The House of Representatives convened at 3:00 p.m. and was called to order by Kurt Zellers, Speaker of the House.

Prayer was offered by the Reverend Gary Dreier, Christ Lutheran Church on Capitol Hill, St. Paul, 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
Anderson, B.
Anderson, D.
Anderson, P.
Anderson, S.
Anzelc
Atkins
Banaian
Barrett
Beard
Benson, J.
Benson, M.
Bills
Brynaert
Buesgens
Carlson
Champion
Clark
Cornish
Crawford
Daudt
Davids

Hamilton
Dettmer
Dill
Dittrich
Doepke
Downey
Drazkowski
Eken
Erickson
Fabian
Falk
Fritz
Garofalo
Gauthier
Gottwald
Greene
Greiling
Gruenhagen
Gunther
Hackbart

Koenen
Hansen
Hausman
Hayden
Hilstrom
Hilty
Holberg
Hoppe
Hornstein
Hortman
Hosch
Huntley
Johnson
Kahn
Kath
Kelly
Kieffer
Kiel
Kiffmeyer
Knuth

Kriesel
Lanning
Leidiger
LeMieur
Lenczewski
Lesch
Liebling
Lillie
Loeffler
Lohmer
Loon
Mack
Mahoney
Marquart
Mazorol
McDonald
McElfrat
McFarlane
McNamara
Melin
Morgan
Moran
Murray
Myhra
Nelson
Nornes
Norton
O'Driscoll
Paymar
Pelowski
Pepin
Perrsell
Peterson, B.
McDonald
McElfrat
McFarlane
McNamara
Melin
Morgan
Moran
Murray
Myhra
Nelson
Nornes
Norton
O'Driscoll
Paymar
Pelowski
Pepin
Perrsell
Peterson, B.

Scalze
Murphy, E.
Murphy, M.
Slawik
Murray
Slocum
Myhra
Smith
Nelson
Stensrud

A quorum was present.

Laine, Schomacker, Tillberry and Ward were excused.

Mariani was excused until 3:25 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.
REPORTS OF CHIEF CLERK

S. F. No. 119 and H. F. No. 262, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Mack moved that the rules be so far suspended that S. F. No. 119 be substituted for H. F. No. 262 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2011 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

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<th>Date Filed</th>
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<td>7</td>
<td>1:38 p.m. March 17</td>
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Sincerely,

MARK RITCHIE
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Davids from the Committee on Taxes to which was referred:

H. F. No. 42, A bill for an act relating to taxation; phasing out the corporate franchise tax; amending Minnesota Statutes 2010, sections 290.06, subdivision 1; 290.0921, subdivision 1.

Reported the same back with the following amendments:
Delete everything after the enacting clause and insert:

"ARTICLE 1
INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2010, section 270B.12, is amended by adding a subdivision to read:

Subd. 14. Wisconsin secretary of revenue; income tax reciprocity benchmark study. The commissioner may disclose return information to the secretary of revenue of the state of Wisconsin for the purpose of conducting a joint individual income tax reciprocity study.

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

Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed $1,625 for each qualifying child in grades kindergarten to 6 and $2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

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

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over $500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;
(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

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

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

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota under United States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of the United Nations;

(12) an amount, not to exceed $10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

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

(14) to the extent included in federal taxable income, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);
(15) international economic development zone income as provided under section 469.325;

(16) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program; and

(17) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (16); and

(18) to the extent not deducted in computing federal taxable income, charitable contributions of food inventory as determined under the provisions of section 170(e)(3)(C) of the Internal Revenue Code, determined without regard to the termination date under section 170(e)(3)(C)(iv).

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

Sec. 3. Minnesota Statutes 2010, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

1. On the first $25,680, **5.35% 4.75%** percent;
2. On all over $25,680, but not over $102,030, **7.05% 6.75%** percent;
3. On all over $102,030, 7.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

1. On the first $17,570, **5.35% 4.75%** percent;
2. On all over $17,570, but not over $57,710, **7.05% 6.75%** percent;
3. On all over $57,710, 7.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

1. On the first $21,630, **5.35% 4.75%** percent;
2. On all over $21,630, but not over $86,910, **7.05% 6.75%** percent;
3. On all over $86,910, 7.85 percent.
(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (15), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (15), and (17).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011, except that the 4.75 percent rates in paragraphs (a), clause (1), (b), clause (1), and (c), clause (1), are 5.25 percent for taxable years beginning after December 31, 2011, and before January 1, 2013, and 5.15 percent for taxable years beginning after December 31, 2012, and before January 1, 2014, and the 6.75 percent rates in paragraphs (a), clause (2), (b), clause (2), and (c), clause (2), are 6.85 percent for taxable years beginning after December 31, 2011, and before January 1, 2014.

Sec. 4. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

(a) ten 12.5 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 five percent on all of such excess expenses over $2,000,000.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2010, except that for taxable years beginning after December 31, 2010, and before January 1, 2012, the five percent rate in clause (b) is reduced to four percent.
Sec. 5. Minnesota Statutes 2010, section 290.081, is amended to read:

290.081 INCOME OF NONRESIDENTS, RECIPROCITY.

Subdivision 1. Reciprocity with other states. (a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of paragraph (a) shall not apply, as they relate to all states except Wisconsin. The provisions of paragraph (a) apply with respect to Wisconsin only for taxable years in which a reciprocity agreement with Wisconsin is in effect as provided by this section. As long as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

(c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without paragraph (a), or vice versa, then the state with the net revenue loss resulting from paragraph (a) must be compensated by the other state as provided in the agreement under paragraph (d). This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined or before September 30 of the year following the close of the previous calendar year.

(d) Interest is payable on all amounts calculated under paragraph (c) relating to taxable years beginning after December 31, 2000 and before January 1, 2010. Interest accrues from July 1 of the taxable year.

(e) The commissioner of revenue is authorized to enter into agreements specifying the compensation required under paragraph (b), the one or more reciprocity payment due dates for the revenue loss relating to each taxable year, with one or more estimated payment due dates in the same fiscal year in which the revenue loss occurred, and a final payment in the following fiscal year, conditions constituting delinquency, interest rates, and a method for computing interest due. Interest is payable from July 1 of the taxable year on final payments made in the following fiscal year. Calculation of compensation under the agreement must specify if the revenue loss is determined before or after the allowance of each state’s credit for taxes paid to the other state.

(f) If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

(g) The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.
(h) Any reciprocity agreement entered into under this section continues in effect until terminated by Minnesota or Wisconsin law. The commissioner may agree to modify the timing or method of calculating the state payments to be made under the agreement, consistent with the requirements of paragraphs (c) and (e), but may not terminate the agreement.

Subd. 2. New reciprocity agreement with Wisconsin. (a) The commissioner of revenue is directed to initiate negotiations with the secretary of revenue of Wisconsin, with the objective of entering into an income tax reciprocity agreement effective for tax years beginning after December 31, 2011. The agreement must satisfy the conditions of subdivision 1, with one or more estimated payment due dates and a final payment due date specified so that the state with a net revenue loss as a result of the agreement receives estimated payments from the other state, in the same fiscal year as that in which the net revenue loss occurred and a final payment with interest in the following fiscal year.

(b) The commissioner may not enter into an income tax reciprocity agreement with Wisconsin under this section until after Wisconsin has paid in full with interest the amount due to Minnesota under the income tax reciprocity agreement in effect for taxable years beginning before January 1, 2010.

EFFECTIVE DATE. Subdivision 2 is effective the day following final enactment. The changes to subdivision 1 are effective for taxable years beginning after December 31 of the year of the agreement, contingent upon agreement from the state of Wisconsin to a reciprocity arrangement in which estimated payments are made in the same fiscal year in which a change in revenue occurs, and a final payment is made in the following fiscal year.

Sec. 6. Minnesota Statutes 2010, section 290.091, subdivision 2, is amended to read:

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

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

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

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

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code, including any additional subtraction for charitable contributions of food inventory under section 290.01, subdivision 19b;

(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), (12), (13), (16), and (17); 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), (8) to (15), and (17).

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) "Net minimum tax" means the minimum tax imposed by this section.

