, other than to pay administrative expenses.~~

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

Sec. 21. Laws 2006, chapter 259, article 10, section 14, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "City" means the city of Minneapolis.

(b) "Homeless assistance tax increment district" means a contiguous area of the city that:

(1) is no larger than ~~six~~ eight acres;

(2) is located within the boundaries of a city municipal development district; and

(3) contains at least two shelters for homeless persons that have been owned or operated by nonprofit corporations that (i) are qualified charitable organizations under section 501(c)(3) of the United States Internal Revenue Code, (ii) have operated such homeless facilities within the district for at least five years, and (iii) have been recipients of emergency services grants under Minnesota Statutes, section 256E.36.

EFFECTIVE DATE. This section is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021.

Sec. 22. Laws 2008, chapter 154, article 9, section 23, is amended to read:

Sec. 23. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city of Fridley or the housing and redevelopment authority of the city. The redevelopment tax increment district includes the following parcels and adjacent railroad property and shall be referred to as the Northstar Transit Station District: parcel numbers 223024120010, 223024120009, 223024120017, 223024120016, 223024120018, 223024120012, 223024120011, 223024120005, 223024120004, 223024120003, 223024120013, 223024120008, 223024120007, 223024120006, 223024130005, 223024130010, 223024130011, 223024130003, 153024440039, 153024440037, 153024440041, 153024440042, 223024110013, 223024110016, 223024110017, 223024140008, 223024130002, 223024420004, 223024410002, 223024410003, 223024110008, 223024110007, 223024110019, 223024110018, 223024110003, 223024140003, 223024140009, 223024140002, 223024140010, and 223024410007.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the Northstar Transit Station District, which are deemed eligible for inclusion in a redevelopment tax increment district.

(c) In addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, eligible expenditures within the Northstar Transit Station District include those costs necessary to provide for the construction and land acquisition for a tunnel under the Burlington Northern Santa Fe railroad tracks to allow access to the Northstar Commuter Rail.

(d) Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, the city of Fridley may expend increments generated from its tax increment financing districts Nos. 11, 12, and 13 for costs permitted by paragraph (c) and Minnesota Statutes, section 469.176, subdivision 4j, outside the boundaries of tax increment financing districts Nos. 11, 12, and 13, but only within the Northstar Transit Station District.

(e) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply to the Northstar Transit Station District or to tax increment financing districts Nos. 11, 12, and 13.

(f) The use of revenues for decertification under Minnesota Statutes, section 469.1763, subdivision 4, does not apply to tax increment financing districts Nos. 11, 12, and 13.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Fridley and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. Laws 2008, chapter 154, article 9, section 24, is amended to read:

Sec. 24. **CITY OF NEW BRIGHTON; TAX INCREMENT FINANCING; ~~EXPENDITURES OUTSIDE DISTRICT.~~**

Subdivision 1. Expenditures outside district. Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, the city of New Brighton may expend increments generated from its tax increment financing district No. 26 to facilitate eligible activities as permitted by Minnesota Statutes, section 469.176, subdivision 4e, outside the boundaries of tax increment financing district No. 26, but only within the area described in Laws 1998, chapter 389, article 11, section 24, subdivision 1, and commonly referred to as the Northwest Quadrant. Minnesota Statutes, section 469.1763, subdivisions 3 and 4, do not apply to expenditures permitted by this section.

Subd. 2. **District duration extension.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the duration limits that apply to redevelopment tax increment financing districts numbers 31 and 32 established under Laws 1998, chapter 389, article 11, section 24, and hazardous substance subdistricts numbers 31A and 32A established under Minnesota Statutes, sections 469.174 to 469.1799, are extended by four years.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of New Brighton and compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. **CITY OF AUSTIN; TAX INCREMENT FINANCING AUTHORITY.**

Notwithstanding the requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of tax increment financing district and notwithstanding the provisions of any other law, the governing body of the city of Austin may use tax increments from its Tax Increment Financing District No. 9 to reimburse the city's housing and redevelopment authority for money spent disposing of soils and debris in the tax increment financing district, as required by the Minnesota Pollution Control Agency.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Austin with the requirements of Minnesota Statutes, section 645.021.

Sec. 25. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are increased to a ten-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the Port Authority of the City of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 26. **CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX INCREMENT FINANCING DISTRICT NO. 20.**

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, must be considered to be met for Duluth Economic Development Authority Tax Increment Financing District No. 20 if the activities are undertaken within ten years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021.

Sec. 27. **CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX INCREMENT FINANCING DISTRICT NO. 21.**

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, must be considered to be met for Duluth Economic Development Authority Tax Increment Financing District No. 21 if the activities are undertaken within ten years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021.

Sec. 28. **CITY OF WELLS; DISPOSITION OF TIF REVENUES.**

Notwithstanding the provisions of Minnesota Statutes, section 469.174, subdivision 25, the following are deemed not to be "increments," "tax increments," or "revenues derived from tax increment" for purposes of the redevelopment district in the city of Wells, identified as Downtown Development Program 1, for amounts received after decertification of the district:

(1) rents paid by private tenants for use of a building acquired in whole or in part with tax increments; and

(2) proceeds from the sale of the building.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Wells with the requirements of Minnesota Statutes, section 645.021.

Sec. 29. **MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITY LEVY AUTHORITY.**

Notwithstanding Minnesota Statutes, section 469.033, subdivision 6, or any other law to the contrary, the governing body of the Northwest Minnesota Multicounty Housing and Redevelopment Authority, upon approval by a two-thirds majority of all its members, may levy an amount not to exceed 25 percent of the total levy permitted under Minnesota Statutes, section 469.033, subdivision 6, without approval of that levy by the governing body of the city or county within which the authority operates. The authority to levy the remainder of the total levy permitted under that provision remains subject to approval by the governing body of the city or county. For purposes of the levy authorized under this section only, the Northwest Minnesota Multicounty Housing and Redevelopment Authority is considered a special taxing jurisdiction as provided in Minnesota Statutes, section 275.066.

EFFECTIVE DATE. This section is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2013, payable in 2014, and thereafter.

Sec. 30. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

(a) The provisions of this section apply to redevelopment tax increment financing districts created by the Housing and Redevelopment Authority in and for the city of Oakdale in the areas comprised of the parcels with the following parcel identification numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059; 3102921320060; and 3102921320061; and (2) 3102921330005 and 3102921330004.

(b) For a district subject to this section, the Housing and Redevelopment Authority may, when requesting certification of the original tax capacity of the district under Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district be certified as the tax capacity of the land.

(c) The authority to request certification of a district under this section expires on July 1, 2013.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective upon approval by the governing body of the city of Oakdale and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. **DEED GRANTS.**

\$1,500,000 is appropriated to the commissioner of the Department of Employment and Economic Development from the general fund for fiscal year 2009 for the purpose of making grants of \$750,000 each to the cities of Minneapolis and Saint Paul for capital improvements or related costs of the Target Center and RiverCentre facilities.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 2006, section 216B.1646, is amended to read:

216B.1646 RATE REDUCTION ADJUSTMENT; PROPERTY TAX REDUCTION CHANGE.

(a) The commission shall, by any method the commission finds appropriate, ~~reduce~~ adjust the rates each electric utility subject to rate regulation by the commission charges its customers to reflect, on an ongoing basis, the amount by which each utility's property tax, including the state general tax, if applicable, on the personal property of its electric system ~~from taxes payable in 2001 to taxes payable in 2002 is reduced or pipeline system transporting or distributing natural gas is changed under this act.~~ The commission must ensure that, to the extent feasible, each dollar of personal property tax ~~reduction allocated to Minnesota consumers retroactive to January 1, 2002,~~ change in taxes payable in 2009 and subsequent years results in a dollar of savings adjustment to the utility's customers rates. ~~A utility may voluntarily pass on any additional property tax savings allocated in the same manner as approved by the commission under this paragraph. The adjustment under this paragraph is outside of a general rate case proceeding under section 216B.16.~~

(b) ~~By April 10, 2002,~~ Each utility ~~shall~~ may submit a filing to the commission containing:

(1) certified information regarding the utility's property tax savings change allocated to Minnesota retail customers; and

(2) a proposed method of ~~passing these savings on~~ adjusting rates to Minnesota retail customers.

The utility shall provide the information in clause (1) to the commissioner of revenue at the same time. The commissioner shall notify the commission within 30 days as to the accuracy of the property tax data submitted by the utility.

(c) For purposes of this section, "personal property" means tools, implements, and machinery of ~~the generating plant. It does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that are part of an electric substation, wherever located~~ an electric system or of a pipeline system transporting or distributing natural gas.

Sec. 2. Minnesota Statutes 2006, section 270C.85, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following powers and duties in administering the property tax laws.

(a) Confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state.

(b) Direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the property tax laws, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(c) Require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture, and punishment, for violation of the property tax laws in their respective districts or counties.

(d) Require town, city, county, and other public officers to report information as to the assessment of property, and such other information as may be needful in the work of the commissioner, in such form as the commissioner may prescribe.

(e) Transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department for the preceding years, showing all the taxable property subject to the property tax laws and the value of the same, in tabulated form.

(f) Inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties.

(g) Assist local assessors in determining the estimated market value of industrial special-use property. For purposes of this paragraph, "industrial special-use property" means property that:

(1) is designed and equipped for a particular type of industry;

(2) is not easily adapted to some other use due to the unique nature of the facilities;

(3) has facilities totaling at least 75,000 square feet in size; and

(4) has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 85. **Fergus Falls historical zone.** (a) Property located in the area of the campus of the former state regional treatment center in the city of Fergus Falls, including the five buildings and associated land that were acquired by the city prior to January 1, 2007, is exempt from ad valorem taxes levied under chapter 275.

(b) The exemption applies for 15 calendar years from the date specified by resolution of the governing body of the city of Fergus Falls. For the final three assessment years of the duration limit, the exemption applies to the following percentages of estimated market value of the property:

(1) for the third to the last assessment year of the duration, 75 percent;

(2) for the second to the last assessment year of the duration, 50 percent; and

(3) for the last assessment year of the duration, 25 percent.

EFFECTIVE DATE. This section is effective for property taxes payable in 2009 and thereafter.

Sec. 4. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 86. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, paragraph (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within one mile of an existing 16-inch natural gas pipeline and a 69-kilovolt and a 230-kilovolt high-voltage electric transmission line;
- (4) be designed to provide peaking, emergency backup, or contingency services;
- (5) have received a certificate of need under section 216B.243 demonstrating demand for its capacity; and
- (6) have received by resolution the approval from the governing bodies of the county and the city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2008, and before January 1, 2012. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective for the 2008 assessment payable in 2009 and thereafter.

Sec. 5. **[273.0645] COMMISSIONER REVIEW OF LOCAL ASSESSMENT PRACTICES.**

The commissioner of revenue must review the assessment practices in a taxing jurisdiction if requested in writing by a qualifying number of property owners in that taxing jurisdiction. The request must be signed by the greater of:

- (1) one percent of the property owners; or
- (2) five property owners.

The request must identify the city, town, or county and describe why a review is sought for that taxing jurisdiction. The commissioner must conduct the review in a reasonable amount of time and report the findings to the county board of the affected county, to the affected city council or town board, if the review is for a specific city or town, and to the property owner designated in the request as the person to receive the report on behalf of all the property owners who signed the request. The commissioner must also provide the report electronically to all property owners who signed the request and provided an e-mail address in order to receive the report electronically.

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

Sec. 6. Minnesota Statutes 2006, section 273.11, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as provided in this section or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property, and the market value effect of foreclosed property on all property in the vicinity due to the foreclosures. In assessing any tract or lot of real property, the value of the land,

exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash, if the material being mined or quarried is not subject to taxation under section 298.015 and the mine or quarry is not exempt from the general property tax under section 298.25. In valuing real property which is vacant, platted property shall be assessed as provided in subdivision 14. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

EFFECTIVE DATE. This section is effective for the 2009 assessment and thereafter.

Sec. 7. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

~~For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.~~

For assessment ~~year~~ years 2007 through 2009, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year ~~2008~~ 2010, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year ~~2008~~ 2010 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

EFFECTIVE DATE. This section is effective for assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter.

Sec. 8. Minnesota Statutes 2006, section 273.11, subdivision 14b, is amended to read:

Subd. 14b. **Vacant land platted on or after August 1, 2001; ~~located in nonmetropolitan counties.~~** (a) All land platted on or after (i) August 1, 2001, and located in a nonmetropolitan county, or (ii) August 1, 2008, and located in a metropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the seven assessment years immediately following the final approval of the plat: one-seventh of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the seven subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if the property is sold or transferred, or construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 9. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to read:

Subd. 14c. Vacant land platted on or after August 1, 2001, and prior to August 1, 2008; located in metropolitan county; phase-in readjusted. (a) All land platted on or after August 1, 2001, and prior to August 1, 2008, located in a metropolitan county and not improved with a structure shall be eligible for the phase-in assessment schedule under this section. Based upon the assessor's records, the assessor shall obtain the estimated market value of each individual lot based upon the highest and best use of the property as unplatted land for the assessment year that the property was platted. In establishing the market value of the property, the assessor shall have considered the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) plus one-seventh of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property in the current year, multiplied by the number of assessment years since the property was platted, shall be added in each of the subsequent assessment years.

(c) Notwithstanding paragraph (b), if the property is sold or transferred, or construction begins before the expiration of the phase-in in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

(d) For purposes of this section, "metropolitan county" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 10. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to read:

Subd. 24. Rural vacant land abutting public waters. (a) Any property that:

(1) is located in a township;

(2) is classified as either (i) agricultural property under section 273.13, subdivision 23, paragraph (b), or (ii) rural vacant land under section 273.13, subdivision 23, paragraph (c), contiguous to agricultural property under the same ownership with at least two-thirds of the acreage used for agricultural purposes;

(3) is not enrolled in the Minnesota agricultural property tax law under section 273.111; and

(4) abuts public waters in whole or in part,

shall be valued by the assessor on the same basis as rural vacant land of the same quality that does not abut public waters, until some action is taken to develop the land as specified in paragraph (c).

(b) In each assessment year, the assessor shall determine the estimated market value of the property as provided under subdivision 1, taking into consideration its highest and best use. For each year that the property is classified under this subdivision, the property tax statement shall include a notice that the property is being taxed under a reduced valuation that will terminate under certain conditions.

(c) An owner of property meeting the criteria of this subdivision must notify the county assessor within 30 days of applying for a development permit from the county or local zoning board. If development permits are not required, an owner of property meeting the criteria of this subdivision must notify the assessor prior to all or any portion of the property being platted or subdivided.

(d) When any of the conditions specified in paragraph (c) occurs, additional taxes shall be imposed in an amount equal to: (1) the average of the difference between the amount of taxes actually levied on the property in the current year and the two prior years, and the amount of taxes that would have been levied in the current year and the two prior years based on the estimated market value determined under paragraph (b); (2) multiplied by seven or the number of years that the property has qualified under this subdivision, whichever is less. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid. For purposes of this subdivision, "public waters" means a meandered lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3).

EFFECTIVE DATE. This section is effective for the 2009 assessment and thereafter.

Sec. 11. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to read:

Subd. 25. Limit on taxable valuation; certain restored homes. A homestead property that either (i) has gone through foreclosure or (ii) is located within a disaster or emergency area and sustained physical damage of at least \$5,000 in the disaster or emergency is eligible for valuation limitation under this subdivision. To qualify for the limitation, the property must:

(i) have been restored or rebuilt within 18 months of the foreclosure or the disaster or emergency;

(ii) have a gross living area that does not exceed 130 percent of the gross living area prior to the foreclosure or the disaster or emergency; and

(iii) have an estimated market value that exceeds its taxable market value for the assessment year of the foreclosure or the disaster or emergency by at least \$20,000, due to the restoration or reconstruction.

In the first assessment year following the restoration or reconstruction, the taxable value shall be equal to three-quarters of its taxable value in the assessment year of the foreclosure or disaster or emergency, plus one-quarter of its current estimated market value. In the second assessment year following the restoration or reconstruction, the taxable value shall be equal to one-half of its taxable value in the assessment year of the foreclosure or disaster or emergency, and one-half of its current estimated market value. In the third assessment year following the restoration or reconstruction, the taxable value shall be equal to one-quarter of its taxable value in the assessment year of the foreclosure or disaster or emergency, and three-quarters of its current estimated market value. For the three assessment years immediately following the restoration or reconstruction, the property is not subject to the valuation limit under subdivision 1a.

For the purposes of this subdivision:

(i) "disaster or emergency area" means an area in which the president of the United States or the administrator of the Small Business Administration has determined that a disaster exists pursuant to federal law;

(ii) "gone through foreclosure" means that a foreclosure sale has been held and that the person who owned the home prior to the sale did not redeem it from the sale under section 580.23; and

(iii) "gross living area" means the square footage of the home that would customarily be used as living space.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 273.111, subdivision 3, as amended by Laws 2008, chapter 154, article 13, section 26, is amended to read:

Subd. 3. **Requirements.** (a) Real estate consisting of ~~ten~~ three acres or more or a nursery or greenhouse, and qualifying for classification as class ~~4b, 2a, or 2b~~ under section 273.13, shall be entitled to valuation and tax deferment under this section ~~only if it is primarily devoted to agricultural use, and meets the qualifications in subdivision 6, and either:~~

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of ~~a shareholder in a family farm corporation as defined in~~ an individual who is part of an entity in compliance with section 500.24, ~~notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation;~~ or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section.

~~(b) Valuation of real estate under this section is limited to parcels the ownership of which is in none corporate entities except for:~~

~~(1) family farm corporations organized pursuant to section 500.24; and~~

~~(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.~~

~~(c)~~ Land that previously qualified for tax deferment under this section and no longer qualifies because it is not primarily used for agricultural purposes but would otherwise qualify under ~~subdivisions~~ Minnesota Statutes 2006, section 273.111, subdivision 3 and 6, for a period of at least three years will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period requires payment of deferred taxes as follows: sale in the year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of deferred taxes for the two prior years; sale during the second year the land no longer qualifies requires payment of the current year's deferred taxes plus

payment of the deferred taxes for the prior year; and sale during the third year the land no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is sold or no longer qualifies under this paragraph, or at the end of the three-year period, whichever comes first, all deferred special assessments plus interest are payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalties are not imposed on any such special assessments if timely paid.

EFFECTIVE DATE. This section is effective for assessment year 2009, taxes payable in 2010 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision to read:

Subd. 3a. **Property no longer eligible for deferment.** Real estate that qualifies for tax deferment under this section for assessment year 2008, but which does not qualify for the current assessment year due to changes in qualification requirements under this act, shall continue to qualify until the land is sold or transferred, provided that the property continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 14. Minnesota Statutes 2006, section 273.111, subdivision 4, is amended to read:

Subd. 4. **Determination of value.** (a) The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. ~~In determining the value for ad valorem tax purposes, the assessor shall use sales data for agricultural lands located outside the seven metropolitan counties having similar soil types, number of degree days, and other similar agricultural characteristics.~~ Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors. In order to account for the presence of nonagricultural influences that may affect the value of agricultural land, the commissioner of revenue shall develop a fair and uniform method of determining agricultural values for each county in the state that are consistent with this subdivision. The commissioner shall annually assign the resulting values to each county, and these values shall be used as the basis for determining the agricultural value for all properties in the county qualifying for tax deferment under this section.

(b) In the case of property qualifying for tax deferment only under subdivision 3a, the value shall be based on the value in effect for assessment year 2008, multiplied by the ratio of the total taxable market value of all property in the county for the current assessment year divided by the total taxable market value of all property in the county for assessment year 2008.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 15. Minnesota Statutes 2006, section 273.111, subdivision 8, is amended to read:

Subd. 8. **Application.** Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed hereunder and granted shall continue in effect for subsequent years until the property no longer qualifies. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under ~~subdivisions~~ subdivision 3 and 6.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 16. Minnesota Statutes 2006, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** When real property which is being, or has been valued and assessed under this section no longer qualifies under ~~subdivisions subdivision 3 and 6 or 3a~~, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the average difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, for the current year and the two preceding years, multiplied by seven or the number of years enrolled under section 273.111, whichever is less. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, ~~and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 17. Minnesota Statutes 2006, section 273.111, subdivision 11, is amended to read:

Subd. 11. **Special local assessments.** The payment of special local assessments levied after June 1, 1967, for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in ~~subdivisions subdivision 3 and 6 or 3a~~ or is transferred to an agricultural preserve under sections 473H.02 to 473H.17. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under ~~subdivisions subdivision 3 and 6 or 3a~~, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 18. Minnesota Statutes 2006, section 273.111, subdivision 11a, is amended to read:

Subd. 11a. **Continuation of tax treatment upon sale.** When real property qualifying under ~~subdivisions subdivision 3 and 6~~ is sold, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to ~~subdivisions subdivision 3 and 6~~, and provided the new owner files an application for continued deferment within 30 days after the sale.

~~For purposes of meeting the income requirements of subdivision 6, the property purchased shall be considered in conjunction with other qualifying property owned by the purchaser.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 19. **[273.1115] AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. Definitions. For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (1).

Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

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

(2) the property is at least ten contiguous acres, when the application is filed under subdivision 3;

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

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

(5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (l), when property is classified as:

(i) 1b under section 273.13, subdivision 22, paragraph (b);

(ii) 2a under section 273.13, subdivision 23;

(iii) 2b under section 273.13, subdivision 23; or

(iv) 2e under section 273.13, subdivision 23, paragraph (l).

The application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (l); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

Subd. 4. **Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

Subd. 5. **Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

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

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

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

Subd. 6. **County termination.** Within two years of the effective date of this section, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

Subd. 7. **Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the

program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

EFFECTIVE DATE. This section is effective for taxes assessed in 2009, payable in 2010, and thereafter, except that for the 2009 assessment year, the application date under subdivision 5 shall be September 1, 2009, and subdivision 6 is effective the day following final enactment.

Sec. 20. **[273.113] TAX CREDIT FOR PROPERTY IN BOVINE TUBERCULOSIS MANAGEMENT ZONES.**

Subdivision 1. **Definition.** For the purposes of this section, "bovine tuberculosis management zone" means the area within the ten-mile radius around the five presumptive tuberculosis-positive deer sampled during the fall 2006 hunter-harvested surveillance effort.

Subd. 2. **Eligibility; credit on agricultural land; cattle herds.** Land classified as class 2a or 2b under section 273.13, subdivision 23, located in a bovine tuberculosis management zone is eligible for a property tax credit if the property owner has eradicated a cattle herd that had been kept on that land for at least part of the year in order to prevent the onset or spread of bovine tuberculosis. The net credit is equal to that portion of the tax relating to the market value of the land on the parcels where the herd had been located after all other applicable credits have been deducted. To initially qualify for the tax credit, the property owner shall file an application with the county by January 2 of the year following the calendar year when the herd was eradicated. The credit must be given for each taxes payable year following the calendar year when the herd was eradicated and must terminate for all taxes payable years beginning after the calendar year when a new herd of cattle was placed on the land or as provided in subdivision 5. The auditor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. Notwithstanding section 276.04, subdivision 3, property tax statements of properties eligible for a credit under this section must be mailed no later than April 15.

Subd. 3. **Eligibility; credit on hunting land; deer and elk herds.** Land located in a bovine tuberculosis management zone that is primarily used for hunting purposes is eligible for a property tax credit if (1) the property owner or the Department of Natural Resources has eradicated the deer and elk herd on that land in order to prevent the onset or spread of bovine tuberculosis, (2) the property owner adheres strictly to the deer and elk feeding ban, and (3) the property owner makes every effort to keep their land free of deer and elk. The net credit is equal to the property tax on the parcel where the herd had been located after all other applicable credits have been deducted. The credit is only on that portion of the tax relating to the market value of the land. To initially qualify for the tax credit, the property owner shall file an application with the county by January 2 of the year following the calendar year when the deer or elk herd was eradicated. To receive the tax credit in subsequent years, the property owner shall file by January 2 of each subsequent year until the state is upgraded to a bovine tuberculosis status of modified accredited advanced. The county board must approve the application before the credit is allowed. The credit is for

each taxes payable year following the calendar year when the deer or elk herd was eradicated and must terminate as provided in subdivision 5. The auditor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. Notwithstanding section 276.04, subdivision 3, property tax statements of properties eligible for a credit under this section must be mailed no later than April 15.

Subd. 4. **Reimbursement for lost revenue; appropriations.** The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under this section after all other applicable credits have been deducted. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district for the taxes lost. The payments must be made at the time provided in section 273.1398, subdivision 6, for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue. The credits paid under this section shall be deducted from the tax due on the property as provided in section 273.1393.

Subd. 5. **Termination of credit.** The credit provided under this section ceases to be available beginning with any assessment year following the date when the United States Department of Agriculture publishes notice in the Federal Register that the state is upgraded to a bovine tuberculosis status of modified accredited advanced.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2009.

Sec. 21. Minnesota Statutes 2006, section 273.121, as amended by Laws 2008, chapter 154, article 13, section 28, is amended to read:

273.121 VALUATION OF REAL PROPERTY, NOTICE.

Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for the current and prior assessment, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (5) the classification of the property for the current and prior assessment, (6) a note that if the property is homestead and at least 45 years old, improvements made to the property may be eligible for a valuation exclusion under section 273.11, subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Subd. 2. **Availability of data.** The notice must state where the information on the property is available, the times when the information may be viewed by the public, and the county's Web site address.

EFFECTIVE DATE. This section is effective for notices prepared in 2009 and thereafter.

Sec. 22. Minnesota Statutes 2006, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, brother, sister, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 23. Minnesota Statutes 2007 Supplement, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;

(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(4) ~~neither the owner nor and the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, must live either in the county where the agricultural property is located or in a county contiguous to the county where the agricultural property is located,~~ except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live ~~more than four townships or cities, or combination of four townships or cities~~ further from the agricultural property than in the county or county contiguous to the property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same ~~township or city, or not farther than four townships or cities or combination thereof from~~ county or in a county contiguous to the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) that shareholder, member, or partner ~~does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property~~ lives in the county where the agricultural property is located or in a county contiguous to the county where the property is located.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within ~~the four townships or city~~ criteria the county or a contiguous county and are Minnesota residents;

- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, except that the provision extending the homestead to brothers and sisters is effective for taxes payable in 2009 and thereafter.

Sec. 24. Minnesota Statutes 2006, section 273.13, subdivision 23, as amended by Laws 2008, chapter 154, article 2, section 12, is amended to read:

Subd. 23. **Class 2.** (a) ~~Class 2a property is agricultural land including any improvements~~ An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of ~~0.55~~ 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property may contain an incidental amount of property that would otherwise be classified as 2b, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land impractical for the assessor to value separately from the rest of the property.

(c) Class 2b ~~property is (1) rural vacant land~~ consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and ~~not used for agricultural purposes, including land used exclusively~~ for growing trees for timber, lumber, and wood and wood products; ~~(2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport, provided that the presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph and provided that any parcel improved with a structure that is not a minor, ancillary nonresidential structure may be split-classified, provided that the acreage assigned to the split parcel with the structure is at least 20 acres.~~ Class 2b property has a net class rate of one percent of market value, ~~except that unplatted property described in clause (1) or (2) has a net class rate of .65 percent if it consists~~ unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than ~~ten~~ 20 and no more than 1,920 acres and statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor annually to receive the reduced class rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis.

(e) (e) Agricultural land as used in this section means ~~contiguous acreage of ten acres or more, property used during the preceding year~~ for agricultural purposes. "Agricultural purposes" as used in this section means the raising ~~or~~ cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. ~~Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. —Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.~~

(f) (f) Real estate of less than five acres, excluding the house, garage, and immediately surrounding one acre of land, ~~of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land~~ qualifies as class 2a if:

(i) the entire parcel is tilled or pastured to produce an agricultural product for sale in three of the last five years;

(ii) the acres are used primarily for drying or storage of grain or storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;

(iii) the land mass contains a nursery, provided only those acres used to produce nursery stock are considered agricultural land;

(iv) the parcel is used exclusively as a livestock or poultry confinement process; or

(v) the parcel is used primarily for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

~~Classification under this subdivision is not determinative for qualifying under section 273.111.~~

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

~~(e)~~ (i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

~~(f)~~ (j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

~~(g)~~ (k) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. To qualify for classification under this paragraph ~~(b), clause (4)~~, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph ~~(b), clause (4)~~, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph ~~(b), clause (4)~~, must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph ~~(b), clause (4)~~. For purposes of this paragraph ~~(b), clause (4)~~, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(1) Class 2e consists of land with a commercial aggregate deposit that is actively being mined and is not otherwise classified as class 2a or 2b. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

(1) a legal description of the property;

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

(3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and

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

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

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

EFFECTIVE DATE. The portion of this section reducing the agricultural class rate, and expanding the definition of "agricultural purposes" in paragraph (e) and "agricultural products" in paragraph (h), is effective for taxes payable in 2009 and thereafter. The remainder of the section is effective for taxes payable in 2010 and thereafter.

Sec. 25. Minnesota Statutes 2006, section 273.13, subdivision 24, is amended to read:

Subd. 24. **Class 3.** (a) Commercial and industrial property and utility real and personal property is class 3a.

(1) Except as otherwise provided, each parcel of commercial, industrial, or utility real property has a class rate of 1.5 percent of the first tier of market value, and 2.0 percent of the remaining market value. In the case of contiguous parcels of property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate, except that contiguous parcels owned by the same person or entity shall be eligible for the first-tier value class rate on each separate business operated by the owner of the property, provided the business is housed in a separate structure. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier.

For purposes of this subdivision, parcels are considered to be contiguous even if they are separated from each other by a road, street, waterway, or other similar intervening type of property. Connections between parcels that consist of power lines or pipelines do not cause the parcels to be contiguous. Property owners who have contiguous parcels of property that constitute separate businesses that may qualify for the first-tier class rate shall notify the assessor by July 1, for treatment beginning in the following taxes payable year.

(2) ~~All~~ Personal property that is: ~~(i) part of an electric generation, transmission, or distribution system; or (ii), including tools, implements, and machinery, has a class rate of 2.4 percent for taxes payable in 2009, and 2.8 percent for taxes payable in 2010 and thereafter.~~

(3) Personal property that is either: (i) part of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; and ~~(iii) not described in clause (3), and all, including tools, implements, and machinery, or (ii) part of an electric transmission or distribution system, including tools, implements, and machinery, has a class rate of 2.0 percent for taxes payable in 2009 and thereafter.~~

(4) Railroad operating property has a class rate as provided under clause (1) for the first tier of market value and the remaining market value. In the case of multiple parcels in one county that are owned by one person or entity, only one first tier amount is eligible for the reduced rate.

~~(3) The entire market value of personal property that is: (i) tools, implements, and machinery of an electric generation, transmission, or distribution system; (ii) tools, implements, and machinery of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; or (iii) the~~ (5) Personal property consisting of mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, has a class rate as provided under clause (1) for the remaining market value in excess of the first tier.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b. The class rates for class 3b property are determined under paragraph (a).

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 26. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws 2008, chapter 154, article 2, section 13, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b ~~includes:~~

~~(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;~~

~~(2) manufactured homes not classified under any other provision;~~

~~(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and~~

~~(4) is unimproved property that is classified residential as determined under subdivision 33.~~

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing ~~one unit~~ up to three units, other than seasonal residential recreational property; ~~and~~

(2) a ~~single-family~~ dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b), containing up to three units; and

(3) manufactured homes not classified under any other provision.

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for assessment year 2008 and thereafter, and for taxes payable in 2009 and thereafter.