(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) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

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

Sec. 7. **INCOME TAX RECIPROCITY BENCHMARK STUDY.**

(a) The Department of Revenue, in conjunction with the Wisconsin Department of Revenue, must conduct a study to determine at least the following:

(1) the number of residents of each state who earn income from personal services in the other state;

(2) the total amount of income earned by residents of each state who earn income from personal services in the other state; and

(3) the change in tax revenue in each state if an income tax reciprocity arrangement were resumed between the two states under which the taxpayers were required to pay income taxes on the income only in their state of residence.
(b) The study must be conducted as soon as practicable, using information obtained from each state’s income tax returns for tax year 2011, and from any other source of information the departments determine is necessary to complete the study.

(c) No later than March 1, 2013, the Department of Revenue must submit a report containing the results of the study to the governor and to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes.

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

**ARTICLE 2**

**SALES AND USE TAXES**

Section 1. Minnesota Statutes 2010, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

1. 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; and

2. except as provided in paragraph (f), for a vendor having a liability of $120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:

(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.

(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.

(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor’s liability for the month in which the taxable event occurred, the vendor may take a credit against the next month’s liability in a manner prescribed by the commissioner.

(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of $120,000 or more during the most recent fiscal year ending June 30.

(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).

(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.
(b) Notwithstanding paragraph (a), 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 90 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) $10,000 or more, but less than $120,000 during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in the subsequent calendar year 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; or

(2) $120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar year, except for 90 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.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Whenever the liability is $120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.

(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of $120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.

**EFFECTIVE DATE.** This section is effective for taxes due and payable after July 1, 2011.

Sec. 2. Minnesota Statutes 2010, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision.

(b) Sale and purchase include:
(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.
Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction, and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

For purposes of clause (5), "road construction" means construction of (1) public roads, (2) cartways, and (3) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign.
(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, cable television services, and direct satellite services, and ring tones. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 3. Minnesota Statutes 2010, section 297A.62, is amended by adding a subdivision to read:

Subd. 5. Transitional period for services. When there is a change in the rate of tax imposed by this section, the following transitional period shall apply to the retail sale of services covering a billing period starting before and ending after the statutory effective date of the rate change:

(1) for a rate increase, the new rate shall apply to the first billing period starting on or after the effective date; and

(2) for a rate decrease, the new rate shall apply to bills rendered on or after the effective date.

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

Sec. 4. Minnesota Statutes 2010, section 297A.63, is amended by adding a subdivision to read:

Subd. 3. Transitional period for services. When there is a change in the rate of tax imposed by this section, the following transitional period shall apply to the taxable services purchased for use, storage, distribution, or consumption in this state when the service purchased covers a billing period starting before and ending after the statutory effective date of the rate change:

(1) for a rate increase, the new rate shall apply to the first billing period starting on or after the effective date; and

(2) for a rate decrease, the new rate shall apply to bills rendered on or after the effective date.

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

Sec. 5. Minnesota Statutes 2010, section 297A.668, subdivision 7, is amended to read:

Subd. 7. Advertising and promotional direct mail. (a) Notwithstanding other subdivisions of this section, the provisions in paragraphs (b) to (e) apply to the sale of advertising and promotional direct mail. "Advertising and promotional direct mail" means printed material that is direct mail as defined in section 297A.61, subdivision 35, the primary purpose of which is to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a person, business, organization, or product. "Product" includes tangible personal property, a digital product transferred electronically, or a service.
A purchaser of advertising and promotional direct mail that is not a holder of a direct pay permit shall provide to the seller, in conjunction with the purchase, either a direct mail form or may provide the seller with either:

1. a fully completed exemption certificate as described in section 297A.72 indicating that the purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser directly to the commissioner under section 297A.89;

2. a fully completed exemption certificate claiming an exemption for direct mail; or

3. information to show the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients.

(1) Upon receipt of the direct mail form, in the absence of bad faith, if the purchaser provides one of the exemption certificates indicated in paragraph (b), clauses (1) and (2), the seller is relieved of all obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the applicable tax on a direct pay basis. A direct mail form remains in effect for all future sales of direct mail by the seller to the purchaser until it is revoked in writing.

(2) Upon receipt of information from the purchaser showing the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients, the seller shall source the sale to the jurisdictions to which the advertising and promotional direct mail is to be delivered and shall collect and remit the applicable tax according to the delivery information provided by the purchaser. In the absence of bad faith, the seller is relieved of any further obligation to collect any additional tax on any transaction for which the sale of advertising and promotional direct mail is to be delivered to the recipients of the mail, and shall report and pay any applicable tax due.

(b) If the purchaser of direct mail does not have a direct pay permit and does not provide the seller with either a direct mail form or delivery information, as required by paragraph (a), the seller shall collect the tax according to any of the items listed in paragraph (b), the sale shall be sourced under subdivision 2, paragraph (f). Nothing in this paragraph limits a purchaser’s obligation for sales or use tax to any state to which the direct mail is delivered.

(c) If a purchaser of direct mail provides the seller with documentation of direct pay authority, the purchaser is not required to provide a direct mail form or delivery information to the seller.

(f) This subdivision does not apply to printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the printed materials, regardless of whether advertising and promotional direct mail is included in the same mailing.

(g) If a transaction is a bundled transaction that includes advertising and promotional direct mail, this subdivision applies only if the primary purpose of the transaction is the sale of products or services that meet the definition of advertising and promotional direct mail.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Subd. 7a. Other direct mail. (a) Notwithstanding other subdivisions of this section, the provisions in paragraphs (b) and (c) apply to the sale of other direct mail. "Other direct mail" means printed material that is direct mail as defined in section 297A.61, subdivision 35, but is not advertising and promotional direct mail as described in subdivision 7, regardless of whether advertising and promotional direct mail is included in the same mailing. Other direct mail includes, but is not limited to:
(1) direct mail pertaining to a transaction between the purchaser and addressee, where the mail contains personal information specific to the addressee including, but not limited to, invoices, bills, statements of account, and payroll advices;

(2) any legally required mailings including, but not limited to, privacy notices, tax reports, and stockholder reports; and

(3) other nonpromotional direct mail delivered to existing or former shareholders, customers, employees, or agents including, but not limited to, newsletters and informational pieces.

Other direct mail does not include printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the other direct mail.

(b) A purchaser of other direct mail may provide the seller with either a fully completed exemption certificate as described in section 297A.72 indicating that the purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser directly to the commissioner under section 297A.89, or a fully completed exemption certificate claiming an exemption for direct mail. If the purchaser provides one of the exemption certificates listed, then the seller, in the absence of bad faith, is relieved of all obligations to collect, pay, or remit the tax on any transaction involving other direct mail to which the certificate applies. The purchaser shall source the sale to the jurisdiction to which the other direct mail is to be delivered to the recipients of the mail, and shall report and pay any applicable tax due.

(c) If the purchaser does not provide the seller with a fully completed exemption certificate claiming either exemption listed in paragraph (b), the sale shall be sourced according to subdivision 2, paragraph (d).

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2011.

Sec. 7. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

Subd. 5. Capital equipment. (a) Capital equipment is 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.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used primarily to electronically transmit results retrieved by a customer of an online computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

(1) machinery and equipment used to operate, control, or regulate the production equipment;

(2) machinery and equipment used for research and development, design, quality control, and testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;

(4) materials and supplies used to construct and install machinery or equipment;

(5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;
(6) materials used for foundations that support machinery or equipment;

(7) materials used to construct and install special purpose buildings used in the production process;

(8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

(9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

(1) motor vehicles taxed under chapter 297B;

(2) machinery or equipment used to receive or store raw materials;

(3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

(9) machinery or equipment used in the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

(10) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.
(3) "Integrated production process" means a process or series of operations through which tangible personal property is manufactured, fabricated, mined, or refined. For purposes of this clause, (i) manufacturing begins with the removal of raw materials from inventory and ends when the last process prior to loading for shipment has been completed; (ii) fabricating begins with the removal from storage or inventory of the property to be assembled, processed, altered, or modified and ends with the creation or production of the new or changed product; (iii) mining begins with the removal of overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and ends when the last process before stockpiling is completed; and (iv) refining begins with the removal from inventory or storage of a natural resource and ends with the conversion of the item to its completed form.

(4) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(5) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(7) "Mining" means the extraction of minerals, ores, stone, or peat.

(8) "Online data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

(11) This subdivision does not apply to telecommunications equipment as provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit for telecommunications services.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2013.