Sec. 27. Minnesota Statutes 2006, section 273.13, subdivision 33, is amended to read:

Subd. 33. **Classification of unimproved property.** (a) All real property that is not improved with a structure must be classified according to its current use.

(b) Except as provided in subdivision 23, paragraph (c), real property that is not improved with a structure and for which there is no identifiable current use must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 28. **[273.1388] PROPERTY TAX CREDIT FOR LEASED LAND.**

Noncommercial seasonal residential recreational property located on land leased from a governmental unit or agency is eligible for a property tax credit equal to 25 percent of the annual lease payment. Eligible taxpayers must file an application with the county auditor prior to November 1 of the year in which the property taxes are payable. The application shall be on a form prescribed by the commissioner of revenue, and must include such evidence as the county deems necessary of the annual lease payment for the period corresponding to the taxes payable year. The county may either pay the credit directly to the property owner or subtract it as a credit on the property tax statement, whichever it considers to be more administratively cost-efficient. If the county makes a direct payment of the credit to the property owner, the county must pay the credit by August 1 of the year in which the taxes are payable or within 45 days of receipt of the application, whichever is later.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 29. Minnesota Statutes 2007 Supplement, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;

- (7) homestead and agricultural credits as provided in section 273.1384;
- (8) taconite homestead credit as provided in section 273.135; ~~and~~
- (9) supplemental homestead credit as provided in section 273.1391; and
- (10) bovine tuberculosis management credit as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 30. Minnesota Statutes 2006, section 274.14, is amended to read:

274.14 LENGTH OF SESSION; RECORD.

The board may meet on any ten consecutive meeting days in June, after the second Friday in June. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding ~~Saturday and~~ Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

Sec. 31. Minnesota Statutes 2006, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy base amount is \$592,000,000 for taxes payable in 2002. For taxes payable in subsequent years, the levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

In setting the rate, the commissioner shall exclude the tax capacity of property described in section 473.625 from the tax base. The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2009.

Sec. 32. Minnesota Statutes 2006, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, except for electric generation attached machinery under class 3 ~~and property described in section 473.625.~~ County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2009.

Sec. 33. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September ~~15~~ 1, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September ~~30~~ 15, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than ~~October 7~~ September 22. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September ~~15~~ 1, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 34. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 5, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by ~~October 10~~ September 5. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 35. Minnesota Statutes 2006, section 275.065, subdivision 1c, is amended to read:

Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing authorities are in the process of negotiating an agreement for sharing, merging, or consolidating services between those taxing authorities at the time the proposed levy is to be certified under subdivision 1, each taxing authority involved in the negotiation shall certify its total proposed levy as provided in that subdivision, including a notification to the county auditor of the specific service involved in the agreement which is not yet finalized. The affected taxing authorities may amend their proposed levies under subdivision 1 until ~~October~~ September 10 for levy amounts relating only to the specific service involved.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 36. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision to read:

Subd. 1d. **Failure to certify proposed levy.** If a taxing authority fails to certify its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county auditor shall use the authority's previous year's final levy under section 275.07, subdivision 1, for purposes of determining its proposed property tax notices and public advertisements under this section.

EFFECTIVE DATE. This section is effective for notices prepared in 2008, for property taxes payable in 2009 and thereafter.

Sec. 37. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before ~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established

under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting, a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice, and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on ~~November~~ October 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by ~~November~~ October 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 38. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision to read:

Subd. 3b. Supplemental notice of proposed levy increases. (a) If a city that has a population of more than 2,500 or a county proposes a levy that would cause a levy plus aid increase greater than the threshold increase calculated under paragraph (b), it shall prepare and deliver by first class mail a supplemental proposed property tax notice to each property taxpayer in the taxing jurisdiction, as described in this subdivision.

(b) The threshold increase in the proposed property tax levy plus aid is equal to the levy plus aid amount in the previous year, multiplied by the sum of (i) one percent, (ii) the percentage growth, if any, in the population in the taxing jurisdiction for the most recent available year, (iii) the percentage increase in the total market value in the taxing jurisdiction due to new construction of commercial and industrial property, and (iv) the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce for the most recent 12-month period ending March of the levy year.

(c) The supplemental proposed notice must show the taxing jurisdiction's (1) levy plus aid amount for the previous year, (2) its threshold levy plus aid increase indicating that this increase is calculated to reflect reasonable growth adjusting for population increases, increased demand from new business, and inflation, (3) the aid amount corresponding to the proposed levy year, (4) the proposed property tax increase, and (5) the amount the proposed increase in levy plus aid exceeds the threshold increase. The notice must contain a description of why the jurisdiction needs to raise property taxes above the threshold amount and how the taxing jurisdiction plans to spend the additional revenue.

(d) For purposes of this subdivision, "aid" means county program aid under section 477A.0124 or local government aid under section 477A.013.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 39. Minnesota Statutes 2006, section 275.065, subdivision 6, is amended to read:

Subd. 6. **Public hearing; adoption of budget and levy.** (a) For purposes of this section, the following terms shall have the meanings given:

(1) "Initial hearing" means the first and primary hearing held to discuss the taxing authority's proposed budget and proposed property tax levy for taxes payable in the following year, or, for school districts, the current budget and the proposed property tax levy for taxes payable in the following year.

(2) "Continuation hearing" means a hearing held to complete the initial hearing, if the initial hearing is not completed on its scheduled date.

(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final property tax levy, and, in the case of taxing authorities other than school districts, the final budget, for taxes payable in the following year.

(b) Between November ~~29~~ 9 and December ~~20~~ 1, the governing bodies of a city that has a population over 500, county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold an initial public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold an initial public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint initial public hearing, the location of which will be determined by the affected metropolitan agencies. A city, county, metropolitan special taxing district as defined in subdivision 3, paragraph (i), regional library district established under section 134.201, or school district is not required to hold a public hearing under this subdivision unless its proposed property tax levy for taxes payable in the following year, as certified under subdivision 1, has increased over its final property tax levy for taxes payable in the current year by a percentage that is greater than the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the current year.

(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No initial hearing may be held on a Sunday.

(d) At the initial hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions. At the public hearing, the school district must also provide and discuss information on the distribution of its revenues by revenue source, and the distribution of its spending by program area.

(e) If the initial hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continuation hearing must be held at least five business days but no more than 14 business days after the initial hearing. A continuation hearing may not be held later than December 20 except as provided in paragraphs (f) and (g). A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No continuation hearing may be held on a Sunday.

(f) The governing body of a county shall hold its initial hearing on the ~~first~~ second Thursday in ~~December~~ November each year, and may hold additional initial hearings on other dates before December ~~20~~ 1 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continuation hearing shall be held on the third Tuesday in ~~December~~. ~~If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20~~ November.

(g) The metropolitan special taxing districts shall hold a joint initial public hearing on the first Wednesday of December. A continuation hearing, if necessary, shall be held on the second Wednesday of December even if that second Wednesday is after December 10.

(h) The county auditor shall provide for the coordination of initial and continuation hearing dates for all school districts and cities within the county to prevent conflicts under clauses (i) and (j).

(i) By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its initial hearing and any continuation hearing. If a school board or regional library district does not certify these dates by August 10, the auditor will assign the initial and continuation hearing dates. The dates elected or assigned must not conflict with the initial and continuation hearing dates of the county or the metropolitan special taxing districts.

(j) By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts and regional library districts have elected to hold their initial and continuation hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and any continuation hearing. Until September 15, the ~~first and second Mondays~~ Monday of December ~~are~~ is reserved for the use of the cities. If a city does not certify its hearing dates by September 15, the auditor shall assign the initial and continuation hearing dates. The dates elected or assigned for the initial hearing must not conflict with the initial hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. To the extent possible, the dates of the city's continuation hearing should not conflict with the continuation hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. This paragraph does not apply to cities of 500 population or less.

(k) The county initial hearing date and the city, metropolitan special taxing district, regional library district, and school district initial hearing dates must be designated on the notices required under subdivision 3. The continuation hearing dates need not be stated on the notices.

(l) At a subsequent hearing, each county, school district, city over 500 population, and metropolitan special taxing district may amend its proposed property tax levy and must adopt a final property tax levy. Each county, city over 500 population, and metropolitan special taxing district may also amend its proposed budget and must adopt a final budget at the subsequent hearing. The final property tax levy must be adopted prior to adopting the final budget. A school district is not required to adopt its final budget at the subsequent hearing. The subsequent hearing of a taxing authority must be held on a date subsequent to the date of the taxing authority's initial public hearing. If a continuation hearing is held, the subsequent hearing must be held either immediately following the continuation hearing or on a date subsequent to the continuation hearing. The subsequent hearing may be held at a regularly scheduled board or council meeting or at a special meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing of a taxing authority does not have to be coordinated by the county auditor to prevent a conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any other taxing authority. All subsequent hearings must be held prior to five working days after December 20 of the levy year. The date, time, and place of the subsequent hearing must be announced at the initial public hearing or at the continuation hearing.

(m) The property tax levy certified under section 275.07 by a city of any population, county, metropolitan special taxing district, regional library district, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after the proposed levy was certified;

- (2) the amount of a city or county levy approved by the voters after the proposed levy was certified;
- (3) the amount of a levy to pay principal and interest on bonds approved by the voters under section 475.58 after the proposed levy was certified;
- (4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;
- (5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;
- (6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education or the commissioner of revenue after the proposed levy was certified; and
- (7) the amount required under section 126C.55.
- (n) This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.
- (o) Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 40. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County, the city of St. Paul, and Independent School District No. 625 are authorized to and shall hold their initial public hearing jointly. The hearing must be held ~~on~~ during the week of the second Tuesday of ~~December~~ November each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

Ramsey County is authorized to hold an additional initial hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the initial or continuation hearing dates of the other taxing districts. However, if Ramsey County elects not to hold such additional initial hearing or hearings, the joint initial hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey County.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter, except that proposed notices and hearings held in 2008 may be held during the week of the second Tuesday of December.

Sec. 41. Minnesota Statutes 2006, section 275.065, subdivision 9, is amended to read:

Subd. 9. **Aitkin County and school district hearing.** Notwithstanding any other law, Aitkin County and Independent School District No. 1, and the city of Aitkin, or any two of them, may hold their initial public hearing jointly. The hearing must be held on the second Tuesday of ~~December~~ November each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 42. Minnesota Statutes 2006, section 275.065, subdivision 10, is amended to read:

Subd. 10. **Nobles County; joint initial public hearing.** Notwithstanding any other law, Nobles County, the city of Worthington, and Independent School District No. 518, Worthington, or any two of them, may hold their initial public hearing jointly. The hearing must be held on the second Tuesday of ~~December~~ November each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 43. Minnesota Statutes 2006, section 282.08, is amended to read:

282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the ~~clerk of the municipality~~ appropriate governmental authority must be apportioned to the ~~municipal~~ governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the ~~municipal~~ governmental subdivision entitled to it; and

(4) any balance must be apportioned as follows:

(i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

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

Sec. 44. Minnesota Statutes 2006, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, ~~both~~ only one of the spouses must be at least 65 years old and the other spouse must be at least 62 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying ~~homeowners~~ homeowner, or in the case of a married couple, the qualifying homeowner and spouse, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$60,000~~ \$80,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the ~~qualifying~~ homeowners for at least 15 years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, does not exceed 75 percent of the assessor's estimated market value for the year.

EFFECTIVE DATE. This section is effective for applications filed on or after July 1, 2008.

Sec. 45. Minnesota Statutes 2006, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$60,000~~ \$80,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision showing income in excess of the maximum allowed, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

EFFECTIVE DATE. This section is effective for applications filed on or after July 1, 2008.

Sec. 46. Minnesota Statutes 2006, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$80,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$80,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

EFFECTIVE DATE. This section is effective for applications filed on or after July 1, 2008.

Sec. 47. Minnesota Statutes 2006, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$60,000~~ \$80,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

EFFECTIVE DATE. This section is effective for applications received on or after July 1, 2008.

Sec. 48. Minnesota Statutes 2006, section 290B.07, is amended to read:

290B.07 LIEN; DEFERRED PORTION.

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest deferred under this chapter is deemed a loan from the state to the program participant. The commissioner must ~~compute the interest as provided in section 270C.40, subdivision 5, but not to exceed five percent, and maintain records of the total deferred amount and interest for each participant.~~ Interest shall accrue beginning September 1 of the payable year for which the taxes are deferred, provided that no interest shall be charged on (1) deferred property tax amounts on applications filed on or after July 1, 2008, or (2) deferred property taxes beginning with taxes payable in 2009 on applications filed prior to July 1, 2008. Any deferral made under this chapter shall not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290B.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the property. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owing at the time specified in section 290B.08. Upon receipt of the payment, the commissioner shall issue a receipt for it to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of revenue of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

(b) If property for which taxes have been deferred under this chapter forfeits under chapter 281 for nonpayment of a nondeferred property tax amount, or because of nonpayment of amounts previously deferred following a termination under section 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be canceled by the county auditor as provided in section 282.07. However, notwithstanding any other law to the contrary, any proceeds from a subsequent sale of the property under chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale fund for any direct costs of selling the property or any costs directly related to preparing the property for sale, and then to reimburse the state for the amount of the canceled lien. Within 90 days of the receipt of any sale proceed to which the state is entitled under these provisions, the county auditor must pay those funds to the commissioner of revenue by warrant for deposit in the general fund. No other deposit, use, distribution, or release of gross sale proceeds or receipts may be made by the county until payments sufficient to fully reimburse the state for the canceled lien amount have been transmitted to the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 49. **[290D.01] CITATION.**

This program shall be named the "seasonal recreational property tax deferral program."

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 50. **[290D.02] TERMS.**

Subdivision 1. **Terms.** For purposes of sections 290D.01 to 290D.08, the terms defined in this section have the meanings given them.

Subd. 2. **Primary property owner.** "Primary property owner" means a person who (1) has been the owner, or one of the owners, of the eligible property for at least 15 years prior to the year the application is filed under section 290D.04; and (2) applies for the deferral of property taxes under section 290D.04.

Subd. 3. **Secondary property owner.** "Secondary property owner" means any person, other than the primary property owner, who has been an owner of the eligible property for at least 15 years prior to the year the initial application is filed for deferral of property taxes under section 290D.04.

Subd. 4. **Eligible property.** "Eligible property" means a parcel of property or contiguous parcels of property under the same ownership classified as noncommercial seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

Subd. 5. **Base property tax amount.** "Base property tax amount" means the total property taxes levied by all taxing jurisdictions, including special assessments, on the eligible property in the year prior to the year that the initial application is approved under section 290D.04 and payable in the year of the application.

Subd. 6. **Special assessments.** "Special assessments" means any assessment, fee, or other charge that may be made by law, and that appears on the property tax statement for the property for collection under the laws applicable to the enforcement of real estate taxes.

Subd. 7. **Commissioner.** "Commissioner" means the commissioner of revenue.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 51. **[290D.03] QUALIFICATIONS FOR DEFERRAL.**

In order for an eligible property to qualify for treatment under this program:

(1) the eligible property must have been owned solely by the primary property owner, or jointly with others, for at least 15 years prior to the year the initial application is filed;

(2) there must be no state or federal tax liens or judgment liens on the eligible property;

(3) there must be no mortgages or other liens on the eligible property that secure future advances, except for those subject to credit limits that result in compliance with clause (4); and

(4) the total unpaid balances of debts secured by mortgages and other liens on the eligible property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value for the current assessment year.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 52. **[290D.04] APPLICATION FOR DEFERRAL.**

Subdivision 1. Initial application. (a) A primary owner of a property meeting the qualifications under section 290D.03 may apply to the commissioner for deferral of taxes on the eligible property. Applications are due on or before July 1 for deferral of any taxes payable in the following year. The application, which must be prescribed by the commissioner, shall include the following items and any other information the commissioner deems necessary:

(1) the name, address, and Social Security number of the primary property owner and secondary property owners, if any;

(2) a copy of the property tax statement for the current taxes payable year for the eligible property;

(3) the initial year of ownership of the primary property owner and any second property owners of the eligible property;

(4) information on any mortgage loans or other amounts secured by mortgages or other liens against the eligible property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens; and

(5) the signatures of the primary property owner and all other owners, if any, stating that each owner agrees to enroll the eligible property in the program to defer property taxes under this chapter.

The application must state that program participation is voluntary. The application must also state that program participation includes authorization for the annual deferred amount. The deferred property tax calculated by the county and the cumulative deferred property tax amount is public data.

(b) As part of the initial application process, if the property is abstract property, the commissioner may require the applicant to obtain at the applicant's cost a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the eligible property or to the applicant.

The certificate or report need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application under this section.

The commissioner may also require the county recorder or county registrar of the county where the eligible property is located to provide copies of recorded documents related to the applicant of the eligible property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section.

Subd. 2. **Approval; recording.** The commissioner shall approve all initial applications that qualify under this chapter and shall notify the primary property owner on or before December 1. The commissioner may investigate the facts or require confirmation in regard to an application. The commissioner shall record or file a notice of qualification for deferral, including the names of the primary and any secondary property owners and a legal description of the eligible property, in the office of the county recorder, or registrar of titles, whichever is applicable, in the county where the eligible property is located. The notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The primary property owner shall pay the recording or filing fees for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the time of satisfaction of the lien.

Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess a penalty equal to 20 percent of the property taxes improperly deferred in the case of a false application. The commissioner shall assess a penalty equal to 50 percent of the property taxes improperly deferred if the taxpayer knowingly filed a false application. The commissioner shall assess penalties under this section through the issuance of an order under the provisions of chapter 270C. Persons affected by a commissioner's order issued under this section may appeal as provided in chapter 270C.

(b) The commissioner may conduct investigations related to initial applications required under this chapter within the period ending 3-1/2 years from the due date of the application.

Subd. 4. **Annual certification to commissioner.** Annually on or before July 1, the primary property owner must certify to the commissioner that the person continues to qualify as a primary property owner. If the primary owner has died or has transferred the property in the preceding year, a certification may be filed by the primary owner's spouse, or by one of the secondary owners, provided that the person is currently an owner of the property. In this case, the primary owner's spouse or the secondary owner shall be considered the primary owner from that point forward. If neither the primary owner, the primary owner's spouse, or a secondary owner is eligible to file the required annual certification for the property, the property's participation in the program shall be terminated, and the procedures in section 290D.07 apply.

Subd. 5. **Annual notice to primary property owner.** Annually, on or before September 1, the commissioner shall notify each primary property owner, in writing, of the total cumulative deferred taxes and accrued interest on the qualifying property as of that date.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 53. [290D.05] DEFERRED PROPERTY TAX AMOUNT.

Subdivision 1. **Calculation of deferred property tax amount.** Each year after the county auditor has determined the final property tax rates under section 275.08, the "deferred property tax amount" must be calculated on each eligible property. The deferred property tax amount is equal to 50 percent of the amount of the difference between (1) the total amount of property taxes and special assessments levied upon the eligible property for the current year by all taxing jurisdictions and (2) the eligible property's base property tax amount. Any tax attributable

to new improvements made to the eligible property after the initial application has been approved under section 290D.04, subdivision 2, must be excluded in determining the deferred property tax amount. The eligible property's total current year's tax less the deferred property tax amount for the current year must be listed on the property tax statement and is the amount due to the county under chapter 276. Reference that the property is enrolled in the seasonal recreational property tax deferral program under this chapter and a state lien has been recorded must be clearly printed on the statement.

Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or before April 15, certify to the commissioner the property tax deferral amounts determined under this section for each eligible property in the county. The commissioner shall prescribe the information that is necessary to identify the eligible properties.

Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of deferred taxes and interest on a property, when added to (1) the balance owed on any mortgages on the property at the time of initial application; (2) other amounts secured by liens on the property at the time of the initial application; and (3) any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value of the property for the current assessment year.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 54. **[290D.06] LIEN; DEFERRED PORTION.**

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest, deferred under this chapter is deemed a loan from the state to the program participant. The commissioner shall compute the interest as provided in section 270C.40, subdivision 5, but not to exceed two percent over the maximum interest rate provided in section 290B.07, paragraph (a), and maintain records of the total deferred amount and interest for each participant. Interest accrues beginning September 1 of the payable year for which the taxes are deferred. Any deferral made under this chapter must not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290D.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the eligible property. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owing at the time specified in section 290D.07. Upon receipt of the payment, the commissioner shall issue a receipt to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

(b) If eligible property for which taxes have been deferred under this chapter forfeits under chapter 281 for nonpayment of a nondeferred property tax amount, or because of nonpayment of amounts previously deferred following a termination under section 290D.07, the lien for the taxes deferred under this chapter, plus interest and

costs, shall be canceled by the county auditor as provided in section 282.07. However, notwithstanding any other law to the contrary, any proceeds from a subsequent sale of the eligible property under chapter 282 or another law must be used to first reimburse the county's forfeited tax sale fund for any direct costs of selling the eligible property or any costs directly related to preparing the eligible property for sale, and then to reimburse the state for the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to which the state is entitled under these provisions, the county auditor must pay those funds to the commissioner by warrant for deposit in the general fund. No other deposit, use, distribution, or release of gross sale proceeds or receipts may be made by the county until payments sufficient to fully reimburse the state for the canceled lien amount have been transmitted to the commissioner.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 55. **[290D.07] TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED TAXES.**

Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter terminates when one of the following occurs:

(1) the eligible property is sold or transferred to someone other than the primary owner's spouse or a secondary owner;

(2) the death of the primary owner, or in the case of a married couple, after the death of both spouses, provided that there is not a secondary owner eligible to become the primary owner;

(3) the primary property owner notifies the commissioner, in writing, that all owners, including any secondary property owners, desire to discontinue the deferral; or

(4) the eligible property no longer qualifies under section 290D.03.

(b) An eligible property is not terminated from the program because no deferred property tax amount is determined for any given year after the eligible property's initial enrollment into the program.

(c) An eligible property is not terminated from the program if the eligible property subsequently becomes the homestead of one or more of the property owners and the property and the owners qualify for, and are immediately enrolled in, the senior deferral program under chapter 290B.

Subd. 2. **Payment upon termination.** Upon the termination of the deferral under subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments and interest, plus the recording or filing fees under this subdivision and section 290D.04, subdivision 2, becomes due and payable to the commissioner within 90 days of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2), and within one year of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor of the county in which the parcel is located, identifying the parcel to which the payment applies and shall remit the recording or filing fees under this subdivision and section 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the legal description and the recording or filing data for the notice of qualification for deferral under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the county auditor in the same office in which the notice of qualification for deferral under section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a copy of the notice of termination to the property owner. The property owner shall pay the recording or filing fees. Upon recording or filing of the notice of termination of deferral, the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem property taxes apply.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 56. **[290D.08] STATE REIMBURSEMENT.**

Subdivision 1. **Determination; payment.** The county auditor shall determine the total current year's deferred amount of property tax under this chapter in the county, and submit those amounts as part of the abstracts of tax lists submitted by the county auditors under section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

The county treasurer shall distribute, as part of the October settlement, the funds received as if they had been collected as part of the property tax.

Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property tax determined under subdivision 1, plus any amounts paid under section 290D.04, subdivision 4, is annually appropriated from the general fund to the commissioner.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 57. Minnesota Statutes 2006, section 298.75, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(1) "Aggregate material" shall mean nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway. Aggregate material shall not include dimension stone and dimension granite. Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(2) "Person" shall mean any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(3) "Operator" shall mean any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(4) "Extraction site" shall mean a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(5) "Importer" shall mean any person who buys aggregate material ~~produced~~ excavated from a county not listed in paragraph (6) or another state and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(6) "County" shall mean the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnommen, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin, Washington, Chisago, and Ramsey. County also means any other county whose board has voted after a public hearing to impose the tax under this section and has notified the commissioner of revenue of the imposition of the tax.

(7) "Borrow" shall mean granular borrow, consisting of durable particles of gravel and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch) sieve may not exceed 20 percent by mass.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 58. Minnesota Statutes 2006, section 298.75, subdivision 2, is amended to read:

Subd. 2. **Tax imposed.** (a) A county that imposes the aggregate production tax shall impose upon every importer and operator a production tax up to ten cents of 21.5 cents per cubic yard or up to seven 15 cents per ton of aggregate material removed excavated in the county except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall not be imposed on aggregate material produced excavated in the county when until the aggregate material is transported from the extraction site or sold, whichever occurs first. When aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first.

(b) A county that imposes the aggregate production tax under paragraph (a) shall impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the county. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall be imposed either when the aggregate material is sold, when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 59. Minnesota Statutes 2006, section 298.75, subdivision 6, is amended to read:

Subd. 6. **Penalties; removal of aggregate if previous tax not paid; false report.** It is a misdemeanor for any operator or importer to remove aggregate material from a pit, quarry, or deposit or for any importer to import aggregate material unless all taxes due under this section for ~~the all~~ all previous reporting period periods have been paid or objections thereto have been filed pursuant to subdivision 4.

It is a misdemeanor for the operator or importer who is required to file a report to file a false report with intent to evade the tax.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 60. Minnesota Statutes 2006, section 298.75, subdivision 7, is amended to read:

Subd. 7. **Proceeds of taxes.** (a) All money collected as taxes under this section shall be deposited in the county treasury and credited as follows, for expenditure by the county board: according to this subdivision.

(b) The county auditor may retain an annual administrative fee of up to five percent of the total taxes collected in any year.

(c) The balance of the taxes, after any deduction under paragraph (b), shall be credited as follows:

~~(a) Sixty (1) 42.5 percent to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges;~~

~~(b) Thirty (2) 42.5 percent to the road and bridge fund of those towns as determined by the county board and to the general fund or other designated fund of those cities as determined by the county board of the city or town in which the mine is located, or to the county, if the mine is located in an unorganized town, to be expended for maintenance, construction and reconstruction of roads, highways and bridges; and~~

~~(c) Ten (3) 15 percent to a special reserve fund which is hereby established, for expenditure for the restoration of abandoned pits, quarries, or deposits located upon public and tax forfeited lands within the county.~~

~~If there are no abandoned pits, quarries or deposits located upon public or tax forfeited lands within the county, this portion of the tax shall be deposited in the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges used for any other unmet reclamation need or for conservation or other environmental needs.~~

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 61. Minnesota Statutes 2006, section 365A.095, is amended to read:

365A.095 PETITION FOR REMOVAL OF DISTRICT; PROCEDURE; REFUND OF SURPLUS.

Subdivision 1. **Petition; procedure.** A petition signed by at least 75 percent of the property owners in the territory of the subordinate service district requesting the removal of the district may be presented to the town board. Within 30 days after the town board receives the petition, the town clerk shall determine the validity of the signatures on the petition. If the requisite number of signatures are certified as valid, the town board must hold a public hearing on the petitioned matter. Within 30 days after the end of the hearing, the town board must decide whether to discontinue the subordinate service district, continue as it is, or take some other action with respect to it.

Subd. 2. **Option to refund surplus.** If the district is removed under subdivision 1, after all outstanding obligations of the district have been paid in full, the town board may vote to refund any surplus tax revenue or service charge, or any part of it, collected from the district under section 365A.08. The refund must be distributed equally to the owners of any property within the discontinued district that were charged the extra tax or service fee during the most recent tax year for which the tax or service fee was imposed. Any surplus not refunded under this section must be transferred to the town's general fund.

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

Sec. 62. Minnesota Statutes 2006, section 429.101, subdivision 1, is amended to read:

Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by law or charter, the governing body of any municipality may provide for the collection of unpaid special charges as a special assessment against the property benefited for all or any part of the cost of:

(1) snow, ice, or rubbish removal from sidewalks;

(2) weed elimination from streets or private property;

(3) removal or elimination of public health or safety hazards from private property, excluding any structure included under the provisions of sections 463.15 to 463.26;

(4) installation or repair of water service lines, street sprinkling or other dust treatment of streets;

(5) the trimming and care of trees and the removal of unsound trees from any street;

(6) the treatment and removal of insect infested or diseased trees on private property, the repair of sidewalks and alleys;

(7) the operation of a street lighting system;

(8) the operation and maintenance of a fire protection or a pedestrian skyway system;

(9) ~~reinspections which find noncompliance after the due date for compliance with an order to correct inspections relating to a municipal housing maintenance code violation;~~

(10) the recovery of any disbursements under section 504B.445, subdivision 4, clause (5), including disbursements for payment of utility bills and other services, even if provided by a third party, necessary to remedy violations as described in section 504B.445, subdivision 4, clause (2); or

(11) [Repealed, 2004 c 275 s 5]

as a special assessment against the property benefited.

(12) the recovery of delinquent vacant building registration fees under a municipal program designed to identify and register vacant buildings.

(b) The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for placing primary responsibility upon the property owner or occupant to do the work personally (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming, care, and removal or the operation of a street lighting system) upon notice before the work is undertaken, and for collection from the property owner or other person served of the charges when due before unpaid charges are made a special assessment.

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

Sec. 63. Minnesota Statutes 2006, section 469.1813, subdivision 8, is amended to read:

Subd. 8. **Limitation on abatements.** In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ten percent of the ~~current levy~~ net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. The limit under this subdivision does not apply to:

(i) an uncollected abatement from a prior year that is added to the abatement levy; or

(ii) a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

EFFECTIVE DATE. This section is effective for abatement resolutions approved after the day following final enactment.

Sec. 64. Minnesota Statutes 2006, section 473.446, subdivision 2, is amended to read:

Subd. 2. **Transit taxing district.** The metropolitan transit taxing district ~~is hereby designated as that portion of the metropolitan transit area lying within the following named cities, towns, or unorganized territory within the counties indicated:~~

(a) ~~Anoka County. Anoka, Blaine, Centerville, Columbia Heights, Coon Rapids, Fridley, Circle Pines, Hilltop, Lexington, Lino Lakes, Spring Lake Park;~~

(b) ~~Carver County. Chanhassen, the city of Chaska;~~

(c) ~~Dakota County. Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lilydale, Mendota, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake, West St. Paul;~~

(d) ~~Ramsey County. All of the territory within Ramsey County;~~

(e) ~~Hennepin County. Bloomington, Brooklyn Center, Brooklyn Park, Champlin, Chanhassen, Crystal, Deephaven, Eden Prairie, Edina, Excelsior, Golden Valley, Greenwood, Hopkins, Long Lake, Maple Grove, Medicine Lake, Minneapolis, Minnetonka, Minnetonka Beach, Mound, New Hope, Orono, Osseo, Plymouth, Richfield, Robbinsdale, St. Anthony, St. Louis Park, Shorewood, Spring Park, Tonka Bay, Wayzata, Woodland, the unorganized territory of Hennepin County;~~

(f) ~~Scott County. Prior Lake, Savage, Shakopee;~~

(g) ~~Washington County. Baytown, the city of Stillwater, White Bear Lake, Bayport, Birchwood, Cottage Grove, Dellwood, Lake Elmo, Landfall, Mahtomedi, Newport, Oakdale, Oak Park Heights, Pine Springs, St. Paul Park, Willernie, Woodbury means the metropolitan area.~~

The Metropolitan Council in its sole discretion may provide transit service by contract ~~beyond the boundaries of the metropolitan transit taxing district~~ or to cities and towns ~~within the taxing district~~ which are receiving financial assistance under section 473.388, upon petition therefor by an interested city, township or political subdivision within the metropolitan transit area. The Metropolitan Council may establish such terms and conditions as it deems necessary and advisable for providing the transit service, including such combination of fares and direct payments by the petitioner as will compensate the council for the full capital and operating cost of the service and the related administrative activities of the council. The amount of the levy made by any municipality to pay for the service shall be disregarded when calculation of levies subject to limitations is made, provided that cities and towns receiving financial assistance under section 473.388 shall not make a special levy under this subdivision without having first exhausted the available local transit funds as defined in section 473.388. The council shall not be obligated to extend service ~~beyond the boundaries of the taxing district,~~ or to cities and towns within the taxing district which are receiving financial assistance under section 473.388, under any law or contract unless or until payment therefor is received.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 65. Minnesota Statutes 2006, section 473.446, subdivision 8, is amended to read:

Subd. 8. **State review.** The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy under this section to the commissioner of revenue by September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for transit purposes certified by the council for levy following the adoption of its proposed budget is within the levy limitation imposed by ~~subdivisions~~ subdivision 1 and 1b. ~~The~~

~~commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is within the levy limitation imposed by subdivision 1a. The determination must be completed prior to September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 66. Laws 2008, chapter 154, article 2, section 11, the effective date, is amended to read:

EFFECTIVE DATE. The amendments of this section to paragraph (b) and to the class rate decrease and the market value increase of the first tier of class 1c homestead resorts are effective for taxes payable in 2009 and thereafter. The rest of this section is effective for taxes payable in 2010 and thereafter.

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

Sec. 67. **FISCAL DISPARITIES STUDY.**

The commissioner of revenue shall conduct a study of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter 473F, commonly known as the fiscal disparities program. On or before February 1, 2010, the commissioner shall make a report to the chairs of the house of representatives and senate tax committees consisting of the findings of the study and any recommendations resulting from the study.

The study must consider to what extent the program is meeting the following goals, and what changes could be made to the program in the furtherance of meeting those goals:

(1) reducing the extent to which the property tax encourages development patterns that do not make cost-effective use of public infrastructure or impose other high public costs;

(2) ensuring that the benefits of economic growth of the region are shared throughout the region, especially for growth that results from state or regional decisions;

(3) improving the ability of each jurisdiction within the region to deliver services at a level commensurate with its tax effort;

(4) compensating jurisdictions containing properties that provide regional benefits for the costs those properties impose on their host jurisdictions in excess of their tax payments;

(5) promoting a fair distribution of property tax burdens across jurisdictions of the region; and

(6) reducing the economic losses that result from competition among communities for commercial-industrial tax base.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 68. **WHITE COMMUNITY HOSPITAL DISTRICT.**

Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities and towns in St. Louis County may establish by resolution of their respective governing bodies the White Community Hospital District: the cities of Aurora, Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish the hospital district must be published and is subject to referendum as provided in section 447.31, subdivision 2.

Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this section, the White Community Hospital District shall be organized and have the powers and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

(b) The hospital district may levy taxes as provided in this section to provide funding to make grants to the White Community Hospital and any affiliated health care facility or provider for any purpose authorized for hospital districts in Minnesota Statutes, sections 447.31 to 447.38, except 447.331. A grant must not be made under this section until the governing body of the White Community Hospital, and any of its affiliated health care facilities or providers receiving a grant, have entered into a written agreement with the hospital district board stating that the governing body will comply with and is subject to all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

Subd. 3. **Annexation; detachment.** Once the hospital district is established, any other city, town, or unorganized area in St. Louis County may join the hospital district in the same manner provided in subdivision 1 for establishment of the hospital district. A city, town, or unorganized area that is a member of the hospital district may detach from the district in the same manner as it may join. An annexation to or detachment from the hospital district is effective for taxes payable in the following calendar year if the resolution is adopted, or in the case of an unorganized area the petition submitted to the county auditor, before July 1 of the levy year. A resolution adopted or petition submitted after July 1 of any year is effective for the taxes payable the year following the next levy year.

Subd. 4. **Unorganized areas.** An unorganized area in St. Louis County shall become a member of the hospital district if at least 51 percent of the residents of the unorganized area signed a petition submitted to the hospital district board and the county auditor requesting to participate in the hospital district.

Subd. 5. **Hospital district board.** The hospital district shall be governed by a hospital board composed of one member of each participating city and town's governing body, appointed by the governing body. If the hospital district only has two members, each member city or town shall appoint two board members. The hospital district board must appoint from among its members a chair, clerk, treasurer, and any other officers the board deems necessary or useful. The St. Louis County Board of Commissioners shall appoint a resident of any unorganized area that is participating in the hospital district. All board members serve at the pleasure of the respective appointing authorities.

Subd. 6. **No compensation; expenses.** Board members shall serve without compensation but shall be eligible for per diem and expenses provided by, and at the discretion of, their respective appointing authorities.

Subd. 7. **Operating tax levy.** The hospital district board may levy a tax as provided in Minnesota Statutes, section 447.34, except as provided in this subdivision. If the hospital district board levies it must be a uniform tax rate levied against the net tax capacity of all taxable properties located within each participating city, town, or unorganized area. The maximum amount that may be levied in the hospital district must not exceed 0.066088 percent of the fully taxable market value of all taxable properties located within each participating city, town, or unorganized area.

Any tax levied by the hospital district is in addition to all other taxes levied on the property, including taxes levied for any other hospital purpose by a participating city or town. The levy must be disregarded in the calculation of all other rate or per capita levy limitations imposed by law.

EFFECTIVE DATE; NO LOCAL APPROVAL. This section is effective the day following final enactment without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009, and thereafter.

Sec. 69. VADNAIS LAKE AREA WATER MANAGEMENT ORGANIZATION; STORM SEWER UTILITY FEES.

Notwithstanding any other law to the contrary and pursuant to joint powers agreements authorized under Minnesota Statutes, sections 103B.211 and 471.59, the Vadnais Lake Area Water Management Organization may certify to the county auditor any fees or charges imposed by the organization under Minnesota Statutes, section 103B.211 or 444.075, and the parcels on which the charges are imposed. The county auditor shall extend the charges on the property tax statements. The amounts must be certified by November 30 to appear on statements for taxes payable in the following year. The charges, if not paid, become delinquent and are subject to the same penalties, the same rate of interest, and become a lien upon the property in the same manner, as real property taxes. The charges shall be paid to the Vadnais Lake Area Water Management Organization by the county auditor in the same manner and at the same time as property taxes. The county auditor may charge the Vadnais Lake Area Water Management Organization a fee in the amount necessary to recover the costs of administering the charges.

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

Sec. 70. CITY OF BROOKLYN CENTER; PARTICIPATION IN CRIME-FREE MULTIHOUSING PROGRAM.

(a) In addition to the requirements of Minnesota Statutes, section 273.128, if property located in the city of Brooklyn Center qualifies under paragraph (b), the owners or managers must complete the three phases of the city's crime-free multihousing program and the qualifying property must be annually certified by the police as participating in the program. If a qualifying property is not certified within one year after it is first determined to be a qualifying property under paragraph (b), or does not annually maintain its certification in the program, the city shall notify the property owner that the qualifying property must comply with the requirements of this section to maintain its classification as class 4d property. If a qualifying property is not in compliance within one year after receiving the notice from the city, the city shall issue a second notice and require the owners to enter into a plan to achieve compliance within one year. If, upon expiration of the one-year time period, the qualifying property has not been certified by the police as completing the program, the city shall notify the commissioner of the Housing Finance Agency and the commissioner shall remove the property from the list of class 4d properties certified to the assessor under Minnesota Statutes, section 273.128, subdivision 3. Once removed from the list, the property is not eligible for class 4d classification until it complies with this section and its compliance has been certified to the Housing Finance Agency by the city. Certification to the Housing Finance Agency must be made by May 15 to be effective for taxes payable in the following year.

(b) A property is a qualifying property for purposes of this section's requirements if it satisfies each of the following requirements:

(1) the city offers a crime-free multihousing program through its city police;

(2) over the preceding three-year period, the number of police calls to the property exceeded the city's average number of calls for multiunit rental properties for the period by at least 25 percent, adjusted for the number of rental units;

(3) the police department has requested, in writing, the owners or managers of the property to enroll in the crime-free multihousing program and the owners or managers refused or failed to enroll within 60 days after the request, or failed to complete phases one and three within 90 days and all three phases of the program within a one-year time period; and

(4) the governing body of the city, by resolution, determines the property is a qualifying property under clauses (1) to (3).

(c) Calls for police or emergency assistance in response to domestic abuse or medical assistance shall not be counted toward the number of calls in paragraph (b), clause (2). For purposes of this section, "domestic abuse" has the meaning given in Minnesota Statutes, section 518B.01, subdivision 2.

(d) Low-income qualifying rental housing property classified as class 4d property for taxes payable in 2008 must meet the requirements of this section by May 15, 2011.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after compliance by the governing body of the city of Brooklyn Center and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 71. **ASSESSMENT OF PROPERTIES OF PURELY PUBLIC CHARITIES.**

Subdivision 1. **Application.** (a) To facilitate a review by the 2009 legislature of the property tax exemption for property of nonprofit organizations as purely public charities and the development of standards and criteria for the tax status of these facilities, this section:

(1) requires the commissioner of revenue to conduct an analysis of standards applied to determine the tax status of these organizations; and

(2) prohibits changes in assessment practices and policies regarding the property of these organizations.

(b) The purpose of this study is to allow the legislature to evaluate whether the judicially established rules and the assessment practices and policies in applying those rules to determine the tax status of these properties ensure that public benefits are, at least, commensurate with the costs of the exemption. The legislature does not intend, in requiring this study, to indicate an intention to expand or to narrow the existing rules for exempting institutions of purely public charity.

Subd. 2. **Report by commissioner of revenue.** (a) The commissioner of revenue shall survey all county assessors on:

(1) the tax status of property of institutions of purely public charity located in the state, including detail on the type of organization and the use of the property; and

(2) their practices and policies in determining the tax status of property of institutions of purely public charity, including the extent to which the assessment practices and policies require the institutions to provide goods or services at free or below market prices and on the treatment of government payments.

(b) The commissioner shall report the findings to the chairs of the house and senate committees with jurisdiction over taxation by February 1, 2009.

Subd. 3. **Moratorium on changes in assessment practices.** (a) An assessor may not change the current practices or policies used generally in assessing property of institutions of purely public charities.

(b) An assessor may not change the assessment of the taxable status of an existing property of an organization of purely public charity, unless the change is made as a result of a change in ownership, occupancy or use of the facility, or to correct an error. For currently taxable properties, the assessor may change the estimated market value of the property.

(c) This subdivision expires on the earlier of:

(1) the enactment of legislation establishing criteria for the property taxation of purely public charities; or

(2) adjournment of the 2009 regular legislative session to a date in calendar year 2010.

EFFECTIVE DATE. This section is effective for the 2008 assessment, taxes payable in 2009.

Sec. 72. **FEDERAL AUDIT; SCHOOL DISTRICT LEVY.**

Subdivision 1. **Calculation.** The commissioner of education must calculate the total amount of revenue that each school district needs to replace federal funds that have been disallowed resulting from the settlement of an audit by the federal Office of Inspector General of Local Collaborative Time Study school-based services claimed in Minnesota.

Subd. 2. **State aid.** The commissioner of education must make a state aid payment to each school district in fiscal year 2009 equal to one-third of the amount calculated in subdivision 1.

Subd. 3. **Levy.** A school district may levy a property tax for taxes payable in 2010 and 2011 only, not to exceed one-third of the amount calculated in subdivision 1 in each year.

Subd. 4. **Appropriation.** The amount necessary to fund the payments required under subdivision 2 is appropriated in fiscal year 2009 to the commissioner of education.

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

Sec. 73. **SCHOOL DISTRICT LEASE PURCHASES; REVERSE REFERENDUM.**

Subdivision 1. **Limitation.** After the effective date of this section, a school district located wholly or partially within the borders of a city of the first class with a population of less than 100,000 inhabitants must not enter into a binding legal agreement under Minnesota Statutes, section 126C.40, subdivision 6, without first holding a school board meeting authorizing that contract and adopting a written resolution authorizing the contract.

Subd. 2. **Board Meeting.** The school board must allow for public testimony on the proposed contract before adopting a written resolution authorizing the contract. The resolution becomes final 45 days after its adoption unless a petition has been filed under subdivision 3.

Subd. 3. **Reverse referendum.** A referendum on the question of authorizing the lease purchase contract must be called by the board upon the written petition of qualified voters of the district. A referendum to enter into a lease purchase contract must state the amount of the contract. A petition authorized by this subdivision is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on a date determined by the school board. If an effective petition is filed with the board by August 15, 2008, the board must hold the election at the time of the 2008 state primary. The approval of 50 percent plus one of those voting on the question is required to authorize the contract.

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

Sec. 74. **REPEALER.**

(a) Minnesota Statutes 2006, section 273.11, subdivisions 14 and 14a, are repealed.

(b) Minnesota Statutes 2006, section 273.111, subdivision 6, is repealed.

(c) Minnesota Statutes 2006, section 473.4461, is repealed.

EFFECTIVE DATE. Paragraphs (a) and (c) are effective for taxes payable in 2009 and thereafter. Paragraph (b) is effective for taxes payable in 2010 and thereafter.

ARTICLE 6

SALES AND USE TAXES

Section 1. Minnesota Statutes 2006, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) the Metropolitan Council or the Department of Transportation, for its purchases of vehicles and repair parts to equip operations provided for in ~~section~~ sections 174.90 and 473.4051, including, but not limited to, the Northstar Corridor rail project;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) sales to public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities; or

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, and soft drinks, except for lodging, prepared food, candy, and soft drinks purchased directly by the United States or its agencies or instrumentalities.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 297A.70, subdivision 8, is amended to read:

Subd. 8. **Regionwide public safety radio communication system; products and services.** Products and services including, but not limited to, end user equipment used for construction, ownership, operation, maintenance, and enhancement of the backbone system of the regionwide public safety radio communication system established under sections 403.21 to ~~403.34~~ 403.40, are exempt. For purposes of this subdivision, backbone system is defined in section 403.21, subdivision 9. This subdivision is effective for purchases, sales, storage, use, or consumption for use in the first and second phases of the system, as defined in section 403.21, subdivisions 3, 10, and 11, ~~and that portion of the third phase of the system that is located in the southeast district of the State Patrol and the counties of Benton, Sherburne, Stearns, and Wright,~~ and that portion of the system that is located in Itasca County.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 3. Minnesota Statutes 2006, section 297A.71, subdivision 23, is amended to read:

Subd. 23. **Construction materials for qualified low-income housing projects.** (a) Purchases of materials and supplies used or consumed in and equipment incorporated into the construction, improvement, or expansion of qualified low-income housing projects are exempt from the tax imposed under this chapter if the owner of the qualified low-income housing project is:

- (1) the public housing agency or housing and redevelopment authority of a political subdivision;
- (2) an entity exercising the powers of a housing and redevelopment authority within a political subdivision;
- (3) a limited partnership in which the sole or managing general partner is an authority under clause (1) or an entity under clause (2) or (4);
- (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; or
- (5) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604, for a qualified low-income housing project described in paragraph (b), clause (5).

This exemption applies regardless of whether the purchases are made by the owner of the facility or a contractor.

(b) For purposes of this exemption, "qualified low-income housing project" means:

- (1) a housing or mixed use project in which at least 20 percent of the residential units are qualifying low-income rental housing units as defined in section 273.126;
- (2) a federally assisted low-income housing project financed by a mortgage insured or held by the United States Department of Housing and Urban Development under United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United States Code, title 42, section 1437f; the Native American Housing Assistance and Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar successor federal low-income housing program;

(3) a qualified low-income housing project as defined in United States Code, title 26, section 42(g), meeting all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code regardless of whether the project actually applies for or receives a low-income housing credit;

(4) a project that will be operated in compliance with Internal Revenue Service revenue procedure 96-32; or

(5) a housing or mixed use project in which all or a portion of the residential units are subject to the requirements of section 5 of the United States Housing Act of 1937.

(c) For a project, a portion of which is not used for low-income housing units, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the total gross square footage of units subject to the income limits under section 273.126, the financing for the project, the federal low-income housing tax credit, revenue procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable to the project; and

(2) the total gross square footage of all units in the project.

(d) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2008.

Sec. 4. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision to read:

Subd. 40. **Construction materials; Central Corridor light rail transit.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the Central Corridor light rail transit line and associated facilities including, but not limited to, stations, park-and-ride facilities, and maintenance facilities, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision to read:

Subd. 41. **Construction materials; Northstar Corridor rail project.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the Northstar Corridor rail project and associated facilities by a public entity or under a contract with a public entity including, but not limited to, track and signal improvements, stations, park-and-ride facilities, and maintenance facilities, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 297A.75, is amended to read:

297A.75 REFUND; APPROPRIATION.

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

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- (8) materials, supplies, fixtures, furnishings, and equipment for a county law enforcement and family service center under section 297A.71, subdivision 26;
- (9) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (10) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (11) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37; ~~and~~
- (12) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41; and
- (13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivisions 40 and 41.

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

- (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- (2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

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

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

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

(7) for subdivision 1, clauses (11) and (12), the owner of the qualifying business; and

(8) for subdivision 1, clause (13), the applicant must be the governmental entity that owns or contracts for the project or facility.

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), ~~or (12), or (13)~~, the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

Subd. 4. **Interest.** Interest must be paid on the refund at the rate in section 270C.405 from 90 days after the refund claim is filed with the commissioner for taxes paid under subdivision 1.

Subd. 5. **Appropriation.** (a) The amount required to make the refunds, except for refunds under subdivision 1, clause (13), is annually appropriated to the commissioner.

(b) \$15,000,000 in fiscal year 2009 is appropriated from the general fund to the commissioner. The appropriation under this paragraph shall be used to make refunds of sales tax for the exemptions under subdivision 1, clause (13). The appropriation does not cancel and is available until expended. In fiscal years 2010 and 2011, the commissioner shall make payments from the appropriation under this paragraph to the general fund to reimburse it for the revenue loss in those years due to the extension of the sales tax exemption to the Department of Transportation under section 297A.70, subdivision 2, clause (4).

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

Sec. 7. Minnesota Statutes 2006, section 297A.99, subdivision 1, as amended by Laws 2008, chapter 152, article 4, section 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision enacted and imposed the tax before the effective date of section 477A.016 and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

(d) Until after December 31, 2011, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless the tax was authorized by a special law enacted prior to May 20, 2008.

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

Sec. 8. Minnesota Statutes 2006, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;

(14) purchase outside the United States of a passenger automobile, as defined in section 168.011, subdivision 7, or motorcycle, as defined in section 168.011, subdivision 26, by a member of the United States armed forces while the member is serving outside the United States in federal active military service, as defined in section 190.05, subdivision 5c, limited to one qualifying motor vehicle during the servicemember's lifetime; and

(15) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

EFFECTIVE DATE. (a) Clauses (1) to (14) are effective for sales and purchases made after December 31, 2007, and for other motor vehicles for which the tax first becomes due after December 31, 2007.

(b) Clause (15) is effective for sales and purchases made after June 30, 2008.

Sec. 9. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and ~~operating~~ improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section,

"Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by Minnesota State University, Mankato.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and after compliance with section 11.

Sec. 10. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 25, is amended to read:

Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire on December 31, 2015, unless sufficient revenues are not available to defease any bonds or obligations issued to finance construction of Riverfront 2000 and related facilities. If sufficient funds are not available to defease the bonds, the tax expires December 31, 2018, but all revenues from taxes imposed after December 31, 2015, must be used to defease the bonds. The city may, by ordinance, terminate the tax at an earlier date.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and after compliance with section 11.

Sec. 11. **CITY OF MANKATO, LOCAL TAXES AUTHORIZED.**

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts on all sales of food and beverages by a restaurant or place of refreshment, as defined by resolution of the city, that are located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Entertainment tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato may, by ordinance, impose a tax of up to one percent on the gross receipts on admissions to an entertainment event located within the city. For purposes of this section "entertainment event" means any event for which persons pay money in order to be admitted to the premises and to be entertained including, but not limited to, theaters, concerts, and sporting events.

Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses of operation and maintenance of the Riverfront 2000 and related facilities, including a performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by Minnesota State University, Mankato. Authorized expenses include securing or paying debt service on bonds or other obligations issued to finance the construction of the facilities.

Subd. 4. **Collection, administration, and enforcement.** If the city desires, it may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement apply.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **COOK COUNTY; LODGING AND ADMISSIONS TAXES.**

Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed four percent.

Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on admissions to entertainment and recreational facilities and rental of recreation equipment.

Subd. 3. **Use of taxes.** The taxes imposed in subdivisions 1 and 2 must be used to fund a new Cook County Event and Visitors Bureau as established by the Board of Commissioners of Cook County. The Board of Commissioners of Cook County must annually review the budget of the Cook County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the taxes imposed in subdivisions 1 and 2 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The taxes imposed in subdivisions 1 and 2 terminate 15 years after they are first imposed.

EFFECTIVE DATE. This section is effective for sales and purchases after June 30, 2008.

Sec. 13. **CITY OF CLEARWATER; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of Clearwater may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Clearwater may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay for the costs of acquisition, construction, improvement, and development of a pedestrian bridge, and land and buildings for a community and recreation center. The total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000 plus any associated bond costs.

Subd. 4. **Bonding authority.** The city of Clearwater may issue bonds in an amount not to exceed \$12,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures and improvements authorized by the referendum under subdivision 1. An election to approve the bonds under Minnesota Statutes, section 475.59, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 5. **Termination of tax.** The tax authorized under subdivision 1 terminates at the earlier of (1) 20 years after the date of initial imposition of the tax, or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the bonds in subdivision 4 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Clearwater with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is \$6,000,000 plus any associated bond costs.

Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires when the city council determines that the amount of revenues received from the taxes to pay for the projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of North Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. CITY OF WINONA; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax. Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters at a general or special election held before December 31, 2009, the city of Winona may impose by ordinance a sales and use tax of up to one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of revenues. The proceeds of the tax imposed under this section shall be used to pay the city-borne costs for the construction of a street connection from the city of Winona to Minnesota marked State Highways 61 and 43. The construction will provide access to the city's newly built industrial park and additional access to a hospital. The total amount of revenues from the tax in subdivision 1 that may be used to fund this project is \$8,000,000 plus any associated bond costs.

Subd. 3. Bonding authority. The city of Winona may issue bonds in an amount not to exceed \$8,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures under subdivision 2. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 4. Termination of tax. The tax authorized under subdivision 1 terminates at the earlier of: (1) five years after the date of initial imposition of the tax; or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the project described in subdivision 2, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the project specified in subdivision 2 and retirement or redemption of the bonds in subdivision 3 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Winona with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. REPEALER.

Laws 2005, First Special Session chapter 3, article 5, section 24, is repealed.

EFFECTIVE DATE. This section is effective upon enactment of section 9.

ARTICLE 7**JUNE ACCELERATED TAX PAYMENTS**

Section 1. Minnesota Statutes 2006, section 289A.20, subdivision 4, as amended by Laws 2008, chapter 154, article 6, section 1, is amended to read:

Subd. 4. Sales and use tax. (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~80~~ 85 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$20,000 or more in the fiscal year ending June 30, 2005; or

(2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years thereafter,

must remit all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for ~~80~~ 85 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 2. Minnesota Statutes 2006, section 289A.60, subdivision 15, as amended by Laws 2008, chapter 154, article 6, section 2, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, 2006, if a vendor is required by law to submit an estimation of June sales tax liabilities and ~~80~~ 85 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~80~~ 85 percent of the preceding May's liability or ~~80~~ 85 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 3. Minnesota Statutes 2006, section 297F.09, subdivision 10, as amended by Laws 2008, chapter 154, article 6, section 3, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of \$120,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the distributor shall remit the actual May liability and ~~80~~ 85 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~80~~ 85 percent of the actual June liability; or

(2) ~~80~~ 85 percent of the preceding May's liability.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 4. Minnesota Statutes 2006, section 297G.09, subdivision 9, as amended by Laws 2008, chapter 154, article 6, section 4, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of \$120,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the taxpayer shall remit the actual May liability and ~~80~~ 85 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~80~~ 85 percent of the actual June liability; or

(2) ~~80~~ 85 percent of the preceding May liability.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

ARTICLE 8

SPECIAL TAXES

Section 1. Minnesota Statutes 2006, section 163.051, subdivision 1, is amended to read:

Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (b), the board of commissioners of each metropolitan county is authorized to levy a wheelage tax of \$5 for the year 1972 and each subsequent year thereafter by resolution on each motor vehicle, ~~except motorcycles as defined in section 169.01, subdivision 4, which that is~~ kept in such county when not in operation and ~~which that is~~ subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles, and the state registrar of motor vehicles shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

(b) The following vehicles are exempt from the wheelage tax:

(1) motorcycles, as defined in section 169.01, subdivision 4;

(2) motorized bicycles, as defined in section 169.01, subdivision 4a;

(3) electric-assisted bicycles, as defined in section 169.01, subdivision 4b; and

(4) motorized foot scooters, as defined in section 169.01, subdivision 4c.

Sec. 2. Minnesota Statutes 2006, section 168.012, subdivision 1, is amended to read:

Subdivision 1. **Vehicles exempt from tax, fees, or plate display.** (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from those institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for charitable, religious, or educational purposes;

(5) vehicles owned by nonprofit charities and used exclusively for disaster response and related activities;

~~(5)~~ (6) ambulances owned by ambulance services licensed under section 144E.10, the general appearance of which is unmistakable; and

~~(6)~~ (7) vehicles owned by a commercial driving school licensed under section 171.34, or an employee of a commercial driving school licensed under section 171.34, and the vehicle is used exclusively for driver education and training.

(b) Vehicles owned by the federal government, municipal fire apparatuses including fire-suppression support vehicles, police patrols, and ambulances, the general appearance of which is unmistakable, are not required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, or arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the Department of Corrections, must be registered and must display appropriate license number plates, furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the Department of Corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a Department of Corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the Departments of Revenue and Labor and Industry, fraud unit, in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates, furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue or the commissioner of labor and industry. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) Unmarked vehicles used by the Division of Disease Prevention and Control of the Department of Health must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of health. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Division of Disease Prevention and Control.

(f) Unmarked vehicles used by staff of the Gambling Control Board in gambling investigations and reviews must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the board chair. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Gambling Control Board.

(g) All other motor vehicles must be registered and display tax-exempt number plates, furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates must have the name of the state department or political subdivision, nonpublic high school operating a driver education program, or licensed commercial driving school, plainly displayed on both sides of the vehicle; except that each state hospital and institution for persons who are mentally ill and developmentally disabled may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. This identification must be in a color giving contrast with that of the part of the vehicle on which it is placed and must endure throughout the term of the registration. The identification must not be on a removable plate or placard and must be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 3. Minnesota Statutes 2006, section 168.012, is amended by adding a subdivision to read:

Subd. 2c. **Spotter trucks.** Spotter trucks, as defined in section 169.01, subdivision 7a, must not be taxed as motor vehicles using the public streets and highways, and are exempt from the provisions of this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 4. Minnesota Statutes 2006, section 168.013, subdivision 1f, is amended to read:

Subd. 1f. **Bus; commuter van.** (a) On all intercity buses, the tax during each the first two years of vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs.	\$125
6,000 to 8,000 lbs., incl.	125
8,001 to 10,000 lbs., incl.	125
10,001 to 12,000 lbs., incl.	150
12,001 to 14,000 lbs., incl.	190
14,001 to 16,000 lbs., incl.	210
16,001 to 18,000 lbs., incl.	225
18,001 to 20,000 lbs., incl.	260
20,001 to 22,000 lbs., incl.	300
22,001 to 24,000 lbs., incl.	350
24,001 to 26,000 lbs., incl.	400
26,001 to 28,000 lbs., incl.	450
28,001 to 30,000 lbs., incl.	500
30,001 and over	550

(b) During each of the third and fourth years of vehicle life, the tax shall be 75 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax shall be 37-1/2 percent of the foregoing scheduled tax; and during the seventh

and each succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax; provided that the annual tax paid in any year of its life for an intercity bus shall be not less than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a vehicle of 25 passenger and less seating capacity.

(c) On all intracity buses operated by an auto transportation company in the business of transporting persons for compensation as a common carrier and operating within the limits of cities ~~having populations in excess of 200,000 inhabitants, the tax during each year of the vehicle life of each such bus shall be \$40; on all of such intracity buses operated in cities having a population of less than 200,000 and more than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$10; and on all of such intracity buses operating in cities having a population of less than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$2.~~

(d) On all other buses and commuter vans, as defined in section 168.126, the tax during each of the first three years of the vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule: Where the gross weight of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where the gross weight of the vehicle is more than 8,000 pounds, and not more than 20,000 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than 20,000 pounds and not more than 24,000 pounds, the tax shall be \$90 plus an additional tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the gross weight of the vehicle is more than 24,000 pounds and not more than 28,000 pounds, the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion in excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major portion in excess of 28,000 pounds.

(e) During the fourth and succeeding years of vehicle life, the tax shall be 80 percent of the foregoing scheduled tax but in no event less than \$20 per vehicle.

Sec. 5. Minnesota Statutes 2006, section 168A.03, subdivision 1, is amended to read:

Subdivision 1. **No certificate issued.** The registrar shall not issue a certificate of title for:

- (1) a vehicle owned by the United States;
- (2) a vehicle owned by a nonresident and not required by law to be registered in this state;
- (3) a vehicle owned by a nonresident and regularly engaged in the interstate transportation of persons or property for which a currently effective certificate of title has been issued in another state;
- (4) a vehicle moved solely by animal power;
- (5) an implement of husbandry;
- (6) special mobile equipment;
- (7) a self-propelled wheelchair or invalid tricycle;
- (8) a trailer (i) having a gross weight of 4,000 pounds or less unless a secured party holds an interest in the trailer or a certificate of title was previously issued by this state or any other state or (ii) designed primarily for agricultural purposes except a recreational vehicle or a manufactured home, both as defined in section 168.011, subdivisions 8 and 25;

(9) a snowmobile; and

(10) a spotter truck, as defined in section 169.01, subdivision 7a.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 6. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 7a. **Spotter truck.** "Spotter truck" means a truck-tractor used exclusively for staging or shuttling trailers in the course of a truck freight operation or freight shipping operation.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 7. **[169.228] SPOTTER TRUCKS.**

Notwithstanding any other law, a spotter truck may be operated on public streets and highways if:

(1) the operator has a valid class A, B, or C driver's license;

(2) the vehicle complies with the size, weight, and load restrictions under this chapter;

(3) the vehicle meets all inspection requirements under section 169.781; and

(4) the vehicle is operated within a zone of two air miles from the truck freight operation or freight shipping operation where the vehicle is housed.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 8. Minnesota Statutes 2006, section 169.781, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of sections 169.781 to 169.783:

(a) "Commercial motor vehicle" means:

(1) a commercial motor vehicle as defined in section 169.01, subdivision 75, paragraph (a); ~~and~~

(2) each vehicle in a combination of more than 26,000 pounds; and

(3) a spotter truck.

"Commercial motor vehicle" does not include ~~(1)~~ a school bus or Head Start bus displaying a certificate under section 169.451, ~~(2)~~ a bus operated by the Metropolitan Council or by a local transit commission created in chapter 458A, or ~~(3)~~ a motor vehicle ~~that is~~ required to be placarded under Code of Federal Regulations, title 49, parts 100-185.

(b) "Commissioner" means the commissioner of public safety.

(c) "Owner" means a person who owns, or has control, under a lease of more than 30 days' duration, of one or more commercial motor vehicles.

(d) "Storage semitrailer" means a semitrailer that (1) is used exclusively to store property at a location not on a street or highway, (2) does not contain any load when moved on a street or highway, (3) is operated only during daylight hours, and (4) is marked on each side of the semitrailer "storage only" in letters at least six inches high.

(e) "Building mover vehicle" means a vehicle owned or leased by a building mover as defined in section 221.81, subdivision 1, paragraph (a), and used exclusively for moving buildings.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 9. Minnesota Statutes 2006, section 383A.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2008~~ 2013.