Sec. 8. Minnesota Statutes 2010, section 297A.70, subdivision 3, is amended to read:

Subd. 3. **Sales of certain goods and services to government.** (a) The following sales to or use by the specified governments and political subdivisions of the state are exempt:

(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire apparatus to a political subdivision;

(2) machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly or disabled individuals;
(4) telephone services to the Office of Enterprise Technology that are used to provide telecommunications services through the enterprise technology revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) sales to a town of gravel and of machinery, equipment, and accessories, except motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of motor vehicles exempt from tax under section 297B.03, clause (10);

(10) the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state; and

(11) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project; and

(12) purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause (11), 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 June 30, 2007; however, no refunds may be made for amounts already paid on water purchased between June 30, 2007, and January 30, 2010.
Sec. 9. Minnesota Statutes 2010, 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 and supplies for qualified low-income housing under section 297A.71, subdivision 23;
9. materials and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
10. 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;
11. tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;
12. commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);
13. materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
14. materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41; and
15. materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42.

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) and (2), the applicant must be the purchaser;
2. for subdivision 1, clauses (4) (3) and (2) (6), the applicant must be the governmental subdivision;
(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (7), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (8), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (9), (10), (11), (13), and (14), the owner of the qualifying business; and

(8) for subdivision 1, clauses (11) and (12) and (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 (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), or (14), or (15), 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.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed $5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

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. The amount required to make the refunds is annually appropriated to the commissioner.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 10. BUDGET ADJUSTMENT.

Upon implementation of section 7, the commissioner of management and budget shall reduce the base budget of the Department of Revenue by $140,000, beginning in fiscal year 2015.

Sec. 11. REPEALER.

Minnesota Statutes 2010, section 289A.60, subdivision 31, is repealed.

EFFECTIVE DATE. This section is effective for taxes due and payable after July 1, 2011.
ARTICLE 3
ECONOMIC DEVELOPMENT

Section 1. [116W.25] CITATION.

Sections 116W.26 to 116W.34 may be cited as the "Minnesota science and technology program."

Sec. 2. [116W.26] DEFINITIONS.

Subdivision 1. Applicability. For the purposes of sections 116W.26 to 116W.34, the terms in this section have the meanings given them.

Subd. 2. Authority. "Authority" means the Minnesota Science and Technology Authority established under this chapter.

Subd. 3. College or university. "College or university" means an institution of postsecondary education, public or private, that grants undergraduate or postgraduate academic degrees, conducts significant research or development activities in the areas of science and technology.

Subd. 4. Commercialization. "Commercialization" means any of the full spectrum of activities required for a new technology, product, or process to be developed from its basic research of conceptual stage through applied research or development to the marketplace including, without limitation, the steps leading up to and including licensure, sales, and services.

Subd. 5. Commercialized research project. "Commercialized research project" means research conducted within a college or university or nonprofit research institution or by a qualified science and technology company that has shown advanced commercial potential through license agreements, patents, or other forms of invention disclosure, and by which a qualified science and technology company has been or is being currently formed.

Subd. 6. Fund. "Fund" means the Minnesota science and technology fund.

Subd. 7. Nonprofit research institution. "Nonprofit research institution" means an entity with its principle place of business in Minnesota, that qualifies under section 501(c) of the Internal Revenue Code, and that conducts significant research or development activities in this state in the areas of science and technology.

Subd. 8. Program. "Program" means the Minnesota science and technology program.

Subd. 9. Qualified science and technology company. "Qualified science and technology company" means a corporation, limited liability company, S corporation, partnership, limited liability partnership, or sole proprietorship with fewer than 100 employees that is engaged in research, development, or production of science or technology in this state including, without limitation, research, development, or production directed toward developing or providing science and technology products, processes, or services for specific commercial or public purposes.

Sec. 3. [116W.27] MINNESOTA SCIENCE AND TECHNOLOGY FUND.

(a) A Minnesota science and technology fund is created in the state treasury. The fund is a direct-appropriated special revenue fund. Money of the authority must be paid to the commissioner of management and budget as agent of the authority and the commissioner shall not commingle the money with other money. The money in the fund must be paid out only on warrants drawn by the commissioner of management and budget on requisition of the executive director of the authority or designee.
(b) $1,500,000 is appropriated per year for fiscal years 2012 and 2013, and $3,500,000 in each fiscal year thereafter, from the general fund to the Minnesota science and technology fund.

Sec. 4. [116W.28] MINNESOTA SCIENCE AND TECHNOLOGY FUND; AUTHORIZED USES.

The Minnesota science and technology fund may be used for the following to:

(1) establish the commercialized research program authorized under section 116W.29;

(2) establish the federal research and development support program under section 116W.30;

(3) establish the industry technology and competitiveness program under section 116W.31; and

(4) carry out the powers of the authority authorized under sections 116W.04 and 116W.32 that are in support of the programs in clauses (1) to (3).

Sec. 5. [116W.29] COMMERCIALIZED RESEARCH PROGRAM.

(a) The authority may establish a commercialized research program. The purpose of the program is to accelerate the commercialization of science and technology products, processes, or services from colleges or universities, nonprofit research institutions or qualified science and technology companies that lead to an increase in science and technology businesses and jobs. The program shall:

(1) provide science and technology gap funding of up to $250,000 per science and technology research project to assist in the commercialization and transfer of science and technology research projects from a college or university or nonprofit research institution to a qualified science and technology company; and

(2) provide funding of up to $250,000 for early stage development for qualified science and technology companies to conduct commercialized research projects.

(b) All activities under the commercialized research program must require:

(1) written criteria set by the authority for the application, award, and use of the funds;

(2) matching funds by the participating qualified science and technology company, college or university, or nonprofit research institution;

(3) no more than 15 percent of the funds awarded by the authority may be used for overhead costs; and

(4) a report by the participating qualified science and technology company, college or university, or nonprofit research institution that provides documentation of the use of funds and outcomes of the award. The report must be submitted to the authority within one calendar year of the date of the award.

Sec. 6. [116W.30] FEDERAL RESEARCH AND DEVELOPMENT SUPPORT PROGRAM.

The authority may establish a federal research and development support program. The purpose of the program is to increase and coordinate efforts to procure federal funding for research projects of primary benefit to qualified science and technology companies, colleges or universities, and nonprofit research institutions. The program shall:

(1) develop and execute a strategy to identify specific federal agencies and programs that support the growth of science and technology industries in this state; and
(2) provide grants to qualified science and technology companies:

(i) to assist in the development of federal Small Business Innovation (SBIR) or Small Business Technology Transfer (STTR) proposals; and

(ii) to match funds received through SBIR or STTR awards. No more than $1,500,000 may be awarded in a year for matching grants under this clause.

Sec. 7. [116W.31] INDUSTRY INNOVATION AND COMPETITIVENESS PROGRAM.

(a) The authority may establish an industry technology and competitiveness program. The purpose of the program is to advance the technological capacity and competitiveness of existing and emerging science and technology industries. The program shall:

(1) provide matching funds to programs and organizations that assist entrepreneurs in starting and growing qualified science and technology companies including, but not limited to, matching funds for mentoring programs, consulting and technical services, and related activities;

(2) fund initiatives that retain engineering, science, technology, and mathematical occupations in the state including, but not limited to, internships, mentoring, and support of industry and professional organizations; and

(3) fund initiatives that support the growth of targeted industry clusters and the competitiveness of existing qualified science and technology companies in developing and marketing new products and services.

(b) All activities under the industry innovation and competitiveness program shall require:

(i) written criteria set by the authority for the application, award, and use of the funds;

(ii) matching funds by the participating qualified science and technology company, college or university, or nonprofit research institution; and

(iii) a report by the participating qualified science and technology company, college or university, or nonprofit research institution providing documentation on the use of the funds and outcomes of the award. The report must be submitted to the authority within one calendar year from the date of the award.

Sec. 8. [116W.32] MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY; POWERS UNDER FUND.

Subdivision 1. General powers. The authority shall have all of the powers necessary to carry out the purposes and provisions of sections 116W.26 to 116W.34, including, but not limited to, those provided under section 116W.04 and the following:

(1) The authority may make awards in the forms of grants or loans, and charge and receive a reasonable interest for the loans, or take an equity position in form of stock, a convertible note, or other securities in consideration of an award. Interests, revenues, or other proceeds received as a result of a transaction authorized by use of this fund shall be deposited to the corpus of the fund and used in the same manner as the corpus of the fund.