EFFECTIVE DATE. This section is effective the day following final enactment and the tax may be imposed on or after that date.

Sec. 10. Minnesota Statutes 2006, section 383A.81, subdivision 1, is amended to read:

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed by section 383A.80 must be deposited in the fund. The board of county commissioners shall administer the fund either as a county board, or a housing and redevelopment authority, or a regional rail authority.

Sec. 11. Minnesota Statutes 2006, section 383A.81, subdivision 2, is amended to read:

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 2006, section 383B.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2008~~ 2013.

EFFECTIVE DATE. This section is effective the day following final enactment and the tax may be imposed on or after that date.

Sec. 13. **[383C.798] COUNTY DEED AND MORTGAGE TAX.**

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

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

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

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

Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of the St. Louis County Board of Commissioners and must be deposited in the county's environmental response fund under section 383C.799.

Subd. 4. **Initial implementation.** Documents presented for recording within 60 days after the date of imposition of the tax by the county that are acknowledged, sworn to before a notary, or certified before the imposition date, must not be rejected for failure to include the tax imposed under this section.

Subd. 5. **Expiration.** The authority to impose the tax under this section expires January 1, 2013.

Sec. 14. **[383C.799] ENVIRONMENTAL RESPONSE FUND.**

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed under section 383C.798 must be deposited in the fund. The Board of County Commissioners shall administer the fund either as a county board or a housing and redevelopment authority.

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

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

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

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

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

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

Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by section 383C.798 to bonds issued under this section and chapters 462, 469, and 475.

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

Sec. 15. **[383D.75] COUNTY DEED AND MORTGAGE TAX.**

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

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

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

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

Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of the Dakota County Board of Commissioners and must be deposited in the county's environmental response fund under section 383D.76.

Subd. 4. **Initial implementation.** Documents presented for recording within 60 days after the date of imposition of the tax by the county that are acknowledged, sworn to before a notary, or certified before the imposition date, must not be rejected for failure to include the tax imposed under this section.

Subd. 5. **Expiration.** The authority to impose the tax under this section expires January 1, 2013.

Sec. 16. **[383D.76] ENVIRONMENTAL RESPONSE FUND.**

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed under section 383D.75 must be deposited in the fund. The Board of County Commissioners shall administer the fund either as a county board or a housing and redevelopment authority.

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

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

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

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

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

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

Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by section 383D.75 to bonds issued under this chapter and chapters 462, 469, and 475.

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

Sec. 17. **[383E.235] COUNTY DEED AND MORTGAGE TAX.**

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

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

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

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

Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of the Anoka County Board of Commissioners and must be deposited in the county's environmental response fund under section 383E.236.

Subd. 4. **Initial implementation.** Documents presented for recording within 60 days after the date of imposition of the tax by the county that are acknowledged, sworn to before a notary, or certified before the imposition date, must not be rejected for failure to include the tax imposed under this section.

Subd. 5. **Expiration.** The authority to impose the tax under this section expires January 1, 2013.

Sec. 18. **[383E.236] ENVIRONMENTAL RESPONSE FUND.**

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed under section 383E.235 must be deposited in the fund. The Board of County Commissioners shall administer the fund either as a county board or a housing and redevelopment authority.

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

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

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

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

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

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

Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by section 383E.235 to bonds issued under this section and chapters 462, 469, and 475.

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

Subd. 6. **DOT assistance.** The commissioner of transportation shall collaborate with the county and any affected municipality by providing technical assistance and support in cleaning up a contaminated site related to a trunk highway or railroad improvement.

ARTICLE 9

FEDERAL UPDATE

Section 1. Minnesota Statutes 2006, section 272.02, subdivision 13, is amended to read:

Subd. 13. **Emergency shelters for victims of domestic abuse.** Property used in a continuous program to provide emergency shelter for victims of domestic abuse is exempt, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~, notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

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

Sec. 2. Minnesota Statutes 2006, section 272.02, subdivision 20, is amended to read:

Subd. 20. **Transitional housing facilities.** Transitional housing facilities are exempt. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1992~~. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota Housing Finance Agency under the provisions of either Title II of the National Housing Act, as amended, or the Minnesota Housing Finance Agency Law of 1971, chapter 462A, or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

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

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 21, is amended to read:

Subd. 21. **Property used to provide computing resources to University of Minnesota.** Real and personal property, including leasehold or other personal property interests, is exempt if it is owned and operated by a corporation of which more than 50 percent of the total voting power of the stock of the corporation is owned

collectively by: (i) the Board of Regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

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

Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 27, is amended to read:

Subd. 27. **Superior National Forest; recreational property for use by disabled veterans.** Real and personal property is exempt if it is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

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

Sec. 5. Minnesota Statutes 2006, section 272.02, subdivision 31, is amended to read:

Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1997, that is intended to be used as a business incubator in a high-unemployment county, is exempt. As used in this subdivision, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in 2011.

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

Sec. 6. Minnesota Statutes 2006, section 272.02, subdivision 49, is amended to read:

Subd. 49. **Agricultural historical society property.** Property is exempt from taxation if it is owned by a nonprofit charitable or educational organization that qualifies for exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 2000, and meets the following criteria:

(1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts useful in providing an understanding of local or regional agricultural history. Primary use is determined each year based on the number of days the property is used solely for storage and exhibition purposes;

(2) the property is limited to a maximum of 20 acres per owner per county, but includes the land and any taxable structures, fixtures, and equipment on the land;

(3) the property is not used for a revenue-producing activity for more than ten days in each calendar year; and

(4) the property is not used for residential purposes on either a temporary or permanent basis.

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

Sec. 7. Minnesota Statutes 2006, section 272.03, subdivision 3, is amended to read:

Subd. 3. **Construction of terms.** For the purposes of chapters 270 to 284, unless a different meaning is indicated by the context, the words, phrases, and terms defined in ~~subdivisions 4 to 11 shall~~ this section have the meanings given them.

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

Sec. 8. Minnesota Statutes 2006, section 272.03, is amended by adding a subdivision to read:

Subd. 13. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 9. **[273.105] INTERNAL REVENUE CODE.**

Unless specifically defined otherwise, for purposes of this chapter, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 8, is amended to read:

Subd. 8. **Limited equity cooperative apartments.** For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308A or 308B, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

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

Sec. 11. Minnesota Statutes 2006, section 273.124, subdivision 6, is amended to read:

Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section

278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

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

Sec. 12. Minnesota Statutes 2006, section 273.128, subdivision 1, as amended by Laws 2008, chapter 154, article 2, section 10, is amended to read:

Subdivision 1. **Requirement.** Low-income rental property classified as class 4d under section 273.13, subdivision 25, is entitled to valuation under this section if at least 20 percent of the units in the rental housing property meet any of the following qualifications:

(1) the units are subject to a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, as amended;

(2) the units are rent-restricted and income-restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code ~~of 1986, as amended;~~

(3) the units are financed by the Rural Housing Service of the United States Department of Agriculture and receive payments under the rental assistance program pursuant to section 521(a) of the Housing Act of 1949, as amended; or

(4) the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota, or a local unit of government, as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

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

Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws 2008, chapter 154, article 2, section 13, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or

units and a proportionate share of the land on which they are located must be designated class 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

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

Sec. 14. Minnesota Statutes 2006, section 287.20, subdivision 3a, is amended to read:

Subd. 3a. **Designated transfer.** "Designated transfer" means any of the following:

- (1) a transfer between (i) an entity owned by a sole owner, and (ii) that sole owner;
- (2) a transfer between (i) an entity in which a husband, a wife, or both are the sole owners, and (ii) the husband, wife, or both;
- (3) a transfer between (i) an entity with multiple co-owners, and (ii) all of the co-owners, so long as each of the co-owners maintains the same percentage ownership interest in the transferred real property, whether directly or through ownership of a percentage of the entity;
- (4) a transfer between (i) a revocable trust, and (ii) the grantor or grantors of the revocable trust; or
- (5) a transfer of substantially all of the assets of one or more entities pursuant to a reorganization, as defined in section 287.20, subdivision 9.

For purposes of this definition of designated transfer, an interest in an entity that is owned, directly or indirectly, by or for another entity shall be considered as being owned proportionately by or for the owners of the other entity under provisions similar to those of section 267(c)(1) and (5) of the Internal Revenue Code of 1986, as amended through December 31, 2004.

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

Sec. 15. Minnesota Statutes 2006, section 287.20, subdivision 9, is amended to read:

Subd. 9. **Reorganization.** "Reorganization" means the transfer of substantially all of the assets of a corporation, a limited liability company, or a partnership not in the usual or regular course of business if at the time of the transfer the transfer qualifies as: (i) a corporate reorganization under section 368(a) of the Internal Revenue Code ~~of 1986, as amended through December 31, 2004~~; or (ii) a transfer from a partnership to another partnership when the transferee is treated as a continuation of the transferor under section 708 of the Internal Revenue Code ~~of 1986, as amended through December 31, 2004~~.

Sec. 16. Minnesota Statutes 2006, section 287.20, is amended by adding a subdivision to read:

Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 17. Minnesota Statutes 2006, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal 2.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code ~~of 1986~~ as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of finance shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of finance shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.

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

Sec. 18. Minnesota Statutes 2006, section 296A.16, subdivision 2, is amended to read:

Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who paid the tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a claim for refund in the form and manner prescribed by the commissioner, and containing the information the commissioner shall require. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this chapter for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, ~~as amended through December 31, 1997~~ as defined in section 289A.02, subdivision 7.

(2) Gasoline or special fuel used for off-highway business use.

(i) "Off-highway business use" means any use off the public highway by a person in that person's trade, business, or activity for the production of income.

(ii) Off-highway business use includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.15, subdivision 11; and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not including fuel consumed during idling time.

(iii) Off-highway business use does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

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

Sec. 19. Minnesota Statutes 2006, section 297A.61, subdivision 22, is amended to read:

Subd. 22. **Internal Revenue Code.** Unless specifically provided otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2000 as defined in section 289A.02, subdivision 7.

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

Sec. 20. Minnesota Statutes 2006, section 297B.01, subdivision 7, is amended to read:

Subd. 7. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift between individuals, or gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(5) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, as amended through December 31, 1996, when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

Sec. 21. Minnesota Statutes 2006, section 297B.01, is amended by adding a subdivision to read:

Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 22. Minnesota Statutes 2006, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax.

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

Sec. 23. Minnesota Statutes 2006, section 297F.01, subdivision 8, is amended to read:

Subd. 8. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code ~~of 1986, as amended through December 31, 1996~~ as defined in section 289A.02, subdivision 7.

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

Sec. 24. Minnesota Statutes 2006, section 297G.01, subdivision 9, is amended to read:

Subd. 9. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code ~~of 1986, as amended through December 31, 1996~~ as defined in section 289A.02, subdivision 7.

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

Sec. 25. Minnesota Statutes 2006, section 297H.09, is amended to read:

297H.09 BAD DEBTS.

The remitter of the solid waste management tax may offset against the tax payable, with respect to any reporting period, the amount of tax imposed by this chapter previously remitted to the commissioner of revenue which qualified as a bad debt under section 166(a) of the Internal Revenue Code, ~~as amended through December 31, 1993~~ defined in section 289A.02, subdivision 7, during such reporting period, but only in proportion to the portion of such debt which became uncollectable. This section applies only to accrual basis remitters that remit tax before it is collected and to the extent they are unable to collect the tax.

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

ARTICLE 10

DEPARTMENT INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2006, section 289A.18, subdivision 1, as amended by Laws 2008, chapter 154, article 11, section 5, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the tax year; or, in the case of a corporation which is a member of a unitary group, the return of the corporation must be filed on the 15th day of the third month following the end of the tax year of the unitary group in which falls the last day of the period for which the return is made;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2 or 4 to 10, must be filed within 30 days after being demanded by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment except that the change in clause (6) is effective for taxable years beginning after December 31, 2007.

Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

Subd. 6b. **Foreign operating corporation.** The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:

(1) it is part of a unitary business at least one member of which is taxable in this state;

(2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;

(3)(i) the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations outside the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code; and

(4) it has a minimum of \$1,000,000 of payroll and \$2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation.

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

Sec. 3. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under ~~this chapter~~ section 290.06, subdivision 1, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 4. Minnesota Statutes 2006, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **Annual accounting period.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, when members of the group use different accounting periods for federal income tax purposes. Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.

A taxpayer may change accounting periods only with the consent of the commissioner. In case of any such change, the taxpayer shall pay a tax for the period not included in either the taxpayer's former or newly adopted taxable year, computed as provided in section 290.32.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 290.21, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 6. Minnesota Statutes 2006, section 290.92, subdivision 26, is amended to read:

Subd. 26. **Extension of withholding to certain payments where identifying number not furnished or inaccurate.** (a) If, in the case of any reportable payment, (1) the payee fails to furnish the payee's Social Security account number to the payor, ~~or~~ (2) the payee is subject to federal backup withholding on the reportable payment under section 3406 of the Internal Revenue Code, or (3) the commissioner notifies the payor that the Social Security account number furnished by the payee is incorrect, then the payor shall deduct and withhold from the payment a tax equal to the amount of the payment multiplied by the highest rate used in determining the income tax liability of an individual under section 290.06, subdivision 2c.

(b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to any reportable payment made by the payor during the period during which the Social Security account number has not been furnished.

(2) In any case where there is a notification described in clause ~~(a)(2)~~(3), clause (a) shall apply to any reportable payment made by the payor (i) after the close of the 30th day after the day on which the payor received the notification, and (ii) before the payee furnishes another Social Security account number.

(3)(i) Unless the payor elects not to have this subparagraph apply with respect to the payee, clause (a) shall also apply to any reportable payment made after the close of the period described in paragraph (1) or (2) (as the case may be) and before the 30th day after the close of the period.

(ii) If the payor elects the application of this subparagraph with respect to the payee, clause (a) shall also apply to any reportable payment made during the 30-day period described in paragraph (2).

(iii) The payor may elect a period shorter than the grace period set forth in subparagraph (i) or (ii) as the case may be.

(c) The provisions of section 3406 of the Internal Revenue Code shall apply and shall govern when withholding shall be required and the definition of terms. The term "reportable payment" shall include only those payments for personal services. No tax shall be deducted or withheld under this subdivision with respect to any amount for which

withholding is otherwise required under this section. For purposes of this section, payments which are subject to withholding under this subdivision shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

(d) Whenever the commissioner notifies a payor under this subdivision that the Social Security account number furnished by any payee is incorrect, the commissioner shall at the same time furnish a copy of the notice to the payor, and the payor shall promptly furnish the copy to the payee. If the commissioner notifies a payor under this subdivision that the Social Security account number furnished by any payee is incorrect and the payee subsequently furnishes another Social Security account number to the payor, the payor shall promptly notify the commissioner of the other Social Security account number furnished.

EFFECTIVE DATE. This section is effective for payments made after December 31, 2008.

Sec. 7. Minnesota Statutes 2006, section 290.92, subdivision 31, as added by Laws 2008, chapter 154, article 3, section 8, is amended to read:

Subd. 31. **Payments to persons who are not employees.** (a) For purposes of this subdivision, "contractor" means a person carrying on a trade or business described in industry code numbers 23 through 238990 of the North American Industry Classification System.

(b) A contractor ~~or a third party bulk filer acting on behalf of a contractor,~~ who makes payments to an individual, carrying on a trade or business described in paragraph (a) as a sole proprietorship, must deduct and withhold two percent of the payment as Minnesota withholding tax when the amount the contractor paid to that individual during the calendar year exceeds \$600.

(c) A payment subject to withholding under this subdivision must be treated as if the payment were a wage paid by an employer to an employee. The requirements in the definitions of "employee" and "employer" in subdivision 1 relating to geographic location apply in determining whether withholding tax applies under this subdivision, but without regard to whether the contractor or the individual otherwise satisfy the definition of an employer or an employee. Each recipient of a payment subject to withholding under this subdivision must furnish the contractor with a statement of the recipient's name, address, and Social Security account number.

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

Sec. 8. Laws 2008, chapter 154, article 3, section 7, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007, except that to the extent this section impacts an employer's requirement to withhold Minnesota tax, the requirement to withhold is effective for wages paid after ~~April 1~~ December 31, 2008.

Sec. 9. **REPEALER.**

Minnesota Rules, part 8031.0100, subpart 3, is repealed effective the day following final enactment.

Minnesota Rules, part 8093.2100, is repealed effective the day following final enactment.

ARTICLE 11

DEPARTMENT SALES AND USE TAXES

Section 1. Minnesota Statutes 2006, section 289A.55, is amended by adding a subdivision to read:

Subd. 10. **Relief for purchasers.** A purchaser that meets the requirements of section 297A.995, subdivision 11, is relieved from the imposition of interest on tax and penalty.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 2. Minnesota Statutes 2006, section 289A.60, is amended by adding a subdivision to read:

Subd. 29. **Relief for purchasers.** A purchaser that meets the requirements of section 297A.995, subdivision 11, is relieved from the imposition of penalty.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 3. Minnesota Statutes 2006, section 297A.61, subdivision 29, is amended to read:

Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

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

Sec. 4. Minnesota Statutes 2006, section 297A.665, as amended by Laws 2008, chapter 154, article 12, section 20, is amended to read:

297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax, until the contrary is established, it is presumed that:

(1) all gross receipts are subject to the tax; and

(2) all retail sales for delivery in Minnesota are for storage, use, or other consumption in Minnesota.

(b) The burden of proving that a sale is not a taxable retail sale is on the seller. However, a seller is relieved of liability if:

(1) the seller obtains a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, at the time of the sale or within 90 days after the date of the sale; or

(2) if the seller has not obtained a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, within the time provided in clause (1), within 120 days after a request for substantiation by the commissioner, the seller either:

(i) obtains in good faith a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, from the purchaser; or

(ii) proves by other means that the transaction was not subject to tax.

(c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

- (1) fraudulently fails to collect the tax; or
- (2) solicits purchasers to participate in the unlawful claim of an exemption.

(d) A certified service provider, as defined in section 297A.995, subdivision 2, is relieved of liability under this section to the extent a seller who is its client is relieved of liability.

~~(d)~~ (e) A purchaser of tangible personal property or any items listed in section 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the property was not purchased from a retailer for storage, use, or consumption in Minnesota.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 297A.67, subdivision 7, as amended by Laws 2008, chapter 154, article 12, section 26, is amended to read:

Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices for human use are exempt:

- (1) drugs ~~for human use~~, including over-the-counter drugs;
- (2) single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;
- (3) insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;
- (4) prosthetic devices;
- (5) durable medical equipment for home use only;
- (6) mobility enhancing equipment;
- (7) prescription corrective eyeglasses; and
- (8) kidney dialysis equipment, including repair and replacement parts.

(b) For purposes of this subdivision:

(1) "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages that is:

(i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(iii) intended to affect the structure or any function of the body.

(2) "Durable medical equipment" means equipment, including repair and replacement parts, but not including mobility enhancing equipment, that:

- (i) can withstand repeated use;
- (ii) is primarily and customarily used to serve a medical purpose;
- (iii) generally is not useful to a person in the absence of illness or injury; and
- (iv) is not worn in or on the body.

For purposes of this clause, "repair and replacement parts" includes all components or attachments used in conjunction with the durable medical equipment, but does not include repair and replacement parts which are for single patient use only.

(3) "Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) is not generally used by persons with normal mobility; and

(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

(4) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include a "drug facts" panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation. Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

(5) "Prescribed" and "prescription" means a direction in the form of an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed health care professional.

(6) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

- (i) artificially replace a missing portion of the body;
- (ii) prevent or correct physical deformity or malfunction; or
- (iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

(7) "Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and

(ii) can withstand repeated use, including multiple use by a single patient, notwithstanding the provisions of clause (2).

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

Sec. 6. Minnesota Statutes 2006, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by ~~this state~~ the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

Sec. 7. Minnesota Statutes 2006, section 297A.995, is amended by adding a subdivision to read:

Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other provisions in the law, a purchaser is relieved from liability resulting from having paid the incorrect amount of sales or use tax if a purchaser, whether or not holding a direct pay permit, or a purchaser's seller or certified service provider relied on erroneous data provided by this state in the database files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix. After providing an address-based database for assigning taxing jurisdictions and their associated rates, no relief for errors resulting from the purchaser's reliance on a database using zip codes is allowed.

(b) With respect to reliance on the taxability matrix provided by this state in paragraph (a), relief is limited to erroneous classifications in the taxability matrix for items included within the classifications as "taxable," "exempt," "included in sales price," "excluded from sales price," "included in the definition," and "excluded from the definition."

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 8. Minnesota Statutes 2006, section 297A.995, is amended by adding a subdivision to read:

Subd. 12. **Database files.** For purposes of this section, "database files on tax rates, boundaries, and taxing jurisdiction assignments" and the "taxability matrix" means those databases and the taxability matrix required under the agreement.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

ARTICLE 12

DEPARTMENT SPECIAL TAXES AND FEES

Section 1. Minnesota Statutes 2007 Supplement, section 115A.1314, subdivision 2, is amended to read:

Subd. 2. **Creation of account; appropriations.** (a) The electronic waste account is established in the environmental fund. The commissioner of revenue must deposit receipts from the fee established in subdivision 1 in the account. Any interest earned on the account must be credited to the account. Money from other sources may be credited to the account. Beginning in the second program year and continuing each program year thereafter, as of the last day of each program year, the commissioner of revenue shall determine the total amount of the variable fees that were collected. By July 15, 2009, and each July 15 thereafter, the commissioner of the Pollution Control Agency shall inform the commissioner of revenue of the amount necessary to operate the program in the new program year. To the extent that the total fees collected by the commissioner of revenue in connection with this section ~~exceeds~~ exceed the amount the commissioner of the Pollution Control Agency determines necessary to operate the program for the new program year, the commissioner of revenue shall refund on a pro rata basis, to all manufacturers who paid any fees for the previous program year, the amount of fees collected by the commissioner of revenue in excess of the amount necessary to operate the program for the new program year. No individual refund is required of amounts of \$100 or less for a fiscal year. Manufacturers who report collections less than 50 percent of their obligation for the previous program year are not eligible for a refund. Amounts not refunded pursuant to this paragraph shall remain in the account. The commissioner of revenue shall issue refunds by August 10. In lieu of issuing a refund, the commissioner of revenue may grant credit against a manufacturer's variable fee due by September 1.

(b) Until June 30, 2009, money in the account is annually appropriated to the Pollution Control Agency:

(1) for the purpose of implementing sections 115A.1312 to 115A.1330, including transfer to the commissioner of revenue to carry out the department's duties under section 115A.1320, subdivision 2, and transfer to the commissioner of administration for responsibilities under section 115A.1324; and

(2) to the commissioner of the Pollution Control Agency to be distributed on a competitive basis through contracts with counties outside the 11-county metropolitan area, as defined in paragraph (c), and with private entities that collect for recycling covered electronic devices in counties outside the 11-county metropolitan area, where the collection and recycling is consistent with the respective county's solid waste plan, for the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In awarding competitive grants under this clause, the commissioner must give preference to counties and private entities that are working cooperatively with manufacturers to help them meet their recycling obligations under section 115A.1318, subdivision 1.

(c) The 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

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

Sec. 2. Minnesota Statutes 2006, section 270C.56, subdivision 1, as amended by Laws 2008, chapter 154, article 15, section 7, is amended to read:

Subdivision 1. **Liability imposed.** A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes,

penalties, and interest arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658, 290.92 and 297E.02, and, for the taxes listed in this subdivision, the applicable penalties for nonpayment under section 289A.60.

EFFECTIVE DATE. This section is effective for fees due after June 30, 2008.

Sec. 3. Minnesota Statutes 2006, section 295.50, subdivision 4, is amended to read:

Subd. 4. **Health care provider.** (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed; or

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear.

(b) Health care provider does not include:

(1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with developmental disabilities, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees; ~~and~~

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage; and

(5) a person who receives all payments for patient services from health care providers, surgical centers, or hospitals for goods and services that are taxable to the paying health care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision 1, clause (3) or (4), or from a source of funds that is exempt from tax under this chapter.

EFFECTIVE DATE. Paragraph (b), clause (1) is effective the day following final enactment. Paragraph (b), clause (5) is effective for payments received after June 30, 2008.

Sec. 4. Minnesota Statutes 2006, section 295.52, subdivision 4, as amended by Laws 2008, chapter 154, article 14, section 5, is amended to read:

Subd. 4. **Use tax; ~~prescription~~ legend drugs.** (a) A person that receives prescription drugs for resale or use in Minnesota, other than from a wholesale drug distributor that is subject to tax under subdivision 3, is subject to a tax equal to the price paid to the wholesale drug distributor for the legend drugs, multiplied by the tax percentage specified in this section. Liability for the tax is incurred when prescription drugs are received or delivered in Minnesota by the person.

(b) A tax imposed under this subdivision does not apply to purchases by an individual for personal consumption.

EFFECTIVE DATE. This section is effective for drug purchases after June 30, 2008.

Sec. 5. Minnesota Statutes 2006, section 296A.07, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or denatured ethanol purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

(2) an ambulance service licensed under chapter 144E; or

(3) a licensed distributor to be delivered to a terminal for use in blending.

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

Sec. 6. Minnesota Statutes 2006, section 296A.08, subdivision 3, is amended to read:

Subd. 3. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to special fuel or alternative fuels purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

(2) an ambulance service licensed under chapter 144E; or

(3) a licensed distributor to be delivered to a terminal for use in blending.

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

Sec. 7. Minnesota Statutes 2006, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. **Contraband defined.** The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner, or of a person operating with the consent of the owner, for the storage or transportation of untaxed tobacco products intended for sale in Minnesota other than those in the possession of a licensed distributor on or before the due date for payment of the tax under section 297F.09, subdivision 2.

(g) Cigarette packages or tobacco products obtained from an unlicensed seller.

(h) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(i) Tobacco products on which the tax has not been paid by a licensed distributor.

(j) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller as required under section 297F.13, subdivision 4.

(k) Cigarette packages which have been imported into the United States in violation of United States Code, title 26, section 5754. All cigarettes held in violation of that section shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

(l) Cigarettes and cigarette packaging which are not in compliance with fire safety requirements of sections 299F.850 to 299F.859.

EFFECTIVE DATE. Property added in paragraph (l) of this section is contraband effective December 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 297I.05, subdivision 12, is amended to read:

Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

(1) gross premiums less return premiums written for risks resident or located in Minnesota by a risk retention group;

(2) gross premiums less return premiums received by an attorney in fact acting in accordance with chapter 71A;

(3) gross premiums less return premiums received pursuant to assigned risk policies and contracts of coverage under chapter 79;

(4) the direct funded premium received by the reinsurance association under section 79.34 from self-insurers approved under section 176.181 and political subdivisions that self-insure; and

~~(5) gross premiums less return premiums received by a nonprofit health service plan corporation authorized under chapter 62C; and~~

~~(6)~~ (5) gross premiums less return premiums paid to an insurer other than a licensed insurance company or a surplus lines licensee for coverage of risks resident or located in Minnesota by a purchasing group or any members of the purchasing group to a broker or agent for the purchasing group.

(b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The rate of tax is equal to two percent of the total amount of claims paid during the fund year, with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

(c) A tax is imposed on a joint self-insurance plan operating under chapter 62H. The rate of tax is equal to two percent of the total amount of claims paid during the fund's fiscal year, with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

(d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5, on the gross premiums less return premiums on all coverages received by an accountable provider network or agents of an accountable provider network in Minnesota, in cash or otherwise, during the year.

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

ARTICLE 13

DEPARTMENT PROPERTY TAXES AND AIDS

Section 1. Minnesota Statutes 2006, section 13.51, subdivision 3, is amended to read:

Subd. 3. **Data on income of individuals.** Income information on individuals collected and maintained by political subdivisions to determine eligibility of property for class 4d under ~~section 273.126~~ sections 273.128 and 273.13, is private data on individuals as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for data collected or maintained by political subdivisions beginning the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 13.585, subdivision 5, is amended to read:

Subd. 5. **Private data on individuals.** Income information on individuals collected and maintained by a housing agency to determine eligibility of property for class 4d under sections ~~273.126~~ 273.128 and 273.13, is private data on individuals as defined in section 13.02, subdivision 12. The data may be disclosed to the county and local assessors responsible for determining eligibility of the property for classification 4d.

EFFECTIVE DATE. This section is effective for data collected or maintained by a housing agency beginning the day following final enactment.

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 38, is amended to read:

Subd. 38. **Conversion to exempt or taxable uses.** (a) Any property, except property taxed as personal property under section 273.125, that is exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property, except property taxed as personal property under section 273.125, that is subject to tax on January 2 that is acquired before July 1 of the year is exempt for that assessment year if the property is to be used for an exempt purpose under subdivisions 2 to 8.

(c) Property which forfeits to the state for nonpayment of real estate taxes on or before December 31 in an assessment year, shall be removed from the assessment rolls for that assessment year. Forfeited property that is repurchased, or sold at a public or private sale, on or before December 31 of an assessment year shall be placed on the assessment rolls for that year's assessment.

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

Sec. 4. Minnesota Statutes 2007 Supplement, section 273.1231, subdivision 7, is amended to read:

Subd. 7. **Reassessed market value.** "Reassessed market value" means the taxable market value of the property established for the January 2 assessment in the year that the disaster or destruction occurs, as adjusted by the county assessor or the commissioner of revenue to reflect the loss in market value caused by the damage. ~~As soon as practical, the assessor or commissioner shall report the reassessed value to the county auditor.~~

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

Sec. 5. Minnesota Statutes 2007 Supplement, section 273.1231, is amended by adding a subdivision to read:

Subd. 8. **Utility property.** "Utility property" means property appraised and classified for tax purposes by the commissioner of revenue under sections 273.33 to 273.3711.

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

Sec. 6. Minnesota Statutes 2007 Supplement, section 273.1232, subdivision 1, is amended to read:

Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to 273.1235, the county assessor must reassess all damaged property in a disaster or emergency area, ~~and the county assessor or~~ except that the commissioner of revenue as appropriate shall reassess all property for which an application is submitted to the commissioner under section 273.1233 or 273.1235. As soon as practical, the assessor or commissioner of revenue must report the reassessed value to the county auditor.

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

Sec. 7. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 1, is amended to read:

Subdivision 1. **Abatement authorization.** (a) Notwithstanding section 375.192, a county board may grant an abatement of net tax for homestead and nonhomestead property under the provisions of this paragraph for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the county assessor as soon as practical after the damage has occurred;

(2) the owner submits a written application to the county board as soon as practical after the damage has occurred; and

(3) the county assessor determines that 50 percent or more of a homestead dwelling or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the commissioner of revenue.

(b) Notwithstanding sections 270C.86 and 375.192, the commissioner of revenue may grant an abatement of net tax for utility property that the commissioner is required by law to appraise for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the commissioner as soon as practical after the damage has occurred;

(2) the owner forwards a copy of the written application to the county board as soon as practical after the damage has occurred; and

(3) the commissioner determines that 50 percent or more of the property has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the county board of the county where the property is located.

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

Sec. 8. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 3, is amended to read:

Subd. 3. **Reimbursement, levy, and appropriation.** (a) If the destruction occurs as a result of a disaster or emergency and the property is located in a disaster or emergency area, the county auditor shall certify the abatements granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing jurisdictions

containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. No reimbursement is to be paid to the state treasury.

(b) Local taxing authorities may levy in the following year the amount of unreimbursed tax dollars lost as a result of the reductions granted pursuant to this ~~subdivision~~ section and sections 273.1234 and 273.1235 outside of any statutory restriction as to levy amount or tax rate.