(2) In awarding money from the fund, priority shall be given to proposals from qualified science and technology companies that have demonstrable economic benefit to the state in terms of the formation of a new private sector business entity, the creation of jobs, or the attraction of federal and private funding.
(3) In awarding money from the fund, priority shall be given to proposals from colleges or universities and nonprofit research institutions that:

(i) promote collaboration between any combination of colleges or universities, nonprofit research institutions, and private industry;

(ii) enhance existing research superiority by attracting new research entities, research talent, or resources to the state; and

(iii) create new research superiority that attracts significant researchers and resources from outside the state.

(4) Subject to the limits in this clause, money within the fund may be used for reasonable administrative expenses by the authority including staffing and direct operational expenses, and professional fees for accounting, legal, and other technical services required to carry out the intent of the program and administration of the fund. Administrative expenses may not exceed five percent of the first $5,000,000 in the fund and two percent of any amount in excess of $5,000,000.

(5) Before making an award, the authority shall enter into a written agreement with the entity receiving the award that specifies the uses of the award.

(6) If the award recipient has not used the award received for the purposes intended, as of the date provided in the agreement, the recipient shall repay that amount and any interest applicable under the agreement to the authority. All repayments must be deposited to the corpus of the fund.

Subd. 2. Rules. The authority may adopt rules to implement the programs authorized under sections 116W.29 to 116W.31.

Sec. 9. [116W.33] REPAYMENT.

An entity must repay all or a portion of the amount of any award, grant, loan, or financial assistance of any type paid by the authority under sections 116W.29 to 116W.32 if the entity relocates outside the state or ceases operation in Minnesota within three years from the date the authority provided the financial award. If the entity relocates outside this state or ceases operation in Minnesota within two years of the financial award, the entity must repay 100 percent of the award. If the entity relocates or ceases operation in Minnesota after a period of two years but before three years from the date of the financial award, the entity must repay 75 percent of the financial award.

Sec. 10. [116W.34] EXPIRATION.

Sections 116W.26 to 116W.33 expire on the expiration date of the authority under section 116W.03, subdivision 7. Any unused money in the fund shall be deposited in the general fund.

Sec. 11. Minnesota Statutes 2010, section 469.1763, subdivision 2, is amended to read:

Subd. 2. Expenditures outside district. (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or
secure payment of debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4f. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market of single-family homes in that municipality; or

(B) $200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or $125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel:

(A) contains a residence containing one to four family dwelling units that has been vacant for six or more months;

(B) contains a residence containing one to four family dwelling units that is structurally substandard, as defined in section 469.174, subdivision 10;
(C) is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is
the owner's principal residence, and a notice of pendency of the foreclosure has been recorded under section
580.032, except a notice of pendency is not required for a delinquency or default that relates to a contract for deed
payment; or

(D) is a vacant site, if the authority uses the parcel in connection with the development or redevelopment of a
parcel qualifying under subitems (A) to (C).

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330,
subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may
be expended outside of the district but within the zone only for expenditures required for the construction of public
infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as
defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within
the district.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be
expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify
under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period
after certification under that provision.

EFFECTIVE DATE. This section is effective for any district that is subject to the provisions of section
469.1763, regardless of when the request for certification of the district was made.

Sec. 12. Laws 2010, chapter 389, article 7, section 22, is amended to read:

Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of 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 or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded
on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the
west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way
for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding
the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax
increment financing district that was certified before the date of enactment of this act may be included in the district
created under this act if the initial district is decertified.

(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 district.

(c) In addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, does not apply to
the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs
necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including
structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the
housing and redevelopment authority in and for the city of Ramsey within the district prior to the establishment of
the district, and (3) the cost of public improvements installed within the tax increment financing district prior to the
establishment of the district.

(d) The requirement 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, is considered to be met
for the district if the activities were undertaken within ten years from the date of certification of the district.
(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

(f) The four-year period under Minnesota Statutes, section 469.176, subdivision 6, is extended to six years for the district.

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

Sec. 13. CITY OF LINO LAKES; TAX INCREMENT FINANCING.

Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Lino Lakes may collect tax increments from tax increment financing district no. 1-10 through December 31, 2023, subject to the conditions in subdivision 2.

Subd. 2. **Conditions for extension.** All tax increments remaining in the account for the district after February 1, 2011, and all tax increments collected thereafter, must be used only to pay debt service on bonds issued to finance the interchange of Anoka County Highway 23 and marked Interstate Highway 35W, bonds issued to finance public improvements serving the development known as Legacy at Woods Edge, and any bonds issued to refund those bonds. Minnesota Statutes, sections 469.176, subdivision 4c, and 469.1763 do not apply to expenditures made under this section.

**EFFECTIVE DATE.** This section is effective upon compliance by the governing body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 14. CITY OF TAYLORS FALLS; BORDER CITY DEVELOPMENT ZONE.

Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may designate all or any part of the city as a border city development zone.

Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to 469.1735, apply to the border city development zones designated under this section. The governing body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731 to 469.1735, including powers that apply outside of the zones.

(b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the state portion of the tax reductions for all years of the program under Minnesota Statutes, sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to $100,000.

(b) This allocation may be used for tax reductions provided in Minnesota Statutes, section 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735, subdivision 3, but only if the governing body of the city of Taylors Falls determines that the tax reduction or offset is necessary to enable a business to expand within the city or to attract a business to the city.

(c) The commissioner of revenue may waive the limit under this subdivision using the same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12, paragraph (b).

**EFFECTIVE DATE.** This section is effective the day following final enactment.
ARTICLE 4
LOCAL TAXES

Section 1. Minnesota Statutes 2010, section 297A.99, subdivision 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 January 1, 1982, 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 May 31, 2013, a political subdivision may not advertise, promote, expend funds, or hold a
referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was
authorized by a special law enacted prior to May 24, 2011.

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

Sec. 2. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision to read:

Subd. 12. Tax may be imposed; Pope County. (a) If Pope County does not impose a tax under this section and
approves imposition of the tax under this subdivision, Glenwood Township in Pope County may impose the
aggregate materials tax under this section.

(b) For purposes of exercising the powers contained in this section, the "township" is deemed to be the "county."

(c) All provisions in this section apply to Glenwood Township, except that all proceeds of the tax must be
retained by the township and used for the purposes described in subdivision 7.

(d) If Pope County imposes an aggregate materials tax under this section, the tax imposed by Glenwood
Township under this subdivision is repealed on the effective date of the Pope County tax.

EFFECTIVE DATE. This section is effective the day after the governing body of Glenwood Township and its
chief clerical officer comply with section 645.021, subdivisions 2 and 3.

Sec. 3. Minnesota Statutes 2010, section 473.757, subdivision 2, is amended to read:

Subd. 2. Youth sports; library. To the extent funds are available from collections of the tax authorized by
subdivision 10 after payment each year of debt service on the bonds authorized and issued under subdivision 9 and
payments for the purposes described in subdivision 1, the county may also authorize, by resolution, and expend or
make grants to the authority and to other governmental units and nonprofit organizations in an aggregate amount of
up to $4,000,000 annually, increased by up to 1.5 percent annually, to fund equally: (1) youth activities and youth
and amateur sports within Hennepin County; and (2) the cost of extending the hours of operation of Hennepin
County libraries and Minneapolis public libraries.
The money provided under this subdivision is intended to supplement and not supplant county expenditures for these purposes as of May 27, 2006.

Hennepin County must provide reports to the chairs of the committees and budget divisions in the senate and the house of representatives that have jurisdiction over education policy and funding, describing the uses of the money provided under this subdivision. The first report must be made by January 15, 2009, and subsequent reports must be made on January 15 of each subsequent odd-numbered year.

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

Sec. 4. Minnesota Statutes 2010, section 473.757, subdivision 11, is amended to read:

Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under subdivision 10 may be used:

1. to pay costs of collection;
2. to pay or reimburse or secure the payment of any principal of, premium, or interest on bonds issued in accordance with this act;
3. to pay costs and make expenditures and grants described in this section, including financing costs related to them;
4. to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the county;
5. to pay for operating costs of the ballpark authority other than the cost of operating or maintaining the ballpark; and
6. to make expenditures and grants for youth activities and amateur sports and extension of library hours as described in subdivision 2;

and for no other purpose.

(b) Revenues from the tax designated for use under paragraph (a), clause (5), must be deposited in the operating fund of the ballpark authority.

(c) After completion of the ballpark and public infrastructure, the tax revenues not required for current payments of the expenditures described in paragraph (a), clauses (1) to (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for payment of future obligations under grants or other commitments for future expenditures which are permitted by this section paragraph (a), clauses (1) to (5), but no additional tax revenues may be deposited in the fund when its balance exceeds $20,000,000. Upon the redemption or defeasance of the bonds and the establishment of reserves adequate to meet such future obligations, the taxes shall terminate and shall not be reimposed.

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

Sec. 5. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:
(1) extending a sewer interceptor line;

(2) construction of a booster pump station, reservoirs, and related improvements to the water system; and

(3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

EFFECTIVE DATE. This section is effective the day following compliance by the city of Hermantown with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special Session chapter 3, article 5, section 28, is amended to read:

Subd. 3. Use of revenues. (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and administering the taxes and to pay for the following projects:

(1) transportation infrastructure improvements including regional highway and airport improvements;

(2) improvements to the civic center complex;

(3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and

(4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use.

(b) The total amount of capital expenditures or bonds for these projects listed in paragraph (a) that may be paid from the revenues raised from the taxes authorized in this section may not exceed $111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed $28,000,000.

(c) In addition to the projects authorized in paragraph (a) and not subject to the amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an election under subdivision 5, paragraph (c), use the revenues received from the taxes and bonds authorized in this section to pay the costs of or bonds for the following purposes:

(1) $17,000,000 for capital expenditures and bonds for the following Olmsted County transportation infrastructure improvements:

(i) County State Aid Highway 34 reconstruction;

(ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

(iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;

(iv) widening of County State Aid Highway 22 West Circle Drive; and

(v) 60th Avenue Northwest corridor preservation;
(2) $30,000,000 for city transportation projects including:

(i) Trunk Highway 52 and 65th Street interchange;

(ii) NW transportation corridor acquisition;

(iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;

(iv) Trunk Highway 14 and Trunk Highway 63 intersection;

(v) Southeast transportation corridor acquisition;

(vi) Rochester International Airport expansion; and

(vii) a transit operations center bus facility;

(3) $14,000,000 for the Minnesota Rochester academic and complementary facilities;

(4) $6,500,000 for the Rochester Community Center and Technical College/Winona State University career technical education and science and math facilities;

(5) $6,000,000 for the Rochester Community Center and Technical College regional recreation facilities at University Center Rochester;

(6) $20,000,000 for the Destination Medical Community Initiative; and

(7) $8,000,000 for the regional public safety and 911 dispatch center facilities.

(d) No revenues from the taxes raised from the taxes authorized in subdivisions 1 and 2 may be used to fund transportation improvements related to a railroad bypass that would divert traffic from the city of Rochester.

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

Sec. 7. Laws 1998, chapter 389, article 8, section 43, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 29, is amended to read:

Subd. 4. Bonding authority. (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve up to $71,500,000 in bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes. An election to approve up to an additional $40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize extension of the tax under subdivision 5, paragraph (b). An election to approve bonds under Minnesota Statutes, section 475.58, in an amount not to exceed $101,500,000 plus an amount equal to the costs of issuance of the bonds, may be held in combination with the election to authorize the extension of the tax under subdivision 5, paragraph (c).

(b) The city may enter into an agreement with Olmsted County under which the city and the county agree to jointly undertake and finance certain roadway infrastructure improvements. The agreement may provide that the city will make available to the county a portion of the sales tax revenues collected pursuant to the authority
The county may, pursuant to the agreement, issue its general obligation bonds in a principal amount not exceeding the amount authorized by its agreement with the city payable primarily from the sales tax revenues from the city under the agreement. The county's bonds must be issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that no election is required for the issuance of the bonds and the bonds are not included in the net debt of the county.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

e) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements for projects listed in subdivision 3, paragraph (a), may not exceed $111,500,000, plus an amount equal to the costs related to issuance of the bonds. The aggregate principal amount of bonds plus the aggregate of the taxes used directly to pay the costs of eligible projects under subdivision 3, paragraph (c), may not exceed $101,500,000 plus an amount equal to the costs of issuance of the bonds.

(f) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

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

Sec. 8. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws 2005, First Special Session chapter 3, article 5, section 30, is amended to read:

Subd. 5. Termination of taxes. (a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the first $71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional $40,000,000 of sales tax revenues be raised and up to $40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond the date the city council determines that sufficient funds have been received from the taxes to finance $111,500,000 of expenditures and bonds for the projects authorized in subdivision 3, paragraph (a), plus an amount...
equal to the costs of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the voters of the city at the general election in 2012. If the election to authorize the additional $101,500,000 of bonds plus an amount equal to the costs of issuance of the bonds is placed on the general election ballot in 2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the voters must indicate that an affirmative vote would allow sales tax revenues be raised for an extended period of time and an additional $101,500,000 of bonds plus an amount equal to the costs of issuance of the bonds, to be issued above the amount authorized in the previous elections required under paragraphs (a) and (b) for the projects and amounts specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that $101,500,000 has been received from the taxes to finance the projects plus an amount sufficient to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, including any bonds issued to refund the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 9. Laws 2008, chapter 366, article 7, section 19, subdivision 3, is amended to read:

Subd. 3. Use of revenues. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (b), 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 regional parks, bicycle trails, park land, open space, and pedestrian bridge walkways, as described in the city improvement plan adopted by the city council by resolution on December 12, 2006, 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.

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. 10. CITY OF CLOQUET; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, the city of Cloquet may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. Except as 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 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city charter, the city of Cloquet may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. Use of revenues. Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the following projects:

(1) $4,500,000 for construction and completion of park improvement projects, including St. Louis River riverfront improvements; Veteran’s Park construction and improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital equipment and building and grounds improvements at the Pine Valley Park/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within the city:
(2) $5,800,000 for extension of utilities and the construction of all improvements associated with the development of property adjacent to Highway 33 and Interstate Highway 35, including payment of all debt service on bonds issued for these; and

(3) $6,200,000 for engineering and construction of infrastructure improvements, including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city’s comprehensive land use plan.

Authorized expenses include, but are not limited to, acquiring property and paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of these improvements.

Subd. 4. Bonding authority. (a) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the improvements described in subdivision 3 in an amount that does not exceed $16,500,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) 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 of and interest on the bonds is not subject to any levy limitation.

Subd. 5. Termination of taxes. The taxes imposed under subdivisions 1 and 2 expire at the earlier of (1) 30 years, or (2) when the city council determines that the amount of revenues received from the taxes to finance the improvements described in subdivision 3 first equals or exceeds $16,500,000, 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 project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Cloquet and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. CITY OF FERGUS FALLS; SALES AND USE TAX AUTHORIZED.

Subdivision 1. Sales and use tax. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010 general election, the city of Fergus Falls 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 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. Revenues received from taxes authorized by subdivision 1 must be used by the city of Fergus Falls to pay the cost of collecting the tax and to pay for all or part of the costs of the acquisition and betterment of a regional community ice arena facility. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to the facility and paying debt service on bonds or other obligations issued by the Fergus Falls Port Authority to finance the facility. The amount of revenues from the tax imposed under subdivision 1 that may be used to finance the facility and any associated costs is limited to $6,600,000.

Subd. 3. Termination of taxes. The tax imposed under this section expires when the Fergus Falls City Council determines that sufficient funds have been received from the taxes to finance the facility and to prepay or retire at maturity the principal, interest, and premium due on any bonds, including refunding bonds, issued by the Fergus
Falls Port Authority for the facility. Any funds remaining after completion of the facility and retirement or redemption of the bonds may be placed in the general fund of the city of Fergus Falls. 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 the governing body of the city of Fergus Falls and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF HUTCHINSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at a referendum held at the 2010 general election, the city of Hutchinson may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, Minnesota Statutes, section 297A.99, governs the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section 297A.99, subdivision 1, paragraph (d), does not apply to this section.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Hutchinson may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this section must be used to pay the cost of collecting and administering the tax and to finance the costs of constructing the water treatment facility and renovating the wastewater treatment facility in the city of Hutchinson. Authorized costs include, but are not limited to, construction and engineering costs of the projects and associated bond costs.

Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2 terminate at the earlier of: (1) 18 years after the date of initial imposition of the tax; or (2) when the Hutchinson City Council determines that the amount of revenues raised is sufficient to pay for the projects under subdivision 3, plus the amount needed to finance the capital and administrative costs for the projects specified in subdivision 3, and to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the associated bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the city of Hutchinson with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF LANESBORO; SALES AND USE TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010, general election, the city of Lanesboro 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 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized under subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax and to pay for all or a part of the improvements to city streets and utility systems, and the betterment of city municipal buildings consisting of (i) street and utility improvements to Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street, Auburn Avenue,
Zenith Street, and street light replacement on State Highways 250 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility improvements and electric utility improvements to the Lanesboro High Hazard Dam; and (iii) improvements to the Lanesboro community center, library, and city hall, including paying debt service on bonds or other obligations issued to fund these projects under subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be used to fund these projects is $800,000 plus any associated bond costs.