(c) There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

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

Sec. 9. Minnesota Statutes 2007 Supplement, section 273.1234, is amended to read:

273.1234 TAX RELIEF FOR DESTROYED PROPERTY; HOMESTEAD AND DISASTER CREDITS.

Subdivision 1. **Credit provided.** The county auditor shall compute a credit for taxes payable in the year following the year in which the damage or destruction occurred for each reassessed homestead property within the county that is located within a disaster or emergency area. The credit is equal to the difference in the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred and as computed using the reassessed value.

Subd. 2. **Credit reimbursements.** The county auditor shall certify the credits granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid to the state treasury.~~

Subd. 3. **Appropriation.** There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

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

Sec. 10. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 1, is amended to read:

Subdivision 1. **Credit provided.** The county board may grant a credit for taxes payable in the year following the year in which the damage or destruction occurred for: (1) homestead ~~properties~~ property that meets all the requirements under section 273.1233, subdivision 1, paragraph (a), but that ~~do~~ does not qualify for a credit under section 273.1234, except that an application need only be submitted by the end of the year in which the damage occurred; and (2) nonhomestead ~~and utility property meeting the requirements that meets all the requirements under~~ section 273.1233, subdivision 1, paragraph (b), except that an application need only be submitted by the end of the year in which the damage occurred.

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

Sec. 11. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall certify the credits granted under this section for property within a disaster or emergency area to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing

jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid to the state treasury.~~ No reimbursement is to be made for credits to property not located in a disaster or emergency area.

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

Sec. 12. Minnesota Statutes 2006, section 273.124, subdivision 13, as amended by Laws 2008, chapter 154, article 13, section 29, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The Social Security numbers, state or federal tax returns or tax return information, including the federal income tax schedule F required by this section, or affidavits or other proofs of the property owners and spouses, and the federal income tax schedule F required by this section, submitted under this or another section to support a claim for a property tax homestead classification are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, the residential homestead and agricultural homestead credits under section 273.1384, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the homestead benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12.

(l) On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

- (i) the property identification number assigned to the parcel for purposes of taxes payable in the current year;
- (ii) the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or spouse of a qualifying relative;
- (iii) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;
- (iv) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;
- (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;
- (vi) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(vii) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(viii) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(ix) whether there are delinquent property taxes owing on the homestead;

(x) the unique taxing district in which the property is located; and

(xi) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

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

Sec. 13. Minnesota Statutes 2006, section 273.124, subdivision 21, is amended to read:

Subd. 21. **Trust property; homestead.** Real property held by a trustee under a trust is eligible for classification as homestead property if:

(1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;

(2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;

(3) a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm in which the grantor or the grantor's surviving spouse is a shareholder, member, or partner rents the property held by a trustee under a trust, and the grantor, the spouse of the grantor, or the son or daughter of the grantor, who is also a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead, or is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership; or

(4) a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead or a person who received the homestead classification for taxes payable in 2005 under clause (3) who does not qualify under clause (3) for taxes payable in 2006 or thereafter but who continues to qualify under clause (3) as it existed for taxes payable in 2005.

For purposes of this subdivision, "grantor" is defined as the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

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

Sec. 14. Minnesota Statutes 2006, section 273.13, subdivision 34, as added by Laws 2008, chapter 154, article 2, section 14, is amended to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property owned by a veteran or by the veteran and their spouse, qualifying for homestead classification under subdivision 22 or 23 is excluded in determining the property's taxable market value if it serves as the homestead of a military veteran, as

defined in section 197.447, who has a service-connected disability of 70 percent or more. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, and must be certified by the United States Veterans Administration as having a service-connected disability.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse sells, transfers, or otherwise disposes of the property. The benefits granted under this section for the property of a surviving spouse also apply to property that received surviving-spouse benefits under subdivision 22, paragraph (b), clause (2), for taxes payable in 2008.

(d) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(e) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

(f) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

EFFECTIVE DATE. This section is effective for assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter, except that the application date in paragraph (f) for the 2008 assessment year is extended to September 1, 2008.

Sec. 15. Minnesota Statutes 2006, section 274.01, subdivision 3, is amended to read:

Subd. 3. **Local board duties transferred to county.** The town board of any town or the governing body of any home rule charter or statutory city may transfer its powers and duties under subdivision 1 to the county board, and no longer perform the function of a local board. Before the town board or the governing body of a city transfers the powers and duties to the county board, the town board or city's governing body shall give public notice of the meeting at which the proposal for transfer is to be considered. The public notice shall follow the procedure contained in section 13D.04, subdivision 2. A transfer of duties as permitted under this subdivision must be communicated to the county assessor, in writing, before December 1 of any year to be effective for the following year's assessment. This transfer of duties to the county may either be permanent or for a specified number of years, provided that the transfer cannot be for less than three years. Its length must be stated in writing. A town or city may renew its option to transfer. ~~The option to transfer duties under this subdivision is only available to a town or city whose assessment is done by the county.~~

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

Sec. 16. Minnesota Statutes 2006, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must provide proof to the county assessor by December 1, 2006, and each year thereafter, that it is in compliance with the requirements of subdivision 2. Beginning in 2006, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year. A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by December 1 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

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

Sec. 17. Minnesota Statutes 2006, section 290B.04, subdivision 1, is amended to read:

Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes. Applications are due on or before July 1 for deferral of any of the following year's property taxes. A taxpayer may apply in the year in which the taxpayer becomes 65 years old, provided that no deferral of property taxes will be made until the calendar year after the taxpayer becomes 65 years old. The application, which shall be prescribed by the commissioner of revenue, shall include the following items and any other information which the commissioner deems necessary:

- (1) the name, address, and Social Security number of the owner or owners;
- (2) a copy of the property tax statement for the current payable year for the homesteaded property;
- (3) the initial year of ownership and occupancy as a homestead;
- (4) the owner's household income for the previous calendar year; and
- (5) information on any mortgage loans or other amounts secured by mortgages or other liens against the property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens.

The application must state that program participation is voluntary. The application must also state that the deferred amount depends directly on the applicant's household income, and that program participation includes authorization for the annual deferred amount, the cumulative deferral and interest that appear on each year's notice prepared by the county under subdivision 6, is public data.

The application must state that program participants may claim the property tax refund based on the full amount of property taxes eligible for the refund, including any deferred amounts. The application must also state that property tax refunds will be used to offset any deferral and interest under this program, and that any other amounts subject to revenue recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and interest under this program.

(b) As part of the initial application process, the commissioner may require the applicant to obtain at the applicant's own cost and submit:

(1) if the property is registered property under chapter 508 or 508A, a copy of the original certificate of title in the possession of the county registrar of titles (sometimes referred to as "condition of register"); or

(2) if the property is abstract property, a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the property or to the applicant.

The certificate or report under clauses (1) and (2) need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application.

The commissioner may also require the county recorder or county registrar of the county where the property is located to provide copies of recorded documents related to the applicant or the property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section. The household income from the application is private data on individuals as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for data collected or maintained by the commissioner of revenue beginning the day following final enactment.

Sec. 18. Minnesota Statutes 2006, section 469.040, subdivision 4, is amended to read:

Subd. 4. **Facilities funded from multiple sources.** In the metropolitan area, as defined in section 473.121, subdivision 2, the tax treatment provided in subdivision 3 applies to that portion of any multifamily rental housing facility represented by the ratio of (1) the number of units in the facility that are subject to the requirements of Section 5 of the United States Housing Act of 1937, as the result of the implementation of a federal court order or consent decree to (2) the total number of units within the facility.

The housing and redevelopment authority for the city in which the facility is located, any public entity exercising the powers of such housing and redevelopment authority, or the county housing and redevelopment authority for the county in which the facility is located, shall annually certify to the assessor responsible for assessing the facility, at the time and in the manner required by the assessor, the number of units in the facility that are subject to the requirements of Section 5 of the United States Housing Act of 1937.

Nothing in this subdivision shall prevent that portion of the facility not subject to this subdivision from meeting the requirements of section ~~273.126~~ 273.128, and for that purpose the total number of units in the facility must be taken into account.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2006 and thereafter.

Sec. 19. Minnesota Statutes 2006, section 469.174, subdivision 10b, is amended to read:

Subd. 10b. **Qualified disaster area.** A "qualified disaster area" is an area that meets the following requirements:

(1) parcels consisting of 70 percent of the area of the district were occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures immediately before the disaster or emergency;

(2) the area of the district was subject to a disaster or emergency, as defined in section ~~273.123, subdivision 1~~ 273.1231, subdivision 2, within the 18-month period ending on the day the request for certification of the district is made; and

(3) 50 percent or more of the buildings in the area have suffered substantial damage as a result of the disaster or emergency.

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

Sec. 20. Minnesota Statutes 2006, section 469.177, subdivision 1c, is amended to read:

Subd. 1c. **Original net tax capacity adjustments; presidential disaster area.** (a) The provisions of this subdivision apply to a district located in a disaster area, as described in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a), clause (1), and are effective for taxes payable in the first calendar year beginning at least four months after the date of the determination.

(b) For a district certified before the date of the disaster area determination as provided in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a), clause (1), upon the request of the municipality, the county auditor shall reduce the original net tax capacity of the district by the reduction in the net tax capacity of properties in the district that is attributable to the physical effects of the disaster, but not below zero. The assessor shall determine the amount of the reduction in market value that is attributable to the physical effects of the disaster to be used by the county auditor in computing the reduction in net tax capacity.

(c) For a district that does not qualify under paragraph (b) and for which the request for certification is made in the same calendar year as the disaster area determination, upon the request of the municipality, the assessor shall determine the reduction in market value of properties in the district that is attributable to the physical effects of the disaster. The county auditor shall use the reduced market value in certifying the original net tax capacity of the district.

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

ARTICLE 14

DEPARTMENT MISCELLANEOUS

Section 1. Minnesota Statutes 2006, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the

state or a state agency pursuant to its statutory authority or for which the state or state agency acts in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the commissioner provides collection services pursuant to a debt qualification plan, debt also includes an amount owed to the courts, local government units, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, or University of Minnesota for which the commissioner provides collection services pursuant to contract.

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

Sec. 2. Minnesota Statutes 2006, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **Referring agency.** "Referring agency" means a state agency, local government unit, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a court, that has entered into a debt qualification plan with the commissioner to refer debts to the commissioner for collection.

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

Sec. 3. Minnesota Statutes 2006, section 16D.04, subdivision 2, as amended by Laws 2008, chapter 154, article 15, section 2, is amended to read:

Subd. 2. **Agency participation.** (a) A referring agency must refer, by electronic means, debts to the commissioner for collection. ~~Responsibility for the debt, including the reporting of the debt to the commissioner of finance and the decision with regard to the continuing collection and uncollectibility of the debt, remains with the referring agency. Decisions with regard to continuing collection and the uncollectibility of referred debts shall be made by the commissioner who shall then notify the commissioner of finance and the referring agency. A decision by the commissioner that a referred debt is uncollectible does not prevent the referring agency from taking additional collection action.~~

(b) Before a debt becomes 121 days past due, a referring agency may refer the debt to the commissioner for collection at any time after a debt becomes delinquent and uncontested and the debtor has no further administrative appeal of the amount of the debt. When a debt owed to a referring agency becomes 121 days past due, the referring agency must refer the debt to the commissioner for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner may provide that certain types of debt need not be referred to the commissioner for collection under this paragraph. Methods and procedures for referral must follow internal guidelines prepared by the commissioner.

(c) If the referring agency is a court, the court must furnish a debtor's Social Security number to the commissioner when the court refers the debt.

EFFECTIVE DATE. This section is effective for debts referred after December 31, 2008.

Sec. 4. Minnesota Statutes 2006, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. **Notice to debtor.** (a) Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the ~~current~~ last known address of the debtor from the commissioner and resend the corrected notice.

(b) If a debt has been referred to the commissioner for collection under chapter 16D and the referring agency meets the definition of claimant agency under this chapter, the commissioner must notify the debtor prior to using revenue recapture under this chapter for collection of the debt. The notice must be sent by United States mail or personal delivery to the last known address of the debtor.

EFFECTIVE DATE. This section is effective for debts referred after December 31, 2008.

Sec. 5. Minnesota Statutes 2006, section 270C.33, subdivision 5, is amended to read:

Subd. 5. **Prohibition against collection during appeal period of an order.** No collection action can be taken on an order of assessment, or any other order imposing a liability, including the filing of liens under section 270C.63, and no late payment penalties may be imposed when a return has been filed for the tax type and period upon which the order is based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days after the order has been mailed to the taxpayer by the commissioner; (2) if an administrative appeal is filed under section 270C.35, 60 days after determination of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is based upon a constitutional challenge to the tax, 60 days after final determination of the appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36, or a jeopardy collection under section 270C.36.

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

ARTICLE 15

MISCELLANEOUS TAXES

Section 1. Minnesota Statutes 2006, section 60A.196, is amended to read:

60A.196 DEFINITIONS.

Unless the context otherwise requires, the following terms have the meanings given them for the purposes of sections 60A.195 to 60A.209:

(a) "Surplus lines insurance" means insurance placed with an insurer permitted to transact the business of insurance in this state only pursuant to sections 60A.195 to 60A.209.

(b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write insurance business under sections 60A.195 to 60A.209 but not licensed by any other Minnesota law to transact the business of insurance.

(c) "Ineligible surplus lines insurer" means an insurer not recognized as an eligible surplus lines insurer pursuant to sections 60A.195 to 60A.209 and not licensed by any other Minnesota law to transact the business of insurance. "Ineligible surplus lines insurer" includes a risk retention group as defined under the Liability Risk Retention Act, Public Law 99-563.

(d) "Surplus lines licensee" or "licensee" means a person licensed under sections 60A.195 to 60A.209 to place insurance with an eligible or ineligible surplus lines insurer.

(e) "Association" means an association registered under section 60A.208.

(f) "Alien insurer" means any insurer which is incorporated or otherwise organized outside of the United States.

(g) "Insurance laws" means chapters 60 to 79 inclusive.

(h) "Stamping" means electronically assigning a unique identifying number that is specific to a submitted policy, contract, or insurance document.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies written or renewed on or after that date.

Sec. 2. **[60A.2085] SURPLUS LINES ASSOCIATION OF MINNESOTA.**

Subdivision 1. **Association created; duties.** There is hereby created a nonprofit association to be known as the Surplus Lines Association of Minnesota. All surplus lines licensees are members of this association. Section 60A.208, subdivision 5, does not apply to the provisions of this section. The association shall perform its functions under the plan of operation established under subdivision 3 and must exercise its powers through a board of directors established under subdivision 2. The association shall be authorized and have the duty to:

(1) receive, record, and stamp all surplus lines insurance documents that surplus lines licensees are required to file with the association;

(2) prepare and deliver monthly to the commissioners of revenue and commerce a report regarding surplus lines business. The report must include a list of all the business procured during the preceding month, in the form the commissioners prescribe;

(3) educate its members regarding the surplus lines law of this state including insurance tax responsibilities and the rules and regulations of the commissioners of revenue and commerce relative to surplus lines insurance;

(4) communicate with organizations of agents, brokers, and admitted insurers with respect to the proper use of the surplus lines market;

(5) employ and retain persons necessary to carry out the duties of the association;

(6) borrow money necessary to effect the purposes of the association;

(7) enter contracts necessary to effect the purposes of the association;

(8) provide other services to its members that are incidental or related to the purposes of the association; and

(9) take other actions reasonably required to implement the provisions of this section.

Subd. 2. **Board of directors.** (a) The commissioner shall appoint an interim board of five directors within 30 days of enactment of this section. The interim board must:

(1) establish a plan of operation within 60 days after the appointment of the interim board;

(2) create a stamping office that is operational no later than December 31, 2008; and

(3) conduct an election for a board of directors by the membership after December 31, 2008, and no later than one year after the appointment of the interim board.

(b) Once the responsibilities of the interim board in paragraph (a) are fulfilled, the association shall function through a board of directors composed of the following:

(1) one director appointed by the commissioner of revenue;

(2) one director appointed by the commissioner of commerce; and

(3) at least five but no more than seven directors elected by the members. The elected directors must be members of the association.

Directors may serve until their successors are appointed or elected and their terms are completed as outlined in the plan of operation.

Subd. 3. **Plan of operation.** (a) The plan of operation shall provide for the formation, operation, and governance of the association. The plan of operation must provide for the election of a board of directors by the members of the association. The board of directors shall elect officers as provided for in the plan of operation. The plan of operation shall establish the manner of voting and may weigh each member's vote to reflect the annual surplus lines insurance premium written by the member. Members employed by the same or affiliated employers may consolidate their premiums written and delegate an individual officer or partner to represent the member in the exercise of association affairs, including service on the board of directors.

(b) The plan of operation shall provide for an independent audit once each year of all the books and records of the association and a report of such independent audit shall be made to the board of directors, the commissioner of revenue, and the commissioner of commerce, with a copy made available to each member to review at the association office.

(c) The plan of operation and any amendments to the plan of operation shall be submitted to the commissioner and shall be effective upon approval in writing by the commissioner. The association and all members shall comply with the plan of operation or any amendments to it. Failure to comply with the plan of operation or any amendments shall constitute a violation for which the commissioner may issue an order requiring discontinuance of the violation.

(d) If the interim board of directors fails to submit a suitable plan of operation within 60 days following the creation of the interim board, or if at any time thereafter the association fails to submit required amendments to the plan, the commissioner may submit to the association a plan of operation or amendments to the plan, which the association must follow. The plan of operation or amendments submitted by the commissioner shall continue in force until amended by the commissioner or superseded by a plan of operation or amendment submitted by the association and approved by the commissioner. A plan of operation or an amendment submitted by the commissioner constitutes an order of the commissioner.

Subd. 4. **Reporting requirement.** The association shall file with the commissioner:

(1) a copy of its plan of operation and any amendments to it;

(2) a current list of its members revised at least annually; and

(3) the name and address of a member of the board residing in this state upon whom notices or orders of the commissioner or processes issued at the direction of the commissioner may be served.

Subd. 5. **Examination.** The commissioner shall, at such times as deemed necessary, make or cause to be made an examination of the association. The officers, managers, agents, and employees of the association may be examined at any time, under oath, and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation. The commissioner shall furnish a copy of the examination report to the association. If the commissioner finds the association to be in violation of this section, the commissioner may issue an order requiring the discontinuance of the violation.

Subd. 6. **Immunity.** There shall be no liability on the part of and no causes of action of any nature shall arise against the association, its directors, officers, agents, or employees for any action taken or omitted by them in the performance of their powers and duties under this section, absent gross negligence or willful misconduct.

Subd. 7. **Stamping fee.** The services performed by the association shall be funded by a stamping fee assessed for each premium-bearing document submitted to the association. The stamping fee shall be established by the board of directors of the association from time to time. The stamping fee shall be paid by the insured to the surplus lines licensee and remitted electronically to the association by the surplus lines licensee.

Subd. 8. **Data classification.** Unless otherwise classified by statute, a temporary classification under section 13.06, or federal law, information obtained by the commissioner from the association is public, except that any data identifying insureds is private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies written or renewed on or after that date.

Sec. 3. **[60A.2086] LICENSEE'S DUTY TO SUBMIT DOCUMENTS; PENALTY.**

Subdivision 1. **Submission of documents to the Surplus Lines Association of Minnesota; certification.** (a) A surplus lines licensee shall submit every insurance policy or contract issued under the licensee's license to the Surplus Lines Association of Minnesota for recording and stamping. The submission and stamping must be effected through electronic means. The submission must include:

- (1) the name of the insured;
- (2) a description and location of the insured property or risk;
- (3) the amount insured;
- (4) the gross premiums charged or returned;
- (5) the name of the surplus lines insurer from whom coverage has been procured;
- (6) the kind or kinds of insurance procured; and
- (7) the amount of premium subject to tax.

(b) The submission of insurance policies or contracts to the Surplus Lines Association of Minnesota constitutes a certification by the surplus lines licensee, or by the insurance producer who presented the risk to the surplus lines licensee for placement as a surplus lines risk, that the insurance policies or contracts were procured in accordance with sections 60A.195 to 60A.209.

Subd. 2. **Stamping requirement; penalty.** (a) It shall be unlawful for an insurance agent, broker, or surplus lines licensee to deliver in this state any surplus lines insurance policy or contract unless the insurance document is stamped by the association. A licensee's failure to comply with the requirements of this subdivision shall not affect the validity of the coverage.

(b) Any insurance agent, broker, or surplus lines licensee who delivers in this state any insurance policy or contract that has not been stamped by the association shall be subject to a penalty payable to the commissioner as follows:

- (1) \$50 for delivery of the first unstamped policy;
- (2) \$250 for delivery of a second unstamped policy; and
- (3) \$1,000 per policy for delivery of any additional unstamped policies.

EFFECTIVE DATE. This section is effective January 1, 2009, and applies to policies written or renewed after December 31, 2008.

Sec. 4. Minnesota Statutes 2007 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

For production in 2007, distributions in 2008, and beginning for production in 2013, distributions in 2014 and thereafter, an amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Sec. 5. **[298.2271] IRON RANGE REVITALIZATION ACCOUNT.**

For production years 2008 through 2012, and for distributions in 2009 through distributions in 2013 only, an amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate Iron Range revitalization account. Funds from the account may be spent for projects including but not limited to public facility improvements, community development, economic development, renewable energy, and diversification of the Iron Range economy. Money from the account shall be released by the commissioner only after the Iron Range Resources and Rehabilitation Board has approved the project by a majority vote. A project review panel shall consist of nine members. Three members shall be Iron Range Resources and Rehabilitation Board members appointed by the chair; three members shall be selected by the District 11 director of the United States Steelworkers of America; and three members shall be mining company representatives, one each from United States Steel Corporation, Cleveland-Cliffs Incorporated, and ArcelorMittal. The review panel must review each project for which funds are sought under this section and make recommendations to the board by August 31 of each year. The board must vote on the recommendations no later than October 31 of each year.

Sec. 6. Minnesota Statutes 2006, section 298.24, subdivision 1, as amended by Laws 2008, chapter 154, article 8, section 5, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002, and 2003, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced therefrom. For concentrates produced in 2005, the tax rate is the same rate imposed for concentrates produced in 2004.

(b)(1) For concentrates produced in 2006 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(2) For concentrates produced in 2009, the amount of the increase in the tax rate under this paragraph over the tax rate applicable to concentrates produced in 2008 equals the greater of (A) the increase computed under clause (1) or (B) ten cents per taxable ton. The resulting tax rate for concentrates produced in 2009 must be used as the base for determining the tax rate under this paragraph for concentrates produced in 2010 and subsequent years.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic

flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related provisions; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure and deed grants; changing and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acre eligibility requirements; providing aggregate resource preservation property tax law; providing seasonal recreational property tax deferral program; modifying eligibility for senior citizen tax deferral program; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; providing a seed capital investment credit; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; prohibiting the imposition of new local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; creating Iron Range revitalization account; changing provisions related to data

practices and debt collection; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision; 216B.1646; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14b, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivision 1; 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6b, 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision; 469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C; 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 273.11, subdivisions 14, 14a; 273.111, subdivision 6; 290.191, subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

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

H. F. No. 3301, A bill for an act relating to transportation; modifying provisions relating to design-build projects; amending Minnesota Statutes 2006, sections 161.3412, subdivision 3; 161.3420, subdivisions 2, 3, 4; 161.3422; 161.3426, subdivisions 1, 3, 4; repealing Minnesota Statutes 2006, section 161.3426, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

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

H. F. No. 3625, A bill for an act relating to natural resources; providing for disposition of proceeds from sale of administrative sites; providing for administrative penalty orders; modifying environmental learning center provisions; providing funding for the Pine Grove Zoo; providing for relocation of certain regional forestry office; appropriating money; amending Minnesota Statutes 2006, sections 84.0857; 84.0875; 94.16, subdivision 3; 297A.94; proposing coding for new law in Minnesota Statutes, chapter 103G.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

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

H. F. No. 3685, A bill for an act relating to environment; modifying toxic chemical release reporting requirements; amending Minnesota Statutes 2006, section 299K.08, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 4015, A bill for an act relating to metropolitan government; directing the Metropolitan Airports Commission to enforce certain covenants.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **COVENANT ENFORCEMENT.**

If, through merger or otherwise, an airline or its successor serving the Minneapolis-St. Paul International Airport fails to adhere to all covenants regarding the maintenance of its hub, headquarters, and required employment levels in Minnesota, the Metropolitan Airports Commission shall use all available means to enforce the covenants and, if

necessary, require repayment of all outstanding bond obligations and surrender of previously granted rent reductions pursuant to the terms of the covenants. The Metropolitan Airport Commission shall not enter into any agreement to modify, amend, or eliminate the covenants referenced in this section without the agreement first being approved by law.

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

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 4018, A bill for an act relating to education finance; modifying school debt provisions; amending Minnesota Statutes 2006, sections 123B.14, subdivision 7; 123B.77, subdivision 3; 123B.81, subdivisions 3, 5; Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 2, delete section 2

Page 3, delete section 4

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 4207, A bill for an act relating to certain state contracts; requiring full enforcement of certain agreements between the state and an airline company.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

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

S. F. No. 651, A bill for an act relating to the environment; restricting the manufacture and sale of certain polybrominated diphenyl ethers; requiring a report; providing penalties; amending Minnesota Statutes 2007 Supplement, sections 325E.386; 325E.387, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2007 Supplement, section 325E.386, is amended to read:

325E.386 PRODUCTS CONTAINING CERTAIN POLYBROMINATED DIPHENYL ETHERS BANNED; EXEMPTIONS.

Subdivision 1. **Penta- and octabromodiphenyl ethers.** Except as provided in subdivision ~~3~~2, beginning January 1, 2008, a person may not manufacture, process, or distribute in commerce a product or flame-retardant part of a product containing more than one-tenth of one percent of pentabromodiphenyl ether or octabromodiphenyl ether by mass.

Subd. 2. **Exemptions; penta- and octabromodiphenyl ethers.** The following products containing polybrominated diphenyl ethers are exempt from subdivision 1 and section 325E.387, subdivision 2:

(1) the sale or distribution of any used transportation vehicle with component parts containing polybrominated diphenyl ethers;

(2) the sale or distribution of any used transportation vehicle parts or new transportation vehicle parts manufactured before January 1, 2008, that contain polybrominated diphenyl ethers;

(3) the manufacture, sale, repair, distribution, maintenance, refurbishment, or modification of equipment containing polybrominated diphenyl ethers and used primarily for military or federally funded space program applications. This exemption does not cover consumer-based goods with broad applicability;

(4) the sale or distribution by a business, charity, public entity, or private party of any used product containing polybrominated diphenyl ethers;

(5) the manufacture, sale, or distribution of new carpet cushion made from recycled foam containing more than one-tenth of one percent polybrominated diphenyl ether;

(6) medical devices; or

(7) the manufacture, sale, repair, distribution, maintenance, refurbishment, or modification of telecommunications equipment containing polybrominated diphenyl ethers used by entities eligible to hold authorization in the Public Safety Pool under Code of Federal Regulations, title 47, part 90.

In-state retailers in possession of products on January 1, 2008, that are banned for sale under subdivision 1 may exhaust their stock through sales to the public. Nothing in this section restricts the ability of a manufacturer, importer, or distributor from transporting products containing polybrominated diphenyl ethers through the state, or storing such products in the state for later distribution outside the state.

Subd. 3. **Commercial decabromodiphenyl ether.** (a) Except as provided in subdivision 4, beginning July 1, 2010, a person may not manufacture, process, or distribute in commerce any of the following products containing more than one-tenth of one percent of commercial decabromodiphenyl ether by mass:

- (1) the exterior casing of a television, computer, or computer monitor;
- (2) upholstered furniture or textiles intended for indoor use in a home or other residential occupancy; or
- (3) mattresses and mattress pads.

(b) The sale or distribution by a business, charity, public entity, or private party of any used product containing commercial decabromodiphenyl ether is exempted from this subdivision.

(c) In-state retailers in possession of products on January 1, 2010, that are banned for sale under this subdivision may exhaust their stock of products located in the state as of that date through sales to the public. Nothing in this section restricts a manufacturer, importer, or distributor from transporting products containing commercial decabromodiphenyl ether through the state or storing such products in the state for later distribution outside the state.

Subd. 4. **Exemption process; commercial decabromodiphenyl ether.** (a) A manufacturer or user of a product prohibited from manufacture, sale, or distribution under subdivision 3 may apply for an exemption for a specific use of commercial decabromodiphenyl ether under this section by filing a written request with the commissioner. The commissioner may grant an exemption for a term not to exceed three years. The exemption is renewable upon written request. An initial or renewal request for exemption must include at least the following:

(1) a policy statement articulating upper management support for eliminating or reducing to the maximum feasible extent the use of commercial decabromodiphenyl ether;

(2) a description of the product and the amount of commercial decabromodiphenyl ether distributed for sale and use in the state on an annual basis;

(3) a description of the recycling and disposal system used for the product in the state and an estimate of the amount of product or commercial decabromodiphenyl ether that is recycled or disposed of in the state on an annual basis;

(4) a description of the manufacturer's or user's past and ongoing efforts to eliminate or reduce the amount of commercial decabromodiphenyl ether used in the product;

(5) an assessment of options available to reduce or eliminate the use of commercial decabromodiphenyl ether, including any alternatives that do not contain commercial decabromodiphenyl ether, perform the same technical function, are commercially available, and are economically practicable;

(6) a statement of objectives in numerical terms and a schedule for achieving the elimination of commercial decabromodiphenyl ether and an environmental assessment of alternative products, including but not limited to human health, solid waste, hazardous waste, and wastewater impacts associated with production, use, recycling, and disposal of the alternatives;

(7) a listing of options considered not to be technically or economically practicable; and

(8) certification of the accuracy of the information contained in the request, signed and dated by an official of the manufacturer or user.

(b) The commissioner may grant an initial or renewal exemption for a specific use of commercial decabromodiphenyl ether, with or without conditions, upon finding that the applicant has demonstrated that there is no alternative that performs the same technical function, is commercially available, is economically practicable, and provides net health and environmental benefits to the state.

Subd. 5. **Fees for exemption applicants.** The application fee for an exemption under subdivision 4 is \$2,000 per exemption. The fee is exempt from section 16A.1285. Revenues from application fees must be deposited in the environmental fund.

Sec. 2. Minnesota Statutes 2007 Supplement, section 325E.387, is amended by adding a subdivision to read:

Subd. 3. **Participation in interstate clearinghouse.** The commissioner may participate in a regional or national multistate clearinghouse to assist in carrying out the requirements of this section. The clearinghouse is authorized to maintain information on behalf of Minnesota, including, but not limited to:

(1) a list of all products containing polybrominated diphenyl ethers; and

(2) information on all exemptions granted by the state.

Sec. 3. **REPORT.**

By July 1, 2009, the Pollution Control Agency shall report to the senate and house of representatives committees with jurisdiction over environment and natural resources and commerce policy regarding flame-retardant alternatives available for decabromodiphenyl ether.

Sec. 4. **APPROPRIATION.**

\$57,000 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency for the purposes of sections 1 to 3."

Delete the title and insert:

"A bill for an act relating to environment; banning certain products containing commercial decabromodiphenyl ether; providing for exemptions and fees; authorizing participation in multistate clearinghouse; requiring a report; appropriating money; amending Minnesota Statutes 2007 Supplement, sections 325E.386; 325E.387, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 2866, A bill for an act relating to telecommunications; requiring the Department of Commerce to produce a statewide inventory of broadband service.