Subd. 3. Bonding authority. The city of Lanesboro may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the projects authorized in 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, sections 275.60 and 275.61. The bonds are not included in computing any debt limitation applicable to the city and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of the bonds plus the aggregate of the taxes used directly to pay costs of the projects listed in subdivision 2 may not exceed $800,000, plus an amount equal to the costs related to issuance of the bonds and capitalized interest.

The taxes authorized in subdivision 1 may be pledged and used for payments of the bonds and bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

Subd. 4. Termination of tax. The tax imposed under subdivision 1 expires when the Lanesboro City Council determines that sufficient funds have been raised from the taxes to finance the projects authorized under subdivision 2 and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued under subdivision 3. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The 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 the governing body of the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. CITY OF MARSHALL; SALES AND USE TAX.

Subdivision 1. Authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of Marshall, if approved by the voters at a general election held within two years of the date of final enactment of this section, may impose the tax authorized under subdivision 2. Two separate ballot questions must be presented to the voters, one for each of the two facility projects named in subdivision 3.

Subd. 2. Sales and use tax authorized. The city of Marshall may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 3. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and administering the sales and use tax and to pay all or part of the costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center and all or part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports Center. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to these facilities and paying debt service on bonds or other obligations issued by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.
Subd. 4. Bonds. (a) If the imposition of a sales and use tax is approved by the voters, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds to refund bonds previously issued. The aggregate principal amount of bonds issued under this subdivision may not exceed $17,290,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds must be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, 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. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. Termination of taxes. The tax imposed under subdivision 2 expires at the earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the tax to pay for the capital and administrative costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 2 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 Marshall with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. CITY OF MEDFORD; SALES AND USE TAX.

Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, at the next general election, the city of Medford may impose by ordinance a sales and use tax of 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. Use of revenues. The proceeds of the tax imposed under this section must be used by the city of Medford to pay the costs of collecting and administering the tax and to repay loans received from the Minnesota Public Facilities Authority since 2007 that were used to finance $4,200,000 of improvements to the city's water and wastewater systems.

Subd. 3. Termination of taxes. The tax imposed under this section expires at the earlier of (1) 20 years after the date the taxes are first imposed, or (2) when the Medford City Council determines that the amount of revenues received from the tax equals or exceeds the sum of loans made to the city by the Minnesota Public Facilities Authority as described in subdivision 2, including interest on the loans. Any funds remaining after completion of the repayment of the loans shall 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 Medford with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 16. REPORT ON THE USE OF ZIP CODES IN COLLECTING AND REMITTING LOCAL SALES TAXES.

Subdivision 1. Report to the legislature. By March 1, 2012, the commissioner of revenue shall provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over local sales taxes reporting on the current use of zip codes for the purposes of collecting and remitting local sales taxes, problems with the current system, and suggestions for improvements.
Subd. 2. Contents of the report. The report shall include the following information:

(1) the current status of the department's development of a system that allows vendors to identify the correct local sales tax based on a street address and the five-digit zip code, as described in Minnesota Statutes, section 297A.99, subdivision 10, including a list of cities and townships that impose a local sales tax or do not impose a local sales tax but share a zip code with a jurisdiction in which a local sales tax is imposed for which the system has not been developed;

(2) a priority list and timeline for developing the required system outlined in Minnesota Statutes, section 297A.99, subdivision 10, for the cities and townships identified in clause (1);

(3) the compliance by businesses with the requirement in Minnesota Statutes, section 297A.99, subdivision 10, that the tax be collected on the lowest combined rate within the zip code for cities and townships identified in clause (1);

(4) the accuracy of the crediting and remittance of local sales taxes to the appropriate taxing jurisdiction when two contiguous cities with different local sales tax authority share a zip code; and

(5) recommendations for administrative or statutory changes to improve the accurate collection and allocation of local sales tax revenues collected by the Department of Revenue.

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

ARTICLE 5
PROPERTY TAXES

Section 1. Minnesota Statutes 2010, section 272.02, is amended by adding a subdivision to read:

Subd. 95. Electric generation facility; personal property. (a) Notwithstanding subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other personal property that is part of a multiple reciprocating engine electric generation facility that adds more than 20 and less than 30 megawatts of installed capacity at a site where there is presently more than ten megawatts and fewer than 15 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxation and from payments in lieu of taxation. At the time of construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) be located within one mile of an existing natural gas pipeline;

(4) be designed to have black start capability and to furnish emergency backup power service to the city in which it is located;

(5) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.
(b) Construction of the facility must be commenced after December 31, 2011, and before January 1, 2015. Property eligible for this exemption does not include (i) electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility; or (ii) property located on the site on the enactment date of this subdivision.

**EFFECTIVE DATE.** This section is effective for assessments in 2012, taxes payable in 2013, and thereafter.

Sec. 2. Minnesota Statutes 2010, section 273.121, subdivision 1, is amended to read:

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 limited market value for the current and prior 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.

If the classification of the property has changed between the current and prior assessments, a specific note to that effect shall be prominently listed on the statement. 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 management and budget of the amount necessary to provide such notices. The commissioner of management and budget 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.

**EFFECTIVE DATE.** This section is effective for notifications for taxes payable in 2013 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, 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;
manufactured homes not classified under any other provision;

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

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.

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.

Class 4c property includes:

1. except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial 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 not 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 under this clause 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 under this clause 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 under this clause is also class 4c under this clause 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 under this clause, either (i) the business located on the property must provide recreational activities, 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 (1) (A) 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 (1) (B) 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 providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of this determination item (ii)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property classified under this clause also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and 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. In order for a property to qualify for classification under this clause, the owner 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 under this clause 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 under this clause 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. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle:

(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 not used for residential purposes on either a temporary or permanent basis, provided that:

(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), (8), (10), or (19) of the Internal Revenue Code; 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 not qualifying under either item (i) or (ii) is 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) (i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a;

(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;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year; and

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal recreational property not used for commercial purposes under clause (12) has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same class rate as class 4b property, and the market value of manufactured home parks assessed under clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a class rate of one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), 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), (6), and (10) 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 taxes payable in 2012 and thereafter.

Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 34, is amended to read:

Subd. 34. Homestead of disabled veteran or family caregiver. (a) All or a portion of the market value of property owned by a veteran or by the veteran and the veteran's 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 as certified by the United States Department of Veterans Affairs. 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:

(1) a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2);

(2) a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064;

predeceases the veteran’s or service member’s spouse, and if upon the death of the veteran or service member 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 for one additional assessment year the current taxes payable year and for five additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.

(d) A surviving spouse qualifying for a market valuation exclusion under paragraph (c), clause (2), is eligible for the same level of benefit as that described in paragraph (b), clause (2).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran’s primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) 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.

(g) 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).
(h) 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 (a) and qualifies for the benefit described in paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (c), clause (2), may be made at any time during the year of or year following the death of the veteran or service member who predeceased the spouse.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, as established by Public Law 111–163 and codified as United States Code, title 38, section 1720G, as amended by Congress at any time; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

 EFFECTIVE DATE. This section is effective for assessment year 2011 and thereafter, for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 275.025, subdivision 3, is amended to read:

Subd. 3. Seasonal residential recreational tax capacity. For the purposes of this section, "seasonal residential recreational tax capacity" means the tax capacity of tier III of class 1c under section 273.13, subdivision 22, and all class 4c(1) and 4c(3)(ii) and 4c(12) property under section 273.13, subdivision 25, except that the first $76,000 of market value of each noncommercial class 4c(1) and 4c(12) property has a tax capacity for this purpose equal to 40 percent of its tax capacity under section 273.13.

 EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 6. Minnesota Statutes 2010, section 275.066, is amended to read:

275.066 SPECIAL TAXING DISTRICTS; DEFINITION.

For the purposes of property taxation and property tax state aids, the term "special taxing districts" includes the following entities:

(1) watershed districts under chapter 103D;

(2) sanitary districts under sections 115.18 to 115.37;

(3) regional sanitary sewer districts under sections 115.61 to 115.67;
(4) regional public library districts under section 134.201;

(5) park districts under chapter 398;

(6) regional railroad authorities under chapter 398A;

(7) hospital districts under sections 447.31 to 447.38;

(8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

(9) Duluth Transit Authority under sections 458A.21 to 458A.37;

(10) regional development commissions under sections 462.381 to 462.398;

(11) housing and redevelopment authorities under sections 469.001 to 469.047;

(12) port authorities under sections 469.048 to 469.068;

(13) economic development authorities under sections 469.090 to 469.1081;

(14) Metropolitan Council under sections 473.123 to 473.549;

(15) Metropolitan Airports Commission under sections 473.601 to 473.680;

(16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

(17) Morrison County Rural Development Financing Authority under Laws 1982, chapter 437, section 1;

(18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

(19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections 1 to 6;

(20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5, section 39;

(21) Middle Mississippi River Watershed Management Organization under sections 103B.211 and 103B.241;

(22) emergency medical services special taxing districts under section 144F.01;

(23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

(24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home under Laws 2003, First Special Session chapter 21, article 4, section 12;

(25) an airport authority created under section 360.0426; and

(26) any other political subdivision of the state of Minnesota, excluding counties, school districts, cities, and towns, that has the power to adopt and certify a property tax levy to the county auditor, as determined by the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.
Sec. 7. [275.761] MAINTENANCE OF EFFORT REQUIREMENTS SUSPENDED.

(a) Notwithstanding any law to the contrary and except as provided in paragraphs (b) and (c), all maintenance of effort requirements for counties, including but not limited to those under sections 116L.872, 134.34, 245.4835, 245.4932, 245.714, 256F.10, and 256F.13, are suspended.

(b) This section does not permit a county to suspend compliance with maintenance of effort requirements to the extent that the suspension would:

(1) require the state to expend additional money or incur additional costs; or

(2) cause a reduction in the receipt by the state or the county of federal funds.

(c) The commissioner of management and budget may determine the maintenance of effort requirements that are not permitted, in whole or in part, to be suspended under paragraph (b). The commissioner shall publish these determinations on the department's Web site and no county may suspend compliance with a maintenance of effort requirement that the commissioner determines is not subject to suspension.

(d) Notwithstanding any law to the contrary, all statutory and home rule charter cities are exempt from the maintenance of effort requirements under section 134.34.

EFFECTIVE DATE. This section is effective for maintenance of effort requirements in calendar years 2012 and 2013.

Sec. 8. Minnesota Statutes 2010, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Due dates; penalties. Except as provided in subdivision 3 or 4, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty is at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 and eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed $100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May


16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding $100, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 9. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

Subd. 8. Taxation. Before deciding to exercise the power to tax, the authority shall give six weeks' published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes

No."

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may levy a tax at any annual rate not exceeding 0.04835 percent of market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file. All taxes imposed for the support of the authority must be imposed by the county board and included in the county budget for all purposes, including levy limits, if any. If the authority consists of more than one county, the authority must determine the total levy request and apportion it among the member counties as provided in the joint resolution organizing the authority. On or before September 15, in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners’ resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of taxable property in that municipality bears to the net tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.
Sec. 10. Minnesota Statutes 2010, section 398A.07, subdivision 2, is amended to read:

Subd. 2. Security. Bonds may be made payable exclusively from the revenues from one or more projects, or from one or more revenue producing contracts, or from the authority's revenues generally, including but not limited to specified taxes which the county may levy on behalf of the authority or which a particular municipality may agree to levy for a specified purpose, and may be additionally secured by a pledge of any grant, subsidy, or contribution from any public agency, including but not limited to a participating municipality, or any income or revenues from any source. They may be secured by a mortgage or deed of trust of the whole or any part of the property of the authority. They shall be payable solely from the revenues, funds, and property pledged or mortgaged for their payment. No commissioner, officer, employee, agent, or trustee of the authority shall be liable personally on its bonds or be subject to any personal liability or accountability by reason of their issuance. Neither the state nor the county or other municipality except the authority may pledge its faith and credit or taxing power or shall be obligated in any manner for the payment of the bonds or interest on them, except as specifically provided by agreement under section 398A.06; but nothing herein shall affect the obligation of the state or municipality to perform any contract made by it with the authority, and when the authority's rights under a contract with the state or a municipality are pledged by the authority for the security of its bonds, the holders or a bond trustee may enforce the rights as a third-party beneficiary. All bonds shall be negotiable within the meaning and for the purposes of the Uniform Commercial Code, subject only to any registration requirement. In the case of bonds issued by a regional rail authority prior to June 1, 2011, to which the authority's levy was pledged, the county must levy whatever tax is necessary to fulfill the authority's pledge under the bonds.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 11. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall remove from Minnesota Statutes and Minnesota Rules all references to the sections repealed in section 12, paragraph (b). The revisor shall also remove text and calculations relating to the repealed sections.

In sections affected by this instruction, the revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning. If text in Minnesota Statutes or Minnesota Rules that is unrelated to the repealed sections refers to a repealed definition, the revisor may substitute the text of the repealed definition in the cross-reference.

If the revisor requests it, the commissioner of revenue shall assist the revisor in making the changes to statutes and rules necessary to accomplish the purpose of section 12, paragraph (b).

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

Sec. 12. **REPEALER.**

(a) Minnesota Statutes 2010, section 279.01, subdivision 4, is repealed.

(b) Minnesota Statutes 2010, sections 473F.001; 473F.01; 473F.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 21, 22, 23, and 24; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 1, 2, 3, 3a, 3b, 4, 5, 5a, 6, 7a, 8a, and 10; 473F.09; 473F.10; 473F.11; and 473F.13, subdivision 1, are repealed.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

ARTICLE 6
AIDS, CREDITS, AND REFUNDS

Section 1. Minnesota Statutes 2010, section 97A.061, subdivision 1, is amended to read:
Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) **$29.75** percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) **$42.50** cents per acre on land purchased actually used for public hunting or game refuges; or

(3) three-fourths of one **0.6375** percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount adjusted for inflation as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 2. Minnesota Statutes 2010, section 97A.061, subdivision 3, is amended to read:

Subd. 3. **Goose management croplands.** (a) The commissioner shall make a payment on July 1 of each year to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to **85 percent** of the taxes assessed on comparable, privately owned, adjacent land. Money to make the payments is annually appropriated for that purpose from the general fund. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

Subd. 7. **Refund.** "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A, or a sustainable forest tax payment to a claimant under chapter 290C.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, and amounts granted to persons by the legislature on the recommendation of the joint senate-house of representatives Subcommittee on Claims shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. In the case of a joint income tax refund under chapter
289A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total taxable income determined under section 290.01, subdivision 29. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse. For court fines, fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the debt.

**EFFECTIVE DATE.** This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

Subd. 21b. **Tax capacity.** (a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.

(b) Net tax capacity means the product of the appropriate net class rates in this section and market values, minus the property's tax capacity reduction determined under section 273.1384, subdivision 1, if applicable.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value credit tax capacity reduction.** Each county auditor shall determine a homestead **credit tax capacity reduction** 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 tax capacity reduction 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 tax capacity reduction. In the case of a property that is classified as part homestead and part nonhomestead, (i) the credit tax capacity reduction 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 tax capacity reduction 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.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 6. Minnesota Statutes 2010, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section subdivision 2 within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted by the county auditors under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.
Sec. 7. Minnesota Statutes 2010, section 273.1384, subdivision 4, is amended to read:

Subd. 4. Payment. (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section subdivision 2 in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified on the abstracts for that taxes payable year. The reimbursements related to tax increments shall be issued in one installment each year on December 26.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section subdivision 2 for each taxes payable year within each school district to the commissioner of the Department of Education and the commissioner of education shall pay the reimbursement amounts to each school district as provided in section 273.1392.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 8. Minnesota Statutes 2010, 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;
(9) supplemental homestead credit as provided in section 273.1391; and
(10) the bovine tuberculosis zone 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 2012 and thereafter.

Sec. 9. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

Subd. 3. Disparity reduction aid. The amount of disparity aid certified each year for each taxing district within each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction’s tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2)
its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed. If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on market values for taxes payable in the year prior to that for which aid is being computed is 50 percent of the amount certified for taxes payable in 2011.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 10. Minnesota Statutes 2010, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel’s market value. For taxes payable in 1990 and subsequent years, the county auditor shall compute the net tax capacity for each parcel according to the class rates specified in as defined under section 273.13, subdivision 21b. The net tax capacity will be the appropriate class rate multiplied by the parcel’s market value.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 11. Minnesota Statutes 2010, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. **Additional adjustment.** If, after computing each local government’s adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted local tax rate of all local governments combined is less than 90 105 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net tax capacity for taxes payable in 1990 and thereafter, the auditor shall increase each local government’s adjusted local tax rate proportionately so the total adjusted local tax rate of all local governments combined equals 90 105 percent. The total amount of the increase in tax resulting from the increased local tax rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the Department of Revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax rate of all local governments combined to 90 105 percent. Each local government’s disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 12. Minnesota Statutes 2010, section 276.04, subdivision 2, 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 tax statement must not state or imply that property tax credits are paid by the state of Minnesota. 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;
4. for homestead residential and agricultural properties, the credits under section 273.1384;
5. any credits received under sections 273.119; 273.1234 or 273.1235; 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. 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 2012 and thereafter.

Sec. 13. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

Subdivision 1. General right to refund. (a) Subject to the requirements of this section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the commissioner to be erroneously paid.

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes a claim for refund.
(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds $1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than $1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding, estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment. The refund allowed by section 290.06, subdivision 23, is also considered an overpayment. The requirements of section 270C.33 do not apply to the refunding of such an overpayment shown on the original return filed by a taxpayer.

(e) If the entertainment tax withheld at the source exceeds by $1 or more the taxes, penalties, and interest reported in the return of the entertainment entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than $1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 14. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

Subd. 6. Taxpayer. The term "taxpayer" means any person or corporation subject to a tax imposed by this chapter. For purposes of section 290.06, subdivision 23, the term "taxpayer" means an individual eligible to vote in Minnesota under section 201.014.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 15. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

Subd. 11. Rent constituting property taxes. "Rent constituting property taxes" means 12 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and following years.

Sec. 16. Minnesota Statutes 2010, 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. In the case of a claimant who makes ground lease payments, "property taxes
"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 12 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 for claims based on rent paid in 2010 and following years.

Sec. 17. [373.51] ALTERNATIVE PROCESS FOR CONSOLIDATION.

Notwithstanding the provisions relating to petitions in sections 371.02 and 371.03, two or more counties may begin the process for consolidation by filing with the secretary of state a resolution unanimously adopted by the board of each affected county to seek voter approval for consolidation of the counties following the procedures in chapter 371.

Sec. 18. Minnesota Statutes 2010, section 477A.011, is amended by adding a subdivision to read:

Subd. 1c. First class city. "First class city" means a city of the first class as of 2009 as defined in section 410.01.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 19. Minnesota Statutes 2010, section 477A.0124, is amended by adding a subdivision to read:

Subd. 6. Aid payments in 2011 and 2012. Notwithstanding total aids calculated or certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under subdivisions 3 to 5.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and 2012.

Sec. 20. Minnesota Statutes 2010, section 477A.013, subdivision 8, is amended to read:

Subd. 8. City formula aid. 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 average of its unmet need for the most recently available two years.
No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities. For first class cities, the formula aid is 25 percent of its base aid as defined in subdivision 11, paragraph (a), for aids payable in 2013 and zero for aids payable in 2014 and thereafter.

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. Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated except that the data used to compute "net levy" in subdivision 9 is the data most recently available at the time of the aid computation.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 21. Minnesota Statutes 2010, section 477A.013, subdivision 9, 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.

(b) For aids payable in 2014 2013 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in 2010 2012 under this section minus the amount of its aid reduction under section 477A.0134 subdivision 11. For aids payable in 2012 2014 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous year.

(c) For aids payable in 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 $10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 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 $10 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) A city's aid loss under this section may not exceed $300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's 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.

(g) Notwithstanding paragraphs (a) to (f), the total aid for a first class city is its formula aid under subdivision 8.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2013 and thereafter.
Sec. 22. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

Subd. 11. **Aid payments in 2011 and 2012.** (a) For purposes of this subdivision, "base aid" means the lesser of (1) the total amount of aid it received under this section in 2010, after the reductions under sections 477A.0133 and 477A.0134 and reduced by the amount of payments under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9, minus any aid base adjustment under section 477A.011, subdivision 36, paragraph (aa).

(b) Notwithstanding aids calculated or certified for aids payable in 2011 under subdivision 9, in 2011 each city shall receive an aid distribution under this section as follows:

(1) for a first class city, 75 percent of its base aid as defined in paragraph (a); and

(2) for any other city, the amount it is certified to receive in 2011 under subdivision 9.

(c) Notwithstanding aids calculated or certified for aids payable in 2012 under subdivision 9, in 2012 each city shall receive an aid distribution under this section as follows:

(1) for a first class city, 50 percent of its base aid as defined in paragraph (a); and

(2) for any other city, its base aid as defined under paragraph (a).

EFFECTIVE DATE. This section is effective for aids payable in calendar years 2011 and 2012.

Sec. 23. Minnesota Statutes 2010, 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 2013 only, the total aid paid under section 477A.013, subdivision 9, is $318,774,184. For aids payable in 2011 and 2014 and thereafter, the total aid paid under section 477A.013, subdivision 9, is $527,100,646 $283,292,875.

Subd. 2b. **Counties.** (a) For aids payable in 2011 and 2013 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is $96,395,000 $78,218,000. Each calendar year, $500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget 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 2011 and 2013 and thereafter, the total aid under section 477A.0124, subdivision 4, is $101,309,575 $83,133,000. The commissioner of management and budget 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
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 management and budget and the commissioner of education for the preparation of local impact notes.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2012 and thereafter.

Sec. 24. Minnesota Statutes 2010, section 477A.11, subdivision 1, is amended to read:

Subdivision 1. **Terms.** For the purpose of sections 477A.11 to 477A.145, the terms defined in this section have the meanings given them.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 25. Minnesota Statutes 2010, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts are:

1. $3, as adjusted for inflation under section 477A.145, $4.363 multiplied by the total number of acres of acquired natural resources land or, at the county's option, three-fourths of one 0.6375 percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

2. 75 cents, as adjusted for inflation under section 477A.145, $1.091 multiplied by the number of acres of county-administered other natural resources land;

3. 75 cents, as adjusted for inflation under section 477A.145, $1.091 multiplied by the total number of acres of land utilization project land; and

4. 37.5 cents, as adjusted for inflation under section 477A.145, 54.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) The amount determined under paragraph (a), clause (1), is payable for land that is acquired from a private owner and owned by the Department of Transportation for the purpose of replacing wetland losses caused by transportation projects, but only if the county contains more than 500 acres of such land at the time the certification is made under subdivision 2.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 26. Minnesota Statutes 2010, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents, as adjusted for inflation under section 477A.145, 54.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than $5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;
(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township $0.30, as adjusted for inflation under section 477A.145, $0.436 for each acre of acquired natural resources land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and $0.075, as adjusted for inflation under section 477A.145, $0.109 for each acre of other natural resources land and each acre of land utilization project land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds $35,000, the excess shall be used to provide property tax levy reduction.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 27. Minnesota Statutes 2010, section 477A.17, is amended to read:

**477A.17 LAKE VERMILION STATE PARK AND SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

(a) Beginning in fiscal year 2012, in lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for land acquired for Lake Vermilion State Park, established in section 85.012, subdivision 38a, and land within the boundary of Soudan Underground Mine State Park, established in section 85.012, subdivision 53a, equal to 1.275% of the appraised value of the land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. The appraised value must be redetermined by the county assessor every five years after the land is acquired.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 28. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

In administering sections 15 and 16 for claims for refunds submitted using 19 percent of gross rent as rent constituting property taxes under prior law, the commissioner shall recalculate and pay the refund amounts using 12 percent of gross rent. The commissioner shall notify the claimant that the recalculation was mandated by action of the 2011 Legislature.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 29. CREDIT REDUCTIONS AND LIMITATION; COUNTIES AND CITIES.

In 2011, the market value credit reimbursement payment to each county and city authorized under Minnesota Statutes, section 273.1384, subdivision 4, may not exceed the reimbursement payment received by the county or city for taxes payable in 2010.

EFFECTIVE DATE. This section is effective for credit reimbursements in 2011.

Sec. 30. PROPERTY TAX STATEMENT FOR TAXES PAYABLE IN 2012 ONLY.

For the purposes of the property tax statements required under Minnesota Statutes, section 276.04, subdivision 2, for taxes payable in 2012 only, the gross tax amount shown for the previous year is the gross tax minus the