Reported the same back with the recommendation that the first unofficial engrossment pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2351, 3301, 3625, 3685 and 4018 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 3096, 3189, 3486, 3715, 651 and 2866 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dean; Brod; Gottwalt; Emmer; Peppin; Zellers; Abeler; Eastlund; Erickson; Wardlow; Gunther; Urdahl; Demmer; Severson; Seifert; McNamara; Anderson, B.; Kohls; Berns; Shimanski; Dettmer; Draskowski; Anderson, S.; Erhardt; Hackbarth; Peterson, N.; Buesgens; Ruth; Lanning; Cornish; Finstad; Magnus; Hamilton; Olson and Heidgerken introduced:

H. F. No. 4218, A bill for an act relating to health; setting policy goals for health care reform; providing health insurance reform; establishing health savings accounts for state employees; setting spending targets for health and human services programs; establishing the MinnesotaCare CMF program; modifying procedures for assessing MinnesotaCare taxes; making changes in the tax treatment of premiums and medical expenditures; increasing a tax credit for long-term care insurance; limiting punitive damages and attorney fees for certain medical liability claims; appropriating money; amending Minnesota Statutes 2006, sections 62J.2930, by adding a subdivision; 290.0672, subdivision 2; 295.52, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 290.01, subdivision 19b, as amended; proposing coding for new law in Minnesota Statutes, chapters 43A; 62J; 62Q; 256; 256L; 290; 604.

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

Heidgerken introduced:

H. F. No. 4219, A bill for an act relating to education; providing for capital account transfers.

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

Heidgerken, Nelson, Gunther and Rukavina introduced:

H. F. No. 4220, A bill for an act relating to workers' compensation; providing for the distribution of surplus money in the assigned risk plan; amending Minnesota Statutes 2006, section 79.251, subdivision 1.

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

Paulsen introduced:

H. F. No. 4221, A resolution memorializing Congress to create a path toward lawful permanent resident status for Liberians with temporary protected status and to extend temporary protected status until a permanent solution is enacted.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Urdahl and Juhnke introduced:

H. F. No. 4222, A bill for an act relating to wastewater treatment; providing for loans by the Public Facilities Authority to the cities of Litchfield and Willmar for certain wastewater treatment projects.

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

Hilstrom introduced:

H. F. No. 4223, A bill for an act relating to local government; authorizing alternative transfer procedure in Hennepin County for certain drainage system management; proposing coding for new law in Minnesota Statutes, chapter 383B.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Anzelc, Dill and Olin introduced:

H. F. No. 4224, A bill for an act relating to drivers' licenses; creating enhanced driver's license and enhanced identification card; providing for application, issuance, and appearance of card; directing commissioner of public safety to seek approval of card by Homeland Security secretary for proof of identity and citizenship and for use in entering United States; amending Minnesota Statutes 2006, sections 171.01, by adding subdivisions; 171.04, by adding a subdivision; 171.06, subdivisions 1, 3, as amended, 6; 171.07, subdivision 3, as amended, by adding subdivisions; 171.071, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 171.06, subdivision 2.

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

Urdahl and Shimanski introduced:

H. F. No. 4225, A bill for an act relating to education; providing for capital account transfers.

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

Ruth and Hortman introduced:

H. F. No. 4226, A bill for an act relating to notaries public; modifying fees; regulating commissions and notarial stamps and seals; providing clarifications; providing for the accommodations of physical limitations; amending Minnesota Statutes 2006, sections 357.021, subdivision 2; 358.15; 358.47; 359.01, subdivisions 2, 3, 4; 359.02; 359.03, subdivisions 1, 3, 4; 359.061; 359.12; proposing coding for new law in Minnesota Statutes, chapters 357; 359; repealing Minnesota Statutes 2006, sections 357.17; 359.05.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Hansen introduced:

H. F. No. 4227, A bill for an act relating to public disclosure; expanding the definition of public official in the campaign finance and public disclosure law; amending Minnesota Statutes 2007 Supplement, section 10A.01, subdivision 35.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Sertich moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Pelowski.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Wednesday, April 30, 2008:

H. F. No. 3729; S. F. Nos. 3341 and 2706; H. F. Nos. 3585 and 3699; S. F. Nos. 2948, 3256, 2988, 3137, 3669 and 3158; H. F. Nos. 3222, 3955, 2877 and 3494; and S. F. No. 2576.

CALENDAR FOR THE DAY

H. F. No. 995 was reported to the House.

Hilty moved to amend H. F. No. 995 as follows:

Page 1, delete lines 4 to 21

Page 2, delete lines 1 to 11 and insert:

"Whereas, world oil production is nearing its point of maximum production (Peak Oil) and within a few years thereafter will enter a prolonged period of irreversible decline leading to ever-increasing prices; and

Whereas, the United States has only two percent of the world's oil reserves, produces eight percent of the world's oil, and consumes 24 percent of the world's oil, of which nearly 70 percent is imported from foreign countries; and

Whereas, the decline in global oil production threatens to increase resource competition and geopolitical instability, and lead to greater impoverishment and global economic crisis; and

Whereas, national oil companies own approximately 80 percent of remaining oil reserves and 55 percent of remaining gas reserves, and resource nationalism is increasingly dominating decisions of oil and gas development and trade relationships; and

Whereas, the availability of affordable petroleum is critical to the functioning of our transportation system, the production of our food and of petrochemical-based consumer goods, the paving of roads, the lubrication of all machinery, and myriad other parts of the economy; and

Whereas, Minnesota is entirely dependent on external supplies of petroleum, including the crude oil processed in refineries within the state; and

Whereas, price signals of petroleum scarcity are likely to come too late to trigger effective mitigation efforts in the private sector, and governmental intervention at all levels of government will likely be required to avert social and economic adversity; and

Whereas, the Department of Energy-sponsored study (the Hirsch Report) on mitigation of Peak Oil demonstrated that a 20-year lead time is required for effective mitigation; and

Whereas, alternative sources of transport fuels from coal and natural gas both require high-energy inputs and increase total carbon emissions, and biomass-based fuels are incapable of being produced in sufficient quantity to offset the anticipated decline in petroleum production; and

Whereas, substitution of petroleum with other fossil fuels threatens even greater damage to water, air, soil, and species diversity through their extraction and combustion; and

Whereas, North American production of natural gas most likely peaked in 2002, and an increasing percentage of Minnesota's electricity supply is generated from natural gas; and"

The motion prevailed and the amendment was adopted.

H. F. No. 995, A resolution memorializing the Governor to take action to prepare a plan of response and preparation to meet the challenges of Peak Oil.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 81 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Hortman	Lillie	Olin	Solberg
Anzelc	Eken	Huntley	Loeffler	Otremba	Swails
Atkins	Erhardt	Jaros	Madore	Ozment	Thao
Benson	Faust	Johnson	Mahoney	Paymar	Thissen
Bigham	Fritz	Juhnke	Mariani	Peterson, A.	Tillberry
Bly	Gardner	Kahn	Marquart	Peterson, N.	Tschumper
Brynaert	Greiling	Kalin	Masin	Peterson, S.	Urdahl
Bunn	Gunther	Knuth	Morgan	Rukavina	Walker
Carlson	Hansen	Koenen	Morrow	Ruud	Ward
Clark	Hausman	Laine	Mullery	Sailer	Welti
Davnie	Haws	Lenczewski	Murphy, E.	Scalze	Spk. Kelliher
Dill	Heidgerken	Lesch	Murphy, M.	Sertich	
Dittrich	Hilstrom	Liebling	Nelson	Slawik	
Dominguez	Hilty	Lieder	Norton	Slocum	

Those who voted in the negative were:

Buesgens	Erickson	Olson	Smith
DeLaForest	Hackbarth	Peppin	

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

S. F. No. 2796, A bill for an act relating to education; modifying teaching employment for early childhood education programs; amending Minnesota Statutes 2007 Supplement, section 124D.13, subdivision 11.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, Speaker pro tempore Pelowski excused Morrow from voting on final passage of S. F. No. 2796.

There were 125 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abeler	Bly	Cornish	Doty	Finstad	Hamilton
Anderson, B.	Brod	Davnie	Drazkowski	Fritz	Hansen
Anderson, S.	Brown	Dean	Eastlund	Gardner	Hausman
Anzelc	Brynaert	DeLaForest	Eken	Garofalo	Haws
Atkins	Buesgens	Demmer	Emmer	Gottwalt	Heidgerken
Benson	Bunn	Dettmer	Erhardt	Greiling	Hilstrom
Berns	Carlson	Dill	Erickson	Gunther	Hilty
Bigham	Clark	Dominguez	Faust	Hackbarth	Hoppe

Hortman	Laine	Masin	Paymar	Sertich	Tingelstad
Hosch	Lanning	McFarlane	Pelowski	Severson	Tschumper
Howes	Lenczewski	McNamara	Peppin	Shimanski	Wagenius
Huntley	Lesch	Mullery	Peterson, A.	Simon	Walker
Jaros	Liebling	Murphy, E.	Peterson, N.	Simpson	Ward
Johnson	Lieder	Murphy, M.	Peterson, S.	Slawik	Wardlow
Juhnke	Lillie	Nelson	Poppe	Slocum	Welti
Kahn	Loeffler	Nornes	Rukavina	Smith	Westrom
Kalin	Madore	Norton	Ruth	Solberg	Winkler
Knuth	Magnus	Olin	Ruud	Swails	Wollschlager
Koenen	Mahoney	Olson	Sailer	Thao	Zellers
Kohls	Mariani	Ozment	Scalze	Thissen	Spk. Kelliher
Kranz	Marquart	Paulsen	Seifert	Tillberry	

Those who voted in the negative were:

Dittrich	Holberg	Morgan	Otremba	Urdahl
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The bill was passed and its title agreed to.

S. F. No. 3364 was reported to the House.

Kalin moved to amend S. F. No. 3364, the first engrossment, as follows:

Page 3, line 25, delete everything after "(a)" and insert "The commission is subject to the requirements of chapter 13D, but"

The motion prevailed and the amendment was adopted.

S. F. No. 3364, A bill for an act relating to state government; changing provisions of the Commission of Deaf, Deaf-blind and Hard-of-Hearing Minnesotans; amending Minnesota Statutes 2006, section 256C.28, as amended.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Dean	Eastlund	Garofalo	Heidgerken
Anderson, B.	Brown	DeLaForest	Eken	Gottwalt	Hilstrom
Anderson, S.	Brynaert	Demmer	Emmer	Greiling	Hilty
Anzelc	Buesgens	Dettmer	Erhardt	Gunther	Holberg
Atkins	Bunn	Dill	Erickson	Hackbarth	Hoppe
Benson	Carlson	Dittrich	Faust	Hamilton	Hortman
Berns	Clark	Dominguez	Finstad	Hansen	Hosch
Bigham	Cornish	Doty	Fritz	Hausman	Howes
Bly	Davnie	Draskowski	Gardner	Haws	Huntley

Jaros	Liebling	Morrow	Pelowski	Severson	Tschumper
Johnson	Lieder	Mullery	Peppin	Shimanski	Urdahl
Juhnke	Lillie	Murphy, E.	Peterson, A.	Simon	Wagenius
Kahn	Loeffler	Murphy, M.	Peterson, N.	Simpson	Walker
Kalin	Madore	Nelson	Peterson, S.	Slawik	Ward
Knuth	Magnus	Nornes	Poppe	Slocum	Wardlow
Koenen	Mahoney	Norton	Rukavina	Smith	Welti
Kohls	Mariani	Olin	Ruth	Solberg	Westrom
Kranz	Marquart	Olson	Ruud	Swails	Winkler
Laine	Masin	Otremba	Sailer	Thao	Wollschlager
Lanning	McFarlane	Ozment	Scalze	Thissen	Zellers
Lenczewski	McNamara	Paulsen	Seifert	Tillberry	Spk. Kelliher
Lesch	Morgan	Paymar	Sertich	Tingelstad	

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

S. F. No. 3132 was reported to the House.

Loeffler moved to amend S. F. No. 3132, the third engrossment, as follows:

Page 1, line 11, delete the period and insert "; or an entity licensed as a boarding care home under sections 144.50 to 144.56."

Page 1, line 17, after "use" insert "financial or medical debt"

Page 2, line 3, after "the" insert "local, county."

Page 2, line 8, after the period, insert "Nothing in this section prevents a health care provider from processing payments made by credit card, charge card, debit card, electronic funds transfer, or check."

Page 2, delete subdivision 5 and insert:

"Subd. 5. **Financial review.** Nothing in this section prohibits a health care provider from obtaining information to identify income or assets from the patient, or with the patient's permission, from other sources, for the sole purpose of determining potential eligibility for public programs or other state or federal reimbursement or charity care if this information is not used to influence, deny or delay care."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 3132, as amended, was read for the third time.

Brod moved that S. F. No. 3132, as amended, be re-referred to the Committee on Health and Human Services.

A roll call was requested and properly seconded.

The question was taken on the Brod motion and the roll was called. There were 50 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Gottwalt	Lanning	Peppin	Tingelstad
Anderson, B.	Dettmer	Gunther	Madore	Peterson, N.	Urdahl
Anderson, S.	Drazkowski	Hackbarth	Magnus	Peterson, S.	Wardlow
Berns	Eastlund	Hamilton	McFarlane	Ruth	Westrom
Brod	Emmer	Heidgerken	McNamara	Seifert	Zellers
Buesgens	Erhardt	Holberg	Nornes	Severson	
Cornish	Erickson	Hoppe	Olson	Shimanski	
Dean	Finstad	Howes	Ozment	Simpson	
DeLaForest	Garofalo	Kohls	Paulsen	Smith	

Those who voted in the negative were:

Anzelc	Doty	Jaros	Loeffler	Paymar	Thao
Atkins	Eken	Johnson	Mahoney	Pelowski	Thissen
Benson	Faust	Juhnke	Mariani	Peterson, A.	Tillberry
Bigham	Fritz	Kahn	Marquart	Poppe	Tschumper
Bly	Gardner	Kalin	Masin	Rukavina	Wagenius
Brown	Greiling	Knuth	Morgan	Ruud	Walker
Brynaert	Hansen	Koenen	Morrow	Sailer	Ward
Bunn	Hausman	Kranz	Mullery	Scalze	Welti
Carlson	Haws	Laine	Murphy, E.	Sertich	Winkler
Clark	Hilstrom	Lenczewski	Murphy, M.	Simon	Wollschlager
Davnie	Hilty	Lesch	Nelson	Slawik	Spk. Kelliher
Dill	Hortman	Liebling	Norton	Slocum	
Dittrich	Hosch	Lieder	Olin	Solberg	
Dominguez	Huntley	Lillie	Otremba	Swails	

The motion did not prevail.

Mahoney was excused between the hours of 2:05 p.m. and 4:50 p.m.

S. F. No. 3132, A bill for an act relating to health; regulating medical debt information; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Abeler	Bigham	Brynaert	Clark	Dittrich	Eken
Atkins	Bly	Bunn	Davnie	Dominguez	Erhardt
Benson	Brown	Carlson	Dill	Doty	Faust

Fritz	Huntley	Lieder	Nelson	Ruud	Tschumper
Gardner	Jaros	Lillie	Norton	Sailer	Wagenius
Greiling	Johnson	Loeffler	Olin	Scalze	Walker
Hansen	Juhnke	Mariani	Otremba	Sertich	Ward
Hausman	Kahn	Marquart	Ozment	Simon	Welti
Haws	Kalin	Masin	Paymar	Slawik	Winkler
Heidgerken	Knuth	McNamara	Pelowski	Slocum	Wollschlager
Hilstrom	Koenen	Morgan	Peterson, A.	Solberg	Spk. Kelliher
Hilty	Kranz	Morrow	Peterson, N.	Swails	
Hortman	Lenczewski	Mullery	Peterson, S.	Thao	
Hosch	Lesch	Murphy, E.	Poppe	Tillberry	
Howes	Liebling	Murphy, M.	Rukavina	Tingelstad	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Garofalo	Laine	Peppin	Urdahl
Anderson, S.	Demmer	Gottwalt	Lanning	Ruth	Wardlow
Anzalc	Dettmer	Gunther	Madore	Seifert	Westrom
Berns	Drazkowski	Hackbarth	Magnus	Severson	Zellers
Brod	Eastlund	Hamilton	McFarlane	Shimanski	
Buesgens	Emmer	Holberg	Nornes	Simpson	
Cornish	Erickson	Hoppe	Olson	Smith	
Dean	Finstad	Kohls	Paulsen	Thissen	

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

H. F. No. 3729 was reported to the House.

Hackbarth and Buesgens moved to amend H. F. No. 3729, the third engrossment, as follows:

Page 2, delete subdivision 4 and insert:

"Subd. 4. **Staff.** Staffing for the commission shall be provided by the staff of the senate and house committees with jurisdiction over energy policy. The commission may contract with consultants as necessary to enable it to perform its duties."

A roll call was requested and properly seconded.

The question was taken on the Hackbarth and Buesgens amendment and the roll was called. There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Garofalo	Howes	Paulsen	Tingelstad
Anderson, B.	Demmer	Gottwalt	Kohls	Peppin	Urdahl
Anderson, S.	Dettmer	Gunther	Lanning	Ruth	Wardlow
Berns	Drazkowski	Hackbarth	Magnus	Seifert	Westrom
Brod	Eastlund	Hamilton	McFarlane	Severson	Zellers
Buesgens	Emmer	Heidgerken	McNamara	Shimanski	
Cornish	Erickson	Holberg	Nornes	Simpson	
Dean	Finstad	Hoppe	Olson	Smith	

Those who voted in the negative were:

Anzelc	Eken	Johnson	Mariani	Peterson, A.	Thissen
Atkins	Erhardt	Juhnke	Marquart	Peterson, N.	Tillberry
Benson	Faust	Kahn	Masin	Peterson, S.	Tschumper
Bigham	Fritz	Kalin	Morgan	Poppe	Wagenius
Bly	Gardner	Knuth	Morrow	Rukavina	Walker
Brown	Greiling	Koenen	Mullery	Ruud	Ward
Brynaert	Hansen	Kranz	Murphy, E.	Sailer	Welti
Bunn	Hausman	Laine	Murphy, M.	Scalze	Winkler
Carlson	Haws	Lenczewski	Nelson	Sertich	Wollschlager
Clark	Hilstrom	Lesch	Norton	Simon	Spk. Kelliher
Davnie	Hilty	Liebling	Olin	Slawik	
Dill	Hortman	Lieder	Otremba	Slocum	
Dittrich	Hosch	Lillie	Ozment	Solberg	
Dominguez	Huntley	Loeffler	Paymar	Swails	
Doty	Jaros	Madore	Pelowski	Thao	

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

Emmer moved to amend H. F. No. 3729, the third engrossment, as follows:

Page 2, delete subdivision 8

Renumber the subdivisions in sequence

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

Olson and Heidgerken moved to amend H. F. No. 3729, the third engrossment, as follows:

Page 2, line 16, after the period, insert "Notwithstanding any other law to the contrary the commission's evaluations and reviews under this subdivision shall include new and existing technologies for nuclear power."

The motion prevailed and the amendment was adopted.

H. F. No. 3729, A bill for an act relating to energy; establishing Legislative Energy Commission; abolishing Legislative Electric Energy Task Force; making conforming correction; appropriating money; amending Minnesota Statutes 2006, section 216B.2424, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 2006, section 216C.051, subdivisions 3, 4a, 6, 7, 8; Minnesota Statutes 2007 Supplement, section 216C.051, subdivisions 2, 8a, 9.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Hortman	Lillie	Otremba	Smith
Anzelc	Doty	Hosch	Loeffler	Ozment	Solberg
Atkins	Eken	Howes	Madore	Paulsen	Swails
Benson	Erhardt	Huntley	Magnus	Paymar	Thao
Berns	Faust	Jaros	Mariani	Pelowski	Thissen
Bigham	Finstad	Johnson	Marquart	Peppin	Tillberry
Bly	Fritz	Juhnke	Masin	Peterson, A.	Tingelstad
Brown	Gardner	Kahn	McFarlane	Peterson, N.	Tschumper
Brynaert	Garofalo	Kalin	McNamara	Peterson, S.	Urdahl
Bunn	Greiling	Knuth	Morgan	Poppe	Wagenius
Carlson	Gunther	Koenen	Morrow	Rukavina	Walker
Clark	Hamilton	Kranz	Mullery	Ruud	Ward
Cornish	Hansen	Laine	Murphy, E.	Sailer	Walti
Davnie	Hausman	Lanning	Murphy, M.	Scalze	Winkler
Dean	Haws	Lenczewski	Nelson	Sertich	Wollschlager
Demmer	Heidgerken	Lesch	Norton	Simon	Spk. Kelliher
Dill	Hilstrom	Liebling	Olin	Slawik	
Dittrich	Hilty	Lieder	Olson	Slocum	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Emmer	Holberg	Ruth	Simpson
Anderson, S.	Dettmer	Erickson	Hoppe	Seifert	Wardlow
Brod	Drazkowski	Gottwalt	Kohls	Severson	Westrom
Buesgens	Eastlund	Hackbarth	Nornes	Shimanski	Zellers

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

S. F. No. 2706 was reported to the House.

Hilty moved to amend S. F. No. 2706, the unofficial engrossment, as follows:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2006, section 16B.325, as amended by Laws 2008, chapter 179, section 30, is amended to read:

16B.325 SUSTAINABLE BUILDING GUIDELINES.

Subdivision 1. **Development of sustainable building guidelines.** The Department of Administration and the Department of Commerce, with the assistance of other agencies, shall develop sustainable building design guidelines for all new state buildings by January 15, 2003, and for all major renovations of state buildings by February 1, 2009. The primary objectives of these guidelines are to ensure that all new state buildings, and major renovations of state buildings, initially exceed the state energy code, as established in Minnesota Rules, chapter 7676, by at least 30 percent.

Subd. 2. **Lowest possible cost; energy conservation.** The guidelines must focus on achieving the lowest possible lifetime cost for new buildings and major renovations, and allow for changes in the guidelines that encourage continual energy conservation improvements in new buildings and major renovations. The guidelines shall define "major renovations" for purposes of this section. The definition may not allow "major renovations" to encompass less than 10,000 square feet or to encompass less than the complete replacement of the mechanical, ventilation, or cooling system of the building or a section of the building. The design guidelines must establish sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements; specify ways to reduce material costs; and must consider the long-term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner than natural gas.

Subd. 3. **Development of guidelines; applicability.** In developing the guidelines, the departments shall use an open process, including providing the opportunity for public comment. The guidelines established under this section are mandatory for all new buildings receiving funding from the bond proceeds fund after January 1, 2004, and for all major renovations receiving funding from the bond proceeds fund after January 1, 2009.

Subd. 4. **Revisions.** The commissioners of administration and commerce shall review the guidelines periodically and as soon as practicable revise the guidelines to incorporate performance standards developed under section 216B.241, subdivision 9."

Page 2, line 32, delete "residential."

Page 3, line 8, after "utilities" insert ", builders, developers, building operators,"

Page 4, line 8, delete "residential."

Page 4, line 10, delete "residential."

The motion prevailed and the amendment was adopted.

S. F. No. 2706, A bill for an act relating to energy; providing for development and application of building energy usage performance standards; amending Minnesota Statutes 2006, section 16B.325; Minnesota Statutes 2007 Supplement, section 216B.241, subdivision 1e, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 109 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Abeler	Brown	Demmer	Faust	Hansen	Huntley
Anderson, S.	Brynaert	Dill	Fritz	Hausman	Jaros
Anzels	Bunn	Dittrich	Gardner	Haws	Johnson
Atkins	Carlson	Dominguez	Garofalo	Hilstrom	Juhnke
Benson	Clark	Doty	Gottwalt	Hilty	Kahn
Berns	Cornish	Eastlund	Greiling	Hortman	Kalin
Bigham	Davnie	Eken	Gunther	Hosch	Knuth
Bly	Dean	Erhardt	Hamilton	Howes	Koenen

Kranz	Mariani	Nornes	Poppe	Smith	Ward
Laine	Marquart	Norton	Rukavina	Solberg	Wardlow
Lanning	Masin	Olin	Ruud	Swails	Welti
Lenczewski	McFarlane	Otremba	Sailer	Thao	Winkler
Lesch	McNamara	Ozment	Scalze	Thissen	Wollschlager
Liebling	Morgan	Paulsen	Sertich	Tillberry	Spk. Kelliher
Lieder	Morrow	Paymar	Severson	Tingelstad	
Lillie	Mullery	Pelowski	Simon	Tschumper	
Loeffler	Murphy, E.	Peterson, A.	Simpson	Urdahl	
Madore	Murphy, M.	Peterson, N.	Slawik	Wagenius	
Magnus	Nelson	Peterson, S.	Slocum	Walker	

Those who voted in the negative were:

Anderson, B.	Dettmer	Finstad	Kohls	Seifert
Brod	Drazkowski	Hackbarth	Olson	Shimanski
Buesgens	Emmer	Holberg	Peppin	Westrom
DeLaForest	Erickson	Hoppe	Ruth	Zellers

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

S. F. No. 3669, A bill for an act relating to transportation; requiring report on mitigating effects of transportation construction projects on small businesses.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 111 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Hoppe	Loeffler	Paymar	Swails
Anderson, S.	Eastlund	Hortman	Madore	Pelowski	Thao
Atkins	Eken	Hosch	Magnus	Peterson, A.	Thissen
Benson	Erhardt	Howes	Mariani	Peterson, N.	Tillberry
Berns	Faust	Huntley	Marquart	Peterson, S.	Tingelstad
Bigham	Finstad	Jaros	Masin	Poppe	Tschumper
Bly	Fritz	Johnson	McFarlane	Rukavina	Urdahl
Brod	Gardner	Juhnke	McNamara	Ruth	Wagenius
Brown	Garofalo	Kahn	Morgan	Ruud	Walker
Brynaert	Gottwalt	Kalin	Morrow	Sailer	Ward
Bunn	Greiling	Knuth	Mullery	Scalze	Wardlow
Carlson	Gunther	Koenen	Murphy, E.	Seifert	Welti
Clark	Hamilton	Kranz	Murphy, M.	Sertich	Westrom
Cornish	Hansen	Laine	Nelson	Severson	Winkler
Davnie	Hausman	Lenczewski	Norton	Shimanski	Wollschlager
Demmer	Haws	Lesch	Olin	Simon	Spk. Kelliher
Dill	Heidgerken	Liebling	Otremba	Slawik	
Dittrich	Hilstrom	Lieder	Ozment	Slocum	
Dominguez	Hilty	Lillie	Paulsen	Solberg	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Erickson	Lanning	Simpson
Anzelc	Dettmer	Hackbarth	Nornes	Smith
Buesgens	Drazkowski	Holberg	Olson	Zellers
Dean	Emmer	Kohls	Peppin	

The bill was passed and its title agreed to.

H. F. No. 2877, A bill for an act relating to public safety; establishing crime of disarming a peace officer; providing criminal penalties; amending Minnesota Statutes 2006, section 609.50, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Haws	Lesch	Otremba	Slocum
Anderson, B.	Dittrich	Heidgerken	Liebling	Ozment	Smith
Anderson, S.	Dominguez	Hilstrom	Lieder	Paulsen	Solberg
Anzelc	Doty	Hilty	Lillie	Paymar	Swails
Atkins	Drazkowski	Holberg	Loeffler	Pelowski	Thao
Benson	Eastlund	Hoppe	Madore	Peppin	Thissen
Berns	Eken	Hortman	Magnus	Peterson, A.	Tillberry
Bigham	Emmer	Hosch	Mariani	Peterson, N.	Tingelstad
Bly	Erhardt	Howes	Marquart	Peterson, S.	Tschumper
Brod	Erickson	Huntley	Masin	Poppe	Urdahl
Brown	Faust	Jaros	McFarlane	Rukavina	Wagenius
Brynaert	Finstad	Johnson	McNamara	Ruth	Walker
Buesgens	Fritz	Juhnke	Morgan	Ruud	Ward
Bunn	Gardner	Kahn	Morrow	Sailer	Wardlow
Carlson	Garofalo	Kalin	Mullery	Scalze	Welti
Clark	Gottwalt	Knuth	Murphy, E.	Seifert	Westrom
Cornish	Greiling	Koenen	Murphy, M.	Sertich	Winkler
Davnie	Gunther	Kohls	Nelson	Severson	Wollschlager
Dean	Hackbarth	Kranz	Nornes	Shimanski	Zellers
DeLaForest	Hamilton	Laine	Norton	Simon	Spk. Kelliher
Demmer	Hansen	Lanning	Olin	Simpson	
Dettmer	Hausman	Lenczewski	Olson	Slawik	

The bill was passed and its title agreed to.

S. F. No. 2948, A bill for an act relating to public employment; repealing final offer total package arbitration procedures for professional firefighters; repealing Minnesota Statutes 2006, section 179A.16, subdivision 7a.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Haws	Lesch	Otremba	Slocum
Anderson, B.	Dittrich	Heidgerken	Liebling	Ozment	Smith
Anderson, S.	Dominguez	Hilstrom	Lieder	Paulsen	Solberg
Anzelc	Doty	Hilty	Lillie	Paymar	Swails
Atkins	Drazkowski	Holberg	Loeffler	Pelowski	Thao
Benson	Eastlund	Hoppe	Madore	Peppin	Thissen
Berns	Eken	Hortman	Magnus	Peterson, A.	Tillberry
Bigham	Emmer	Hosch	Mariani	Peterson, N.	Tingelstad
Bly	Erhardt	Howes	Marquart	Peterson, S.	Tschumper
Brod	Erickson	Huntley	Masin	Poppe	Urdahl
Brown	Faust	Jaros	McFarlane	Rukavina	Wagenius
Brynaert	Finstad	Johnson	McNamara	Ruth	Walker
Buesgens	Fritz	Juhnke	Morgan	Ruud	Ward
Bunn	Gardner	Kahn	Morrow	Sailer	Wardlow
Carlson	Garofalo	Kalin	Mullery	Scalze	Welti
Clark	Gottwalt	Knuth	Murphy, E.	Seifert	Westrom
Cornish	Greiling	Koenen	Murphy, M.	Sertich	Winkler
Davnie	Gunther	Kohls	Nelson	Severson	Wollschlager
Dean	Hackbarth	Kranz	Nornes	Shimanski	Zellers
DeLaForest	Hamilton	Laine	Norton	Simon	Spk. Kelliher
Demmer	Hansen	Lanning	Olin	Simpson	
Dettmer	Hausman	Lenczewski	Olson	Slawik	

The bill was passed and its title agreed to.

S. F. No. 3256, A bill for an act relating to human services; modifying license requirements for day training and habilitation programs; amending Minnesota Statutes 2006, sections 245A.10, subdivision 4; 245B.07, subdivision 12.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Carlson	Eken	Hansen	Juhnke	Loeffler
Anderson, B.	Clark	Emmer	Hausman	Kahn	Madore
Anderson, S.	Cornish	Erhardt	Haws	Kalin	Magnus
Anzelc	Davnie	Erickson	Heidgerken	Knuth	Mariani
Atkins	Dean	Faust	Hilstrom	Koenen	Marquart
Benson	DeLaForest	Finstad	Hilty	Kohls	Masin
Berns	Demmer	Fritz	Holberg	Kranz	McFarlane
Bigham	Dettmer	Gardner	Hoppe	Laine	McNamara
Bly	Dill	Garofalo	Hortman	Lanning	Morgan
Brod	Dittrich	Gottwalt	Hosch	Lenczewski	Morrow
Brown	Dominguez	Greiling	Howes	Lesch	Mullery
Brynaert	Doty	Gunther	Huntley	Liebling	Murphy, E.
Buesgens	Drazkowski	Hackbarth	Jaros	Lieder	Murphy, M.
Bunn	Eastlund	Hamilton	Johnson	Lillie	Nelson

Nornes	Pelowski	Ruud	Simpson	Tillberry	Welti
Norton	Peppin	Sailer	Slawik	Tingelstad	Westrom
Olin	Peterson, A.	Scalze	Slocum	Tschumper	Winkler
Olson	Peterson, N.	Seifert	Smith	Urdahl	Wollschlager
Otremba	Peterson, S.	Sertich	Solberg	Wagenius	Zellers
Ozment	Poppe	Severson	Swails	Walker	Spk. Kelliher
Paulsen	Rukavina	Shimanski	Thao	Ward	
Paymar	Ruth	Simon	Thissen	Wardlow	

The bill was passed and its title agreed to.

S. F. No. 3137, A bill for an act relating to commuter rail; clarifying the commissioner of transportation's authority; providing for the operation and maintenance of commuter rail lines located in whole or in part within the metropolitan area; proposing coding for new law in Minnesota Statutes, chapters 174; 473.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 97 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Huntley	Mariani	Peterson, A.	Tillberry
Anderson, S.	Doty	Jaros	Marquart	Peterson, N.	Tingelstad
Anzelc	Eken	Johnson	Masin	Peterson, S.	Tschumper
Atkins	Erhardt	Juhnke	McFarlane	Poppe	Urdahl
Benson	Faust	Kahn	McNamara	Rukavina	Wagenius
Berns	Fritz	Kalin	Morgan	Ruth	Walker
Bigham	Gardner	Knuth	Morrow	Ruud	Ward
Bly	Garofalo	Koenen	Mullery	Sailer	Wardlow
Brown	Greiling	Kranz	Murphy, E.	Scalze	Welti
Brynaert	Hansen	Laine	Murphy, M.	Sertich	Winkler
Bunn	Hausman	Lenczewski	Nelson	Simon	Wollschlager
Carlson	Haws	Lesch	Norton	Slawik	Spk. Kelliher
Clark	Hilstrom	Liebling	Olin	Slocum	
Cornish	Hilty	Lieder	Otremba	Solberg	
Davnie	Hortman	Lillie	Ozment	Swails	
Dill	Hosch	Loeffler	Paymar	Thao	
Dittrich	Howes	Madore	Pelowski	Thissen	

Those who voted in the negative were:

Anderson, B.	Dettmer	Gottwalt	Hoppe	Paulsen	Smith
Brod	Drazkowski	Gunther	Kohls	Peppin	Westrom
Buesgens	Eastlund	Hackbarth	Lanning	Seifert	Zellers
Dean	Emmer	Hamilton	Magnus	Severson	
DeLaForest	Erickson	Heidgerken	Nornes	Shimanski	
Demmer	Finstad	Holberg	Olson	Simpson	

The bill was passed and its title agreed to.

H. F. No. 3222 was reported to the House.

Rukavina moved to amend H. F. No. 3222, the first engrossment, as follows:

Page 27, after line 16, insert:

"Sec. 28. Minnesota Statutes 2006, section 256B.69, subdivision 28, is amended to read:

Subd. 28. **Medicare special needs plans; medical assistance basic health care.** (a) The commissioner may contract with qualified Medicare-approved special needs plans to provide medical assistance basic health care services to persons with disabilities, including those with developmental disabilities. Basic health care services include:

(1) those services covered by the medical assistance state plan except for ICF/MR services, home and community-based waiver services, case management for persons with developmental disabilities under section 256B.0625, subdivision 20a, and personal care and certain home care services defined by the commissioner in consultation with the stakeholder group established under paragraph (d); and

(2) basic health care services may also include risk for up to 100 days of nursing facility services for persons who reside in a noninstitutional setting and home health services related to rehabilitation as defined by the commissioner after consultation with the stakeholder group.

The commissioner may exclude other medical assistance services from the basic health care benefit set. Enrollees in these plans can access any excluded services on the same basis as other medical assistance recipients who have not enrolled.

Unless a person is otherwise required to enroll in managed care, enrollment in these plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic enrollment with an option to opt out is not voluntary enrollment.

(b) Beginning January 1, 2007, the commissioner may contract with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. The commissioner shall consult with the stakeholder group under paragraph (d) in developing program specifications for these services. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Payment for Medicaid services provided under this subdivision for the months of May and June will be made no earlier than July 1 of the same calendar year.

(c) Beginning January 1, 2008, the commissioner may expand contracting under this subdivision to all persons with disabilities not otherwise required to enroll in managed care.

(d) The commissioner shall establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities, including both MnDHO and contracts with special needs plans that provide basic health care services as described in paragraphs (a) and (b). The stakeholder group shall provide advice on program expansions under this subdivision and subdivision 23, including:

(1) implementation efforts;

(2) consumer protections; and

(3) program specifications such as quality assurance measures, data collection and reporting, and evaluation of costs, quality, and results.

(e) Each plan under contract to provide medical assistance basic health care services shall establish a local or regional stakeholder group, including representatives of the counties covered by the plan, members, consumer advocates, and providers, for advice on issues that arise in the local or regional area.

(f) The commissioner is prohibited from providing the names of potential enrollees to health plans for marketing purposes. The commissioner may mail marketing materials to potential enrollees on behalf of health plans, in which case the health plans shall cover any costs incurred by the commissioner for mailing marketing materials."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Abeler and Thissen moved to amend H. F. No. 3222, the first engrossment, as amended, as follows:

Page 1, after line 14 insert:

"Section 1. Minnesota Statutes 2007 Supplement, section 256.01, subdivision 2b, is amended to read:

Subd. 2b. **Performance payments; performance measurement.** (a) The commissioner shall develop and implement a pay-for-performance system to provide performance payments to eligible medical groups and clinics that demonstrate optimum care in serving individuals with chronic diseases who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L. The commissioner may receive any federal matching money that is made available through the medical assistance program for managed care oversight contracted through vendors, including consumer surveys, studies, and external quality reviews as required by the federal Balanced Budget Act of 1997, Code of Federal Regulations, title 42, part 438-managed care, subpart E-external quality review. Any federal money received for managed care oversight is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received in either year of the biennium.

(b) Effective July 1, 2009, or upon federal approval, whichever is later, the commissioner shall develop and implement a patient incentive health program to provide incentives and rewards to patients who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L, and who have agreed to and have met personal health goals established with the patients' primary care providers to manage a chronic disease or condition, including but not limited to diabetes, high blood pressure, and coronary artery disease.

(c) The commissioner, in consultation with the Health Services Policy Committee, shall develop and provide to the legislature by December 15, 2008, a methodology and any draft legislation necessary to allow for the release, upon request, of summary data as defined in section 13.02, subdivision 19, on claims and utilization for medical assistance, general assistance medical care, and MinnesotaCare enrollees at no charge to the University of Minnesota Medical School, the Mayo Medical School, Northwestern Health Sciences University, the Institute for

Clinical Systems Improvement, and other research institutions, to conduct analyses of health care outcomes and treatment effectiveness, provided the research institutions do not release private or nonpublic data, or data for which dissemination is prohibited by law."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Abeler moved to amend H. F. No. 3222, the first engrossment, as amended, as follows:

Page 1, after line 14, insert:

"ARTICLE 1
HEALTH CARE SERVICES"

Page 32, after line 20, insert:

"ARTICLE 2
HEALTH OCCUPATIONS"

Section 1. Minnesota Statutes 2006, section 245.462, subdivision 18, is amended to read:

Subd. 18. **Mental health professional.** "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse who is licensed under sections 148.171 to 148.285; and:

(i) who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization; or

(ii) who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: an individual licensed by the Board of Psychology under sections 148.88 to 148.98 who has stated to the Board of Psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry;

(5) in marriage and family therapy: the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness; ~~or~~

(6) in licensed professional clinical counseling, the mental health professional shall, subject to approval of the commissioner, be a licensed professional clinical counselor under section 148B.5301; or

~~(6)~~ (7) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Sec. 2. Minnesota Statutes 2006, section 245.470, subdivision 1, is amended to read:

Subdivision 1. **Availability of outpatient services.** (a) County boards must provide or contract for enough outpatient services within the county to meet the needs of adults with mental illness residing in the county. Services may be provided directly by the county through county-operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with privately operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with hospital mental health outpatient programs certified by the Joint Commission on Accreditation of Hospital Organizations; or by contract with a licensed mental health professional as defined in section 245.462, subdivision 18, clauses (1) to ~~(4)~~ (6). Clients may be required to pay a fee according to section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating an adult's mental health needs through therapy;
- (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication; and
- (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Sec. 3. Minnesota Statutes 2006, section 245.4871, subdivision 27, is amended to read:

Subd. 27. **Mental health professional.** "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:

- (1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;

(3) in psychology, the mental health professional must be an individual licensed by the board of psychology under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;

(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry;

(5) in marriage and family therapy, the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders or emotional disturbances; ~~or~~

(6) in licensed professional clinical counseling, the mental health professional shall, subject to approval of the commissioner, be a licensed professional clinical counselor under section 148B.5301; or

~~(6)~~ (7) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.

Sec. 4. Minnesota Statutes 2006, section 245.488, subdivision 1, is amended to read:

Subdivision 1. **Availability of outpatient services.** (a) County boards must provide or contract for enough outpatient services within the county to meet the needs of each child with emotional disturbance residing in the county and the child's family. Services may be provided directly by the county through county-operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with privately operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with hospital mental health outpatient programs certified by the Joint Commission on Accreditation of Hospital Organizations; or by contract with a licensed mental health professional as defined in section 245.4871, subdivision 27, clauses (1) to ~~(4)~~ (6). A child or a child's parent may be required to pay a fee based in accordance with section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating the child's mental health needs through therapy; and
- (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the child requires necessary and appropriate services that are only available outside the county.

(c) Outpatient services offered by the county board to prevent placement must be at the level of treatment appropriate to the child's diagnostic assessment.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256B.0623, subdivision 5, is amended to read:

Subd. 5. **Qualifications of provider staff.** Adult rehabilitative mental health services must be provided by qualified individual provider staff of a certified provider entity. Individual provider staff must be qualified under one of the following criteria:

(1) a mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (5). If the recipient has a current diagnostic assessment by a licensed mental health professional as defined in section 245.462, subdivision 18, clauses (1) to ~~(5)~~ (6), recommending receipt of adult mental health rehabilitative services, the definition of mental health professional for purposes of this section includes a person who is qualified under section 245.462, subdivision 18, clause ~~(6)~~ (7), and who holds a current and valid national certification as a certified rehabilitation counselor or certified psychosocial rehabilitation practitioner;

(2) a mental health practitioner as defined in section 245.462, subdivision 17. The mental health practitioner must work under the clinical supervision of a mental health professional;

(3) a certified peer specialist under section 256B.0615. The certified peer specialist must work under the clinical supervision of a mental health professional; or

(4) a mental health rehabilitation worker. A mental health rehabilitation worker means a staff person working under the direction of a mental health practitioner or mental health professional and under the clinical supervision of a mental health professional in the implementation of rehabilitative mental health services as identified in the recipient's individual treatment plan who:

(i) is at least 21 years of age;

(ii) has a high school diploma or equivalent;

(iii) has successfully completed 30 hours of training during the past two years in all of the following areas: recipient rights, recipient-centered individual treatment planning, behavioral terminology, mental illness, co-occurring mental illness and substance abuse, psychotropic medications and side effects, functional assessment, local community resources, adult vulnerability, recipient confidentiality; and

(iv) meets the qualifications in subitem (A) or (B):

(A) has an associate of arts degree in one of the behavioral sciences or human services, or is a registered nurse without a bachelor's degree, or who within the previous ten years has:

(1) three years of personal life experience with serious and persistent mental illness;

(2) three years of life experience as a primary caregiver to an adult with a serious mental illness or traumatic brain injury; or

(3) 4,000 hours of supervised paid work experience in the delivery of mental health services to adults with a serious mental illness or traumatic brain injury; or

(B)(1) is fluent in the non-English language or competent in the culture of the ethnic group to which at least 20 percent of the mental health rehabilitation worker's clients belong;

(2) receives during the first 2,000 hours of work, monthly documented individual clinical supervision by a mental health professional;

(3) has 18 hours of documented field supervision by a mental health professional or practitioner during the first 160 hours of contact work with recipients, and at least six hours of field supervision quarterly during the following year;

(4) has review and cosignature of charting of recipient contacts during field supervision by a mental health professional or practitioner; and

(5) has 40 hours of additional continuing education on mental health topics during the first year of employment.

Sec. 6. Minnesota Statutes 2006, section 256B.0624, subdivision 5, is amended to read:

Subd. 5. **Mobile crisis intervention staff qualifications.** For provision of adult mental health mobile crisis intervention services, a mobile crisis intervention team is comprised of at least two mental health professionals as defined in section 245.462, subdivision 18, clauses (1) to ~~(5)~~ (6), or a combination of at least one mental health professional and one mental health practitioner as defined in section 245.462, subdivision 17, with the required mental health crisis training and under the clinical supervision of a mental health professional on the team. The team must have at least two people with at least one member providing on-site crisis intervention services when needed. Team members must be experienced in mental health assessment, crisis intervention techniques, and clinical decision-making under emergency conditions and have knowledge of local services and resources. The team must recommend and coordinate the team's services with appropriate local resources such as the county social services agency, mental health services, and local law enforcement when necessary.

Sec. 7. Minnesota Statutes 2006, section 256B.0624, subdivision 8, is amended to read:

Subd. 8. **Adult crisis stabilization staff qualifications.** (a) Adult mental health crisis stabilization services must be provided by qualified individual staff of a qualified provider entity. Individual provider staff must have the following qualifications:

(1) be a mental health professional as defined in section 245.462, subdivision 18, clauses (1) to ~~(5)~~ (6);

(2) be a mental health practitioner as defined in section 245.462, subdivision 17. The mental health practitioner must work under the clinical supervision of a mental health professional; or

(3) be a mental health rehabilitation worker who meets the criteria in section 256B.0623, subdivision 5, clause (3); works under the direction of a mental health practitioner as defined in section 245.462, subdivision 17, or under direction of a mental health professional; and works under the clinical supervision of a mental health professional.

(b) Mental health practitioners and mental health rehabilitation workers must have completed at least 30 hours of training in crisis intervention and stabilization during the past two years.

Sec. 8. Minnesota Statutes 2006, section 256B.0943, subdivision 1, is amended to read:

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

(a) "Children's therapeutic services and supports" means the flexible package of mental health services for children who require varying therapeutic and rehabilitative levels of intervention. The services are time-limited interventions that are delivered using various treatment modalities and combinations of services designed to reach treatment outcomes identified in the individual treatment plan.

(b) "Clinical supervision" means the overall responsibility of the mental health professional for the control and direction of individualized treatment planning, service delivery, and treatment review for each client. A mental health professional who is an enrolled Minnesota health care program provider accepts full professional responsibility for a supervisee's actions and decisions, instructs the supervisee in the supervisee's work, and oversees or directs the supervisee's work.

(c) "County board" means the county board of commissioners or board established under sections 402.01 to 402.10 or 471.59.

(d) "Crisis assistance" has the meaning given in section 245.4871, subdivision 9a.

(e) "Culturally competent provider" means a provider who understands and can utilize to a client's benefit the client's culture when providing services to the client. A provider may be culturally competent because the provider is of the same cultural or ethnic group as the client or the provider has developed the knowledge and skills through training and experience to provide services to culturally diverse clients.

(f) "Day treatment program" for children means a site-based structured program consisting of group psychotherapy for more than three individuals and other intensive therapeutic services provided by a multidisciplinary team, under the clinical supervision of a mental health professional.

(g) "Diagnostic assessment" has the meaning given in section 245.4871, subdivision 11.

(h) "Direct service time" means the time that a mental health professional, mental health practitioner, or mental health behavioral aide spends face-to-face with a client and the client's family. Direct service time includes time in which the provider obtains a client's history or provides service components of children's therapeutic services and supports. Direct service time does not include time doing work before and after providing direct services, including scheduling, maintaining clinical records, consulting with others about the client's mental health status, preparing reports, receiving clinical supervision directly related to the client's psychotherapy session, and revising the client's individual treatment plan.

(i) "Direction of mental health behavioral aide" means the activities of a mental health professional or mental health practitioner in guiding the mental health behavioral aide in providing services to a client. The direction of a mental health behavioral aide must be based on the client's individualized treatment plan and meet the requirements in subdivision 6, paragraph (b), clause (5).

(j) "Emotional disturbance" has the meaning given in section 245.4871, subdivision 15. For persons at least age 18 but under age 21, mental illness has the meaning given in section 245.462, subdivision 20, paragraph (a).

(k) "Individual behavioral plan" means a plan of intervention, treatment, and services for a child written by a mental health professional or mental health practitioner, under the clinical supervision of a mental health professional, to guide the work of the mental health behavioral aide.

(l) "Individual treatment plan" has the meaning given in section 245.4871, subdivision 21.

(m) "Mental health professional" means an individual as defined in section 245.4871, subdivision 27, clauses (1) to ~~(5)~~(6), or tribal vendor as defined in section 256B.02, subdivision 7, paragraph (b).

(n) "Preschool program" means a day program licensed under Minnesota Rules, parts 9503.0005 to 9503.0175, and enrolled as a children's therapeutic services and supports provider to provide a structured treatment program to a child who is at least 33 months old but who has not yet attended the first day of kindergarten.

(o) "Skills training" means individual, family, or group training designed to improve the basic functioning of the child with emotional disturbance and the child's family in the activities of daily living and community living, and to improve the social functioning of the child and the child's family in areas important to the child's maintaining or reestablishing residency in the community. Individual, family, and group skills training must:

(1) consist of activities designed to promote skill development of the child and the child's family in the use of age-appropriate daily living skills, interpersonal and family relationships, and leisure and recreational services;

(2) consist of activities that will assist the family's understanding of normal child development and to use parenting skills that will help the child with emotional disturbance achieve the goals outlined in the child's individual treatment plan; and

(3) promote family preservation and unification, promote the family's integration with the community, and reduce the use of unnecessary out-of-home placement or institutionalization of children with emotional disturbance.

Sec. 9. Minnesota Statutes 2006, section 256J.08, subdivision 73a, is amended to read:

Subd. 73a. **Qualified professional.** (a) For physical illness, injury, or incapacity, a "qualified professional" means a licensed physician, a physician's assistant, a nurse practitioner, or a licensed chiropractor.

(b) For developmental disability and intelligence testing, a "qualified professional" means an individual qualified by training and experience to administer the tests necessary to make determinations, such as tests of intellectual functioning, assessments of adaptive behavior, adaptive skills, and developmental functioning. These professionals include licensed psychologists, certified school psychologists, or certified psychometrists working under the supervision of a licensed psychologist.

(c) For learning disabilities, a "qualified professional" means a licensed psychologist or school psychologist with experience determining learning disabilities.

(d) For mental health, a "qualified professional" means a licensed physician or a qualified mental health professional. A "qualified mental health professional" means:

(1) for children, in psychiatric nursing, a registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) for adults, in psychiatric nursing, a registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist in adult psychiatric and mental health nursing by a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in clinical social work, a person licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(4) in psychology, an individual licensed by the Board of Psychology under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the diagnosis and treatment of mental illness;

(5) in psychiatry, a physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry; ~~and~~

(6) in marriage and family therapy, the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39, with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness; and

(7) in licensed professional clinical counseling, the mental health professional shall, subject to approval of the commissioner, be a licensed professional clinical counselor under section 148B.5301."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Eastlund moved to amend H. F. No. 3222, the first engrossment, as amended, as follows:

Page 32, after line 20, insert:

"Sec. 30. **REPEALER.**

Minnesota Statutes 2007 Supplement, section 256.962, subdivision 6, is repealed.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Eastlund amendment and the roll was called. There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Gottwalt	Juhnke	Ozment	Tillberry
Anderson, B.	Demmer	Greiling	Kohls	Paulsen	Tingelstad
Anderson, S.	Dettmer	Gunther	Lanning	Peppin	Urdahl
Benson	Drazkowski	Hackbarth	Magnus	Peterson, N.	Wardlow
Berns	Eastlund	Hamilton	Mariani	Ruth	Westrom
Brod	Emmer	Heidgerken	McFarlane	Scalze	Wollschlager
Buesgens	Erickson	Holberg	McNamara	Seifert	Zellers
Cornish	Finstad	Hoppe	Nornes	Simpson	
Dean	Garofalo	Howes	Olson	Smith	

Those who voted in the negative were:

Anzelc	Doty	Huntley	Lillie	Otremba	Solberg
Atkins	Eken	Jaros	Loeffler	Paymar	Swails
Bigham	Erhardt	Johnson	Madore	Pelowski	Thao
Bly	Faust	Kahn	Marquart	Peterson, A.	Thissen
Brown	Fritz	Kalin	Masin	Peterson, S.	Tschumper
Brynaert	Gardner	Knuth	Morgan	Poppe	Wagenius
Bunn	Hansen	Koenen	Morrow	Rukavina	Walker
Carlson	Hausman	Kranz	Mullery	Ruud	Ward
Clark	Haws	Laine	Murphy, E.	Sailer	Welti
Davnie	Hilstrom	Lenczewski	Murphy, M.	Sertich	Winkler
Dill	Hilty	Lesch	Nelson	Simon	Spk. Kelliher
Dittrich	Hortman	Liebling	Norton	Slawik	
Dominguez	Hosch	Lieder	Olin	Slocum	

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

Speaker pro tempore Pelowski called Thissen to the Chair.

Huntley moved that H. F. No. 3222, as amended, be temporarily continued on the Calendar for the Day. The motion prevailed.

H. F. No. 3494, A bill for an act relating to employment; providing up to three hours of paid leave in any 12-month period for state employees to donate blood; authorizing employers to provide leave to employees to donate blood; proposing coding for new law in Minnesota Statutes, chapters 43A; 181.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 104 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Huntley	Mariani	Pelowski	Thao
Anderson, S.	Eken	Jaros	Marquart	Peterson, A.	Thissen
Anzelc	Erhardt	Johnson	Masin	Peterson, N.	Tillberry
Atkins	Faust	Juhnke	McFarlane	Peterson, S.	Tingelstad
Benson	Fritz	Kahn	McNamara	Poppe	Tschumper
Berns	Gardner	Kalin	Morgan	Rukavina	Urdahl
Bigham	Greiling	Knuth	Morrow	Ruth	Wagenius
Bly	Gunther	Koenen	Mullery	Ruud	Walker
Brown	Hamilton	Kranz	Murphy, E.	Sailer	Ward
Brynaert	Hansen	Laine	Murphy, M.	Scalze	Wardlow
Bunn	Hausman	Lanning	Nelson	Sertich	Welti
Carlson	Haws	Lenczewski	Nornes	Severson	Winkler
Clark	Heidgerken	Lesch	Norton	Simon	Wollschlager
Cornish	Hilstrom	Liebling	Olin	Slawik	Spk. Kelliher
Davnie	Hilty	Lieder	Otremba	Slocum	
Dill	Hortman	Lillie	Ozment	Smith	
Dittrich	Hosch	Loeffler	Paulsen	Solberg	
Dominguez	Howes	Madore	Paymar	Swails	

Those who voted in the negative were:

Anderson, B.	Demmer	Erickson	Holberg	Peppin	Zellers
Brod	Dettmer	Finstad	Hoppe	Seifert	
Buesgens	Drazkowski	Garofalo	Kohls	Shimanski	
Dean	Eastlund	Gottwalt	Magnus	Simpson	
DeLaForest	Emmer	Hackbarth	Olson	Westrom	

The bill was passed and its title agreed to.

H. F. No. 3367, A bill for an act relating to data practices; modifying provisions of the open meeting law; providing for attorney fees; amending Minnesota Statutes 2006, sections 13D.05, subdivision 1; 13D.06, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 13D.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Haws	Lesch	Otremba	Slocum
Anderson, B.	Dittrich	Heidgerken	Liebling	Ozment	Smith
Anderson, S.	Dominguez	Hilstrom	Lieder	Paulsen	Solberg
Anzelc	Doty	Hilty	Lillie	Paymar	Swails
Atkins	Drazkowski	Holberg	Loeffler	Pelowski	Thao
Benson	Eastlund	Hoppe	Madore	Peppin	Thissen
Berns	Eken	Hortman	Magnus	Peterson, A.	Tillberry
Bigham	Emmer	Hosch	Mariani	Peterson, N.	Tingelstad
Bly	Erhardt	Howes	Marquart	Peterson, S.	Tschumper
Brod	Erickson	Huntley	Masin	Poppe	Urdahl
Brown	Faust	Jaros	McFarlane	Rukavina	Wagenius
Brynaert	Finstad	Johnson	McNamara	Ruth	Walker
Buesgens	Fritz	Juhnke	Morgan	Ruud	Ward
Bunn	Gardner	Kahn	Morrow	Sailer	Wardlow
Carlson	Garofalo	Kalin	Mullery	Scalze	Welti
Clark	Gottwalt	Knuth	Murphy, E.	Seifert	Westrom
Cornish	Greiling	Koenen	Murphy, M.	Sertich	Winkler
Davnie	Gunther	Kohls	Nelson	Severson	Wollschlager
Dean	Hackbarth	Kranz	Nornes	Shimanski	Zellers
DeLaForest	Hamilton	Laine	Norton	Simon	Spk. Kelliher
Demmer	Hansen	Lanning	Olin	Simpson	
Dettmer	Hausman	Lenczewski	Olson	Slawik	

The bill was passed and its title agreed to.

H. F. No. 3585 was reported to the House.

Koenen moved to amend H. F. No. 3585, the third engrossment, as follows:

Amend the title as follows:

Page 1, line 3, delete "authorizing bonds;"

The motion prevailed and the amendment was adopted.

Zellers moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 1, line 24, after the period, insert "The county's aid payment under section 477A.0124 shall be reduced by an amount equal to the total amount of the consideration the county provided in acquiring its ownership interest. If the amount of the consideration exceeds the county aid payment in the year, the remaining amount will be deducted from the aid payment in subsequent years."

A roll call was requested and properly seconded.

The question was taken on the Zellers amendment and the roll was called. There were 47 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Garofalo	Kohls	Ozment	Simpson
Anderson, S.	Dettmer	Gottwalt	Kranz	Paulsen	Smith
Berns	Drazkowski	Gunther	Lanning	Pelowski	Tillberry
Brod	Eastlund	Hackbarth	Magnus	Peppin	Tingelstad
Buesgens	Emmer	Hamilton	McFarlane	Ruth	Wardlow
Cornish	Erhardt	Holberg	McNamara	Seifert	Westrom
Dean	Erickson	Hoppe	Nornes	Severson	Zellers
DeLaForest	Finstad	Howes	Olson	Shimanski	

Those who voted in the negative were:

Abeler	Dominguez	Hosch	Lillie	Otremba	Solberg
Anzelc	Doty	Huntley	Loeffler	Paymar	Swails
Atkins	Eken	Jaros	Madore	Peterson, A.	Thao
Benson	Faust	Johnson	Mariani	Peterson, N.	Thissen
Bigham	Fritz	Juhnke	Marquart	Peterson, S.	Tschumper
Bly	Gardner	Kahn	Masin	Poppe	Urdahl
Brown	Greiling	Kalin	Morgan	Rukavina	Wagenius
Brynaert	Hansen	Knuth	Morrow	Ruud	Walker
Bunn	Hausman	Koenen	Mullery	Sailer	Ward
Carlson	Haws	Laine	Murphy, E.	Scalze	Welti
Clark	Heidgerken	Lenczewski	Murphy, M.	Sertich	Winkler
Davnie	Hilstrom	Lesch	Nelson	Simon	Wollschlager
Dill	Hilty	Liebling	Norton	Slawik	Spk. Kelliher
Dittrich	Hortman	Lieder	Olin	Slocum	

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

Kohls moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 1, line 9, before "A" insert "(a) Except as restricted in paragraph (b),"

Page 1, after line 13, insert:

"(b) A county may participate in a C-BED project under paragraph (a) only if the energy cost savings realized from participation are matched by commensurate reductions in the property tax."

A roll call was requested and properly seconded.

The question was taken on the Kohls amendment and the roll was called. There were 40 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	DeLaForest	Finstad	Howes	Olson	Simpson
Anderson, S.	Demmer	Garofalo	Kohls	Paulsen	Smith
Berns	Dettmer	Gottwalt	Kranz	Peppin	Wardlow
Brod	Drazkowski	Gunther	Magnus	Ruth	Westrom
Buesgens	Eastlund	Hackbarth	McFarlane	Seifert	Zellers
Cornish	Emmer	Holberg	McNamara	Severson	
Dean	Erickson	Hoppe	Nornes	Shimanski	

Those who voted in the negative were:

Abeler	Doty	Hosch	Lillie	Ozment	Solberg
Anzelc	Eken	Huntley	Loeffler	Paymar	Swails
Atkins	Erhardt	Jaros	Madore	Pelowski	Thao
Benson	Faust	Johnson	Mariani	Peterson, A.	Thissen
Bigham	Fritz	Juhnke	Marquart	Peterson, N.	Tillberry
Bly	Gardner	Kahn	Masin	Peterson, S.	Tingelstad
Brown	Greiling	Kalin	Morgan	Poppe	Tschumper
Brynaert	Hamilton	Knuth	Morrow	Rukavina	Urdahl
Bunn	Hansen	Koenen	Mullery	Ruud	Wagenius
Carlson	Hausman	Laine	Murphy, E.	Sailer	Walker
Clark	Haws	Lanning	Murphy, M.	Scalze	Ward
Davnie	Heidgerken	Lenczewski	Nelson	Sertich	Welti
Dill	Hilstrom	Lesch	Norton	Simon	Winkler
Dittrich	Hilty	Liebling	Olin	Slawik	Wollschlager
Dominguez	Hortman	Lieder	Otremba	Slocum	Spk. Kelliher

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

Zellers moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 2, after line 9, insert:

"Sec. 3. [373.481] COUNTY OWNERSHIP OF BIODIESEL PLANT; PROHIBITION.

A Minnesota county may not maintain, directly or indirectly, an ownership interest in an entity that manufactures biodiesel fuel, as defined in section 239.77, subdivision 1."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Westrom moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 1, line 12, after "section" insert ", except that a Minnesota county may not own, directly or indirectly, more than ten percent of a C-BED project"

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

Drazkowski moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 1, line 12, after the period, insert "A Minnesota political subdivision or local government may not acquire property under this subdivision through eminent domain."

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	Finstad	Kalin	Ozment	Smith
Anderson, B.	Dean	Gardner	Knuth	Paulsen	Swails
Anderson, S.	DeLaForest	Garofalo	Kohls	Peppin	Thissen
Anzelc	Demmer	Gottwalt	Kranz	Poppe	Tingelstad
Atkins	Dettmer	Gunther	Lesch	Rukavina	Tschumper
Benson	Dill	Hackbarth	Madore	Ruth	Wardlow
Berns	Dittrich	Hamilton	Magnus	Ruud	Welti
Bigham	Drazkowski	Haws	McFarlane	Scalze	Westrom
Bly	Eastlund	Hilty	McNamara	Seifert	Zellers
Brod	Emmer	Holberg	Morgan	Severson	
Brown	Erhardt	Hoppe	Nornes	Shimanski	
Buesgens	Erickson	Hosch	Olin	Simpson	
Bunn	Faust	Howes	Olson	Slawik	

Those who voted in the negative were:

Brynaert	Hausman	Laine	Morrow	Peterson, S.	Walker
Carlson	Heidgerken	Lanning	Mullery	Sailer	Ward
Clark	Hilstrom	Lenczewski	Murphy, E.	Sertich	Winkler
Davnie	Hortman	Liebling	Murphy, M.	Simon	Wollschlager
Dominguez	Huntley	Lieder	Norton	Slocum	Spk. Kelliher
Doty	Jaros	Lillie	Otremba	Solberg	
Eken	Johnson	Loeffler	Paymar	Thao	
Fritz	Juhnke	Mariani	Pelowski	Tillberry	
Greiling	Kahn	Marquart	Peterson, A.	Urdahl	
Hansen	Koenen	Masin	Peterson, N.	Wagenius	

The motion prevailed and the amendment was adopted.

Westrom moved to amend H. F. No. 3585, the third engrossment, as amended, as follows:

Page 1, line 13, after the period, insert "If the C-BED project is not profitable after two years of implementation of the project, the Minnesota political subdivision or local government shall sell any property acquired for the purposes of that project."

A roll call was requested and properly seconded.

The question was taken on the Westrom amendment and the roll was called. There were 38 yeas and 92 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	DeLaForest	Garofalo	Kohls	Peppin	Wardlow
Anderson, S.	Dettmer	Gottwalt	Kranz	Ruth	Westrom
Berns	Drazkowski	Gunther	Magnus	Seifert	Zellers
Brod	Eastlund	Hackbarth	McNamara	Severson	
Buesgens	Emmer	Holberg	Nornes	Shimanski	
Cornish	Erickson	Hoppe	Olson	Simpson	
Dean	Finstad	Howes	Paulsen	Smith	

Those who voted in the negative were:

Abeler	Doty	Huntley	Madore	Pelowski	Thissen
Anzelc	Eken	Jaros	Mariani	Peterson, A.	Tillberry
Atkins	Erhardt	Johnson	Marquart	Peterson, N.	Tingelstad
Benson	Faust	Juhnke	Masin	Peterson, S.	Tschumper
Bigham	Fritz	Kahn	McFarlane	Poppe	Urdahl
Bly	Gardner	Kalin	Morgan	Rukavina	Wagenius
Brown	Greiling	Knuth	Morrow	Ruud	Walker
Brynaert	Hamilton	Koenen	Mullery	Sailer	Ward
Bunn	Hansen	Laine	Murphy, E.	Scalze	Welti
Carlson	Hausman	Lanning	Murphy, M.	Sertich	Winkler
Clark	Haws	Lenczewski	Nelson	Simon	Wollschlager
Davnie	Heidgerken	Lesch	Norton	Slawik	Spk. Kelliher
Demmer	Hilstrom	Liebling	Olin	Slocum	
Dill	Hilty	Lieder	Otremba	Solberg	
Dittrich	Hortman	Lillie	Ozment	Swails	
Dominguez	Hosch	Loeffler	Paymar	Thao	

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

H. F. No. 3585, A bill for an act relating to energy; authorizing certain governments to engage in energy-related activities, including ownership of renewable energy projects; amending Minnesota Statutes 2006, section 216B.1612, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 373.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 95 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jaros	Magnus	Ozment	Swails
Anzelc	Faust	Johnson	Mariani	Paymar	Thao
Atkins	Fritz	Juhnke	Marquart	Pelowski	Thissen
Benson	Gardner	Kahn	Masin	Peterson, A.	Tillberry
Bigham	Greiling	Kalin	McFarlane	Peterson, N.	Tingelstad
Bly	Gunther	Knuth	McNamara	Peterson, S.	Tschumper
Brown	Hamilton	Koenen	Morgan	Poppe	Urdahl
Brynaert	Hansen	Kranz	Morrow	Rukavina	Wagenius
Bunn	Hausman	Laine	Mullery	Ruud	Walker
Carlson	Haws	Lenczewski	Murphy, E.	Sailer	Ward
Clark	Heidgerken	Lesch	Murphy, M.	Scalze	Welti
Davnie	Hilstrom	Liebling	Nelson	Sertich	Westrom
Dill	Hilty	Lieder	Nornes	Simon	Winkler
Dittrich	Hortman	Lillie	Norton	Slawik	Wollschlager
Dominguez	Hosch	Loeffler	Olin	Slocum	Spk. Kelliher
Doty	Huntley	Madore	Otremba	Solberg	

Those who voted in the negative were:

Anderson, B.	Dean	Emmer	Hackbarth	Olson	Shimanski
Anderson, S.	DeLaForest	Erhardt	Holberg	Paulsen	Simpson
Berns	Demmer	Erickson	Hoppe	Peppin	Smith
Brod	Dettmer	Finstad	Howes	Ruth	Wardlow
Buesgens	Draskowski	Garofalo	Kohls	Seifert	Zellers
Cornish	Eastlund	Gottwalt	Lanning	Severson	

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

S. F. No. 2576, A bill for an act relating to crimes; including false police and fire emergency calls as misdemeanor offense; amending Minnesota Statutes 2006, section 609.78, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Dean	Eastlund	Garofalo	Heidgerken
Anderson, B.	Brown	DeLaForest	Eken	Gottwalt	Hilstrom
Anderson, S.	Brynaert	Demmer	Emmer	Greiling	Hilty
Anzelc	Buesgens	Dettmer	Erhardt	Gunther	Holberg
Atkins	Bunn	Dill	Erickson	Hackbarth	Hoppe
Benson	Carlson	Dittrich	Faust	Hamilton	Hortman
Berns	Clark	Dominguez	Finstad	Hansen	Hosch
Bigham	Cornish	Doty	Fritz	Hausman	Howes
Bly	Davnie	Draskowski	Gardner	Haws	Huntley

Jaros	Liebling	Mullery	Peppin	Simon	Ward
Johnson	Lieder	Murphy, E.	Peterson, A.	Simpson	Wardlow
Juhnke	Lillie	Murphy, M.	Peterson, N.	Slocum	Welti
Kahn	Loeffler	Nelson	Peterson, S.	Smith	Westrom
Kalin	Madore	Nornes	Poppe	Solberg	Winkler
Knuth	Magnus	Norton	Ruth	Swails	Wollschlager
Koenen	Mariani	Olin	Ruud	Thao	Zellers
Kohls	Marquart	Olson	Sailer	Tillberry	Spk. Kelliher
Kranz	Masin	Otremba	Scalze	Tingelstad	
Laine	McFarlane	Ozment	Seifert	Tschumper	
Lanning	McNamara	Paulsen	Sertich	Urdahl	
Lenczewski	Morgan	Paymar	Severson	Wagenius	
Lesch	Morrow	Pelowski	Shimanski	Walker	

Those who voted in the negative were:

Rukavina	Slawik	Thissen
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The bill was passed and its title agreed to.

S. F. No. 2988, A bill for an act relating to pupil transportation; establishing qualifications for type III school bus drivers; providing criminal penalties; amending Minnesota Statutes 2006, sections 169A.03, subdivision 23; 171.02, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 169.443, subdivision 9.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 102 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hilty	Lesch	Olin	Smith
Anderson, S.	Dittrich	Hoppe	Liebling	Otremba	Solberg
Anzels	Dominguez	Hortman	Lieder	Ozment	Swails
Atkins	Doty	Hosch	Lillie	Paulsen	Thao
Benson	Eastlund	Howes	Loeffler	Paymar	Thissen
Berns	Eken	Huntley	Madore	Pelowski	Tillberry
Bigham	Erhardt	Jaros	Mariani	Peterson, A.	Tingelstad
Bly	Faust	Johnson	Marquart	Peterson, N.	Tschumper
Brod	Fritz	Juhnke	Masin	Peterson, S.	Urdahl
Brown	Gardner	Kahn	McFarlane	Poppe	Wagenius
Brynaert	Garofalo	Kalin	Morgan	Ruud	Walker
Bunn	Gottwalt	Knuth	Morrow	Sailer	Ward
Carlson	Greiling	Koenen	Mullery	Scalze	Wardlow
Clark	Hansen	Kranz	Murphy, E.	Sertich	Welti
Cornish	Hausman	Laine	Murphy, M.	Simon	Winkler
Davnie	Haws	Lanning	Nelson	Slawik	Wollschlager
Demmer	Hilstrom	Lenczewski	Norton	Slocum	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Drazkowski	Hackbarth	Magnus	Rukavina	Simpson
Buesgens	Emmer	Hamilton	McNamara	Ruth	Westrom
Dean	Erickson	Heidgerken	Nornes	Seifert	Zellers
DeLaForest	Finstad	Holberg	Olson	Severson	
Dettmer	Gunther	Kohls	Peppin	Shimanski	

The bill was passed and its title agreed to.

S. F. No. 3360 was reported to the House.

Mullery moved to amend S. F. No. 3360, the first engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 3132, the second engrossment:

"Section 1. Minnesota Statutes 2006, section 343.31, subdivision 1, is amended to read:

Subdivision 1. **Penalty for animal fighting; possessing animal fighting devices; attending animal fight.** ~~A person who~~ (a) Whoever does any of the following is guilty of a felony:

(1) promotes, engages in, or is employed in the activity of cockfighting, dogfighting, or violent pitting of one ~~domestic~~ animal against another of the same or a different kind;

(2) receives money for the admission of a person to a place used, or about to be used, for that activity;

(3) willfully permits a person to enter or use for that activity premises of which the permitter is the owner, agent, or occupant; or

(4) uses, trains, or possesses a dog or other animal for the purpose of participating in, engaging in, or promoting that activity.

(b) Whoever possesses any device or substance with intent to use or permit the use of the same to enhance an animal's ability to fight is guilty of a felony. ~~A person who~~

(c) Whoever purchases a ticket of admission or otherwise gains admission to ~~that the~~ activity of cockfighting, dogfighting, or violent pitting of one animal against another of the same or a different kind is guilty of a gross misdemeanor."

Delete the title and insert:

"A bill for an act relating to animals; changing provisions prohibiting animal fights and possession of certain items; imposing penalties; amending Minnesota Statutes 2006, section 343.31, subdivision 1."

The motion prevailed and the amendment was adopted.

Mullery and Kohls moved to amend S. F. No. 3360, the first engrossment, as amended, as follows:

Page 1, line 11, before "animal" insert "pet or companion" and after "animal" insert "as defined in section 346.35, subdivision 6."

Page 1, line 21, after "one" insert "pet or companion" and after "animal" insert "as defined in section 346.35, subdivision 6."

Page 1, after line 22, insert:

"(d) This subdivision shall not apply to the taking of a wild animal by hunting."

The motion prevailed and the amendment was adopted.

S. F. No. 3360, A bill for an act relating to animals; prohibiting the possession of certain items related to animal fighting; imposing criminal penalties; amending Minnesota Statutes 2006, section 343.31, subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 118 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Holberg	Lieder	Ozment	Solberg
Anderson, S.	Dittrich	Hoppe	Lillie	Paulsen	Swails
Anzelc	Dominguez	Hortman	Loeffler	Paymar	Thao
Atkins	Doty	Hosch	Madore	Pelowski	Thissen
Benson	Eastlund	Howes	Magnus	Peterson, A.	Tillberry
Berns	Eken	Huntley	Mariani	Peterson, N.	Tingelstad
Bigham	Erhardt	Jaros	Marquart	Peterson, S.	Tschumper
Bly	Erickson	Johnson	Masin	Poppe	Urdahl
Brod	Faust	Juhnke	McFarlane	Rukavina	Wagenius
Brown	Fritz	Kahn	McNamara	Ruth	Walker
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Bunn	Gottwalt	Knuth	Morrow	Sailer	Wardlow
Carlson	Greiling	Koenen	Mullery	Scalze	Welti
Clark	Gunther	Kohls	Murphy, E.	Sertich	Westrom
Cornish	Hamilton	Kranz	Murphy, M.	Severson	Winkler
Davnie	Hansen	Laine	Nelson	Simon	Wollschlager
Dean	Hausman	Lanning	Nornes	Simpson	Zellers
DeLaForest	Haws	Lenczewski	Norton	Slawik	Spk. Kelliher
Demmer	Hilstrom	Lesch	Olin	Slocum	
Dettmer	Hilty	Liebling	Otremba	Smith	

Those who voted in the negative were:

Anderson, B.	Drazkowski	Finstad	Hackbarth	Olson	Seifert
Buesgens	Emmer	Garofalo	Heidgerken	Peppin	Shimanski

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

S. F. No. 3372 was reported to the House.

Emmer offered an amendment to S. F. No. 3372, the second engrossment.

POINT OF ORDER

Madore raised a point of order pursuant to rule 3.21 that the Emmer amendment was not in order. Speaker pro tempore Thissen ruled the point of order well taken and the Emmer amendment out of order.

Holberg moved to amend S. F. No. 3372, the second engrossment, as follows:

Page 1, line 13, delete "50 percent discount" and insert "discounted rate"

Page 1, line 14, delete "50 percent"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

S. F. No. 3372, A bill for an act relating to traffic regulations; establishing minimum requirements for city's permit program for long-term disability parking; amending Minnesota Statutes 2006, section 169.346, subdivision 5.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 84 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hortman	Lesch	Nelson	Slocum
Anzelc	Dominguez	Hosch	Lieder	Olin	Solberg
Atkins	Doty	Howes	Lillie	Otremba	Swails
Benson	Eken	Huntley	Madore	Paulsen	Thao
Berns	Erhardt	Jaros	Magnus	Paymar	Thissen
Bigham	Faust	Johnson	Mariani	Peterson, A.	Tillberry
Bly	Gardner	Juhnke	Marquart	Peterson, S.	Tingelstad
Brod	Greiling	Kahn	Masin	Rukavina	Tschumper
Brynaert	Hamilton	Kalin	McNamara	Ruud	Wagenius
Bunn	Hansen	Knuth	Morgan	Sailer	Walker
Carlson	Hausman	Koenen	Morrow	Scalze	Ward
Clark	Haws	Kranz	Mullery	Sertich	Winkler
Davnie	Hilstrom	Laine	Murphy, E.	Simon	Wollschlager
Dill	Hilty	Lenczewski	Murphy, M.	Slawik	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Dettmer	Gottwalt	Liebling	Peppin	Smith
Anderson, S.	Drazkowski	Gunther	Loeffler	Peterson, N.	Urdahl
Brown	Eastlund	Hackbarth	McFarlane	Poppe	Wardlow
Buesgens	Emmer	Heidgerken	Nornes	Ruth	Welti
Cornish	Erickson	Holberg	Norton	Seifert	Westrom
Dean	Finstad	Hoppe	Olson	Severson	Zellers
DeLaForest	Fritz	Kohls	Ozment	Shimanski	
Demmer	Garofalo	Lanning	Pelowski	Simpson	

The bill was passed and its title agreed to.

H. F. No. 3699 was reported to the House.

Hilty moved to amend H. F. No. 3699, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 204C.35, subdivision 1, is amended to read:

Subdivision 1. **Automatic recounts.** (a) In a state primary when the difference between the votes cast for the candidates for nomination to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or district judicial office:

(1) is less than one-half of one percent of the total number of votes counted for that nomination; or

(2) is ten votes or less and the total number of votes cast for the nomination is 400 votes or less;

and the difference determines the nomination, the canvassing board with responsibility for declaring the results for that office shall manually recount the vote.

(b) In a state general election when the difference between the votes of a candidate who would otherwise be declared elected to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or district judicial office and the votes of any other candidate for that office:

(1) is less than one-half of one percent of the total number of votes counted for that office; or

(2) is ten votes or less if the total number of votes cast for the office is 400 votes or less,

the canvassing board shall manually recount the votes.

(c) A recount must not delay any other part of the canvass. The results of the recount must be certified by the canvassing board as soon as possible.

(d) Time for notice of a contest for an office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the canvassing board.

(e) A losing candidate may waive a recount required pursuant to this section by filing a written notice of waiver with the canvassing board.

Sec. 2. Minnesota Statutes 2006, section 204C.35, subdivision 2, is amended to read:

Subd. 2. **Optional Discretionary candidate recount.** (a) A losing candidate whose name was on the ballot for nomination or election to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or district judicial office may request a recount in a manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by this section. The votes shall be manually recounted as provided in this section if the candidate files a request during the time for filing notice of contest of the primary or election for which a recount is sought.

(b) The requesting candidate shall file with the filing officer a bond, cash, or surety in an amount set by the filing officer for the payment of the recount expenses. The requesting candidate is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; the costs of computer operation, preparation of ballot counting equipment, necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

(c) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list, the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).

(d) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

(e) If the results of the vote counting in the manual recount is different from the results of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the election results shall be subject to a complete review as provided in section 206.89, subdivision 5, in which case the cost of the recount and review must be paid by the jurisdiction conducting the recount.

(f) This subdivision does not apply to any of the offices covered by section 206.89, subdivision 3.

Sec. 3. Minnesota Statutes 2006, section 204C.36, subdivision 2, is amended to read:

Subd. 2. **Discretionary candidate recounts.** (a) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount in the manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by subdivision 1, clauses (a) to (e). The votes shall be manually recounted as provided in this section if the requesting candidate files with the county auditor, municipal clerk, or school district clerk a bond, cash, or surety in an amount set by the governing body of the jurisdiction or the school board of the school district for the payment of the recount expenses.

(b) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).

(c) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

(d) If the results of the vote counting in the manual recount is different from the results of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the election results shall be subject to a complete review as provided in section 206.89, subdivision 5, in which case the cost of the recount and review must be paid by the jurisdiction conducting the recount.

Sec. 4. Minnesota Statutes 2007 Supplement, section 206.57, subdivision 5, is amended to read:

Subd. 5. **Voting system for disabled voters.** In federal and state elections held after December 31, 2005; in county, city, and school district elections held after December 31, 2007; and, except as provided in subdivision 5a, in township elections held after December 31, 2009, the voting method used in each polling place must include a voting system that is accessible for individuals with disabilities, including nonvisual accessibility for the blind and visually impaired in a manner that provides the same opportunity for access and participation, including privacy and independence, as for other voters.

Sec. 5. Minnesota Statutes 2006, section 206.57, is amended by adding a subdivision to read:

Subd. 5a. **Limited town exemptions.** (a) A town conducting an election not held in conjunction with any federal, state, county, or school district election shall be exempt from the requirements of subdivision 5 if the town has fewer than 500 registered voters, as determined by the secretary of state by June 1 of each year.

(b) A town which would otherwise satisfy the requirements of this subdivision shall still be required to comply with subdivision 5 at its next general town election if the voters at the preceding year's annual town meeting instruct the town to conduct elections in compliance with subdivision 5.

(c) If the secretary of state, after consultation with the Minnesota Association of Townships, county auditors, or other interested parties, determines that a town's share of the cost of compliance with subdivision 5 will not exceed \$150 for an election, the town may not use the exemption under paragraph (a) and shall conduct elections under subdivision 5. In determining the town's cost of compliance, the secretary shall include any expense associated with programming, ballot preparation and printing, and the equipment costs directly related to compliance with subdivision 5.

Sec. 6. Minnesota Statutes 2006, section 206.57, is amended by adding a subdivision to read:

Subd. 5b. **Township voting equipment study.** (a) Beginning in 2009 and at least once every other year until 2016, the secretary of state shall consult with interested parties, including, but not limited to, members of the legislature, town officers, county election officials, the National Federation of the Blind, the Minnesota State Council on Disability, and the Disability Law Center regarding:

(1) options for full compliance with Minnesota Statutes, section 206.57, subdivision 5; and

(2) ongoing costs of compliance with Minnesota Statutes, section 206.57, subdivision 5, and methods of reducing those costs.

(b) Beginning January 15, 2010, and until January 15, 2017, the secretary of state shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over elections policy and finance regarding the findings, discussions, and developments under paragraph (a).

Sec. 7. Minnesota Statutes 2006, section 206.89, subdivision 2, is amended to read:

Subd. 2. **Selection for review; notice.** At the canvass of the state primary, the county canvassing board in each county must set the date, time, and place for the postelection review of the state general election to be held under this section.

A losing candidate whose name appeared on the ballot may specify up to three precincts in the state to be reviewed by submitting a request listing the precincts to the secretary of state no later than noon on the second day after the general election. The secretary of state must forward these requests to the appropriate county auditor by the end of business on the second day after the general election. County canvassing boards must review the precincts selected by candidates under this subdivision.

At the canvass of the state general election, the county canvassing boards must select ~~the other~~ precincts to be reviewed by lot. The county canvassing board of a county with fewer than 50,000 registered voters must conduct a postelection review of a total of ~~select~~ at least two precincts for postelection review. The county canvassing board of a county with between 50,000 and 100,000 registered voters must conduct a review of a total of ~~select~~ at least three precincts for review. The county canvassing board of a county with over 100,000 registered voters must conduct a review of a total of ~~select~~ at least four precincts, or three percent of the total number of precincts in the county, whichever is greater. ~~The precincts must be selected by lot at a public meeting~~. At least one precinct selected in each county must have had more than 150 votes cast at the general election.

The county auditor must notify the secretary of state of the precincts that have been chosen for review and the time and place the postelection review for that county will be conducted, as soon as the decisions are made. If the selection of precincts has not resulted in the selection of at least four precincts in each congressional district, the secretary of state may require counties to select by lot additional precincts to meet the congressional district requirement. The secretary of state must post this information on the office Web site."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Anderson, S., was excused for the remainder of today's session.

Brod, Emmer and Hoppe offered an amendment to H. F. No. 3699, the first engrossment, as amended.

POINT OF ORDER

Hilty raised a point of order pursuant to rule 3.21 that the Brod et al amendment was not in order. Speaker pro tempore Thissen ruled the point of order well taken and the Brod et al amendment out of order.

Hoppe appealed the decision of Speaker pro tempore Thissen.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Hoppe and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Dill	Heidgerken	Lesch	Olson	Simpson
Anderson, B.	Dittrich	Hilstrom	Liebling	Otremba	Slawik
Anzelc	Dominguez	Hilty	Lieder	Ozment	Slocum
Atkins	Doty	Holberg	Lillie	Paulsen	Smith
Benson	Drazkowski	Hoppe	Loeffler	Paymar	Solberg
Berns	Eastlund	Hortman	Madore	Pelowski	Swails
Bigham	Eken	Hosch	Mahoney	Peppin	Thao
Bly	Emmer	Howes	Mariani	Peterson, A.	Thissen
Brod	Erhardt	Huntley	Marquart	Peterson, N.	Tillberry
Brown	Erickson	Jaros	Masin	Peterson, S.	Tingelstad
Brynaert	Faust	Johnson	McFarlane	Poppe	Urdahl
Buesgens	Finstad	Juhnke	McNamara	Rukavina	Wagenius
Bunn	Fritz	Kahn	Morgan	Ruth	Walker
Carlson	Gardner	Kalin	Morrow	Ruud	Ward
Clark	Garofalo	Knuth	Mullery	Sailer	Wardlow
Cornish	Gottwalt	Koenen	Murphy, E.	Scalze	Welti
Davnie	Greiling	Kohls	Murphy, M.	Seifert	Westrom
Dean	Hamilton	Kranz	Nelson	Sertich	Winkler
DeLaForest	Hansen	Laine	Nornes	Severson	Wollschlager
Demmer	Hausman	Lanning	Norton	Shimanski	Zellers
Dettmer	Haws	Lenczewski	Olin	Simon	Spk. Kelliher

Heidgerken moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion did not prevail.

Sertich moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Peterson, N., was excused for the remainder of today's session.

CALL OF THE HOUSE LIFTED

DeLaForest moved that the call of the House be lifted. The motion prevailed and it was so ordered.

The vote was taken on the question "Shall the decision of Speaker pro tempore Thissen stand as the judgment of the House?" and the roll was called. There were 75 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anzelc	Clark	Gardner	Hilty	Kahn	Lieder
Atkins	Davnie	Greiling	Hortman	Kalin	Lillie
Benson	DeLaForest	Hansen	Hosch	Knuth	Loeffler
Bigham	Dominguez	Hausman	Huntley	Laine	Madore
Bly	Eken	Haws	Jaros	Lenczewski	Mahoney
Brynaert	Faust	Heidgerken	Johnson	Lesch	Mariani
Carlson	Fritz	Hilstrom	Juhnke	Liebling	Marquart

Masin	Nelson	Peterson, S.	Simon	Tillberry	Winkler
Morgan	Norton	Rukavina	Slawik	Tschumper	Wollschlager
Morrow	Olin	Ruud	Slocum	Urdahl	Spk. Kelliher
Mullery	Paymar	Sailer	Solberg	Wagenius	
Murphy, E.	Pelowski	Scalze	Thao	Walker	
Murphy, M.	Peterson, A.	Sertich	Thissen	Welti	

Those who voted in the negative were:

Abeler	Demmer	Erickson	Kohls	Paulsen	Swails
Anderson, B.	Dettmer	Finstad	Kranz	Peppin	Tingelstad
Berns	Dill	Garofalo	Lanning	Poppe	Ward
Brod	Dittrich	Gottwalt	McFarlane	Ruth	Wardlow
Brown	Doty	Hamilton	McNamara	Seifert	Westrom
Buesgens	Drazkowski	Holberg	Nornes	Severson	Zellers
Bunn	Eastlund	Hoppe	Olson	Shimanski	
Cornish	Emmer	Howes	Otremba	Simpson	
Dean	Erhardt	Koenen	Ozment	Smith	

So it was the judgment of the House that the decision of Speaker pro tempore Thissen should stand.

Emmer moved to amend H. F. No. 3699, the first engrossment, as amended, as follows:

Page 2, delete line 35 and insert "secretary of state's office"

Page 3, line 17, delete everything after the first "the" and insert "secretary of state's office"

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 44 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Garofalo	Kohls	Paulsen	Tingelstad
Anderson, B.	Dettmer	Gottwalt	Lanning	Peppin	Wardlow
Berns	Drazkowski	Gunther	Mahoney	Ruth	Westrom
Brod	Eastlund	Hackbarth	McFarlane	Seifert	Zellers
Buesgens	Emmer	Hamilton	McNamara	Severson	
Cornish	Erhardt	Holberg	Nornes	Shimanski	
Dean	Erickson	Hoppe	Olson	Simpson	
DeLaForest	Finstad	Howes	Ozment	Smith	

Those who voted in the negative were:

Anzelc	Brown	Davnie	Eken	Hansen	Hilty
Atkins	Brynaert	Dill	Faust	Hausman	Hortman
Benson	Bunn	Dittrich	Fritz	Haws	Huntley
Bigham	Carlson	Dominguez	Gardner	Heidgerken	Jaros
Bly	Clark	Doty	Greiling	Hilstrom	Johnson

Juhnke	Liebling	Morrow	Pelowski	Simon	Urdahl
Kahn	Lieder	Mullery	Peterson, A.	Slawik	Wagenius
Kalin	Lillie	Murphy, E.	Peterson, S.	Slocum	Walker
Knuth	Loeffler	Murphy, M.	Poppe	Solberg	Ward
Koenen	Madore	Nelson	Rukavina	Swails	Welti
Kranz	Mariani	Norton	Ruud	Thao	Winkler
Laine	Marquart	Olin	Sailer	Thissen	Wollschlager
Lenczewski	Masin	Otremba	Scalze	Tillberry	Spk. Kelliher
Lesch	Morgan	Paymar	Sertich	Tschumper	

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

Zellers, Emmer and Kahn offered an amendment to H. F. No. 3699, the first engrossment, as amended.

POINT OF ORDER

Sertich raised a point of order pursuant to rule 3.21 that the Zellers et al amendment was not in order. Speaker pro tempore Thissen ruled the point of order well taken and the Zellers et al amendment out of order.

Emmer moved to amend H. F. No. 3699, the first engrossment, as amended, as follows:

Page 5, delete lines 1 to 6 and insert:

"A losing candidate whose name appeared on the ballot may have up to three precincts in the state reviewed by random selection by request to the secretary of state no later than noon on the second day after the general election. The secretary of state must forward these requests to the appropriate county auditor by the end of business on the second day after the general election. County canvassing boards must review those precincts."

Amend the title accordingly

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

H. F. No. 3699, A bill for an act relating to elections; providing for discretionary partial recounts; specifying certain recount and postelection review procedures; changing certain voting system requirements; amending Minnesota Statutes 2006, sections 204C.35, subdivisions 1, 2; 204C.36, subdivision 2; 206.57, by adding subdivisions; 206.89, subdivision 2; Minnesota Statutes 2007 Supplement, section 206.57, subdivision 5.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Atkins	Bigham	Brown	Bunn	Cornish
Anderson, B.	Benson	Bly	Brynaert	Carlson	Davnie
Anzelc	Berns	Brod	Buesgens	Clark	Dean

DeLaForest	Gottwalt	Kahn	Masin	Peppin	Solberg
Demmer	Greiling	Kalin	McFarlane	Peterson, A.	Swails
Dettmer	Hamilton	Knuth	McNamara	Peterson, S.	Thao
Dill	Hansen	Koenen	Morgan	Poppe	Thissen
Dittrich	Hausman	Kohls	Morrow	Rukavina	Tillberry
Dominguez	Haws	Kranz	Mullery	Ruth	Tingelstad
Doty	Heidgerken	Laine	Murphy, E.	Ruud	Tschumper
Drazkowski	Hilstrom	Lanning	Murphy, M.	Sailer	Urdahl
Eastlund	Hilty	Lenczewski	Nelson	Scalze	Wagenius
Eken	Holberg	Lesch	Nornes	Seifert	Walker
Emmer	Hoppe	Liebling	Norton	Sertich	Ward
Erhardt	Hortman	Lieder	Olin	Severson	Wardlow
Erickson	Hosch	Lillie	Olson	Shimanski	Welti
Faust	Howes	Loeffler	Otremba	Simon	Westrom
Finstad	Huntley	Madore	Ozment	Simpson	Winkler
Fritz	Jaros	Mahoney	Paulsen	Slawik	Wollschlager
Gardner	Johnson	Mariani	Paymar	Slocum	Zellers
Garofalo	Juhnke	Marquart	Pelowski	Smith	Spk. Kelliher

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

Sertich moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Sertich from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 4015, A bill for an act relating to metropolitan government; directing the Metropolitan Airports Commission to enforce certain covenants.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Local Government and Metropolitan Affairs.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

Sertich from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 4207, A bill for an act relating to certain state contracts; requiring full enforcement of certain agreements between the state and an airline company.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Local Government and Metropolitan Affairs.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3722, A bill for an act relating to economic development; providing military reservist economic injury loans; defining terms; appropriating money; amending Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Rukavina moved that the House refuse to concur in the Senate amendments to H. F. No. 3722, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

MOTIONS AND RESOLUTIONS

Walker moved that the name of Kahn be added as an author on H. F. No. 615. The motion prevailed.

Atkins moved that the name of Morrow be added as an author on H. F. No. 3397. The motion prevailed.

Juhnke moved that the name of Heidgerken be added as an author on H. F. No. 3678. The motion prevailed.

Moe moved that the name of Ruth be added as an author on H. F. No. 3935. The motion prevailed.

Atkins moved that the name of Morrow be added as an author on H. F. No. 4007. The motion prevailed.

Dittrich moved that her name be stricken as an author on H. F. No. 4212. The motion prevailed.

Ruud moved that her name be stricken as an author on H. F. No. 4212. The motion prevailed.

Loeffler moved that the name of Dominguez be added as an author on H. F. No. 4214. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3722:

Rukavina; Murphy, M., and Gunther.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Solberg announced his intention to place H. F. Nos. 3498 and 3292 on the Fiscal Calendar for Thursday, May 1, 2008.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 9:30 a.m., Thursday, May 1, 2008. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and Speaker pro tempore Thissen declared the House stands adjourned until 9:30 a.m., Thursday, May 1, 2008.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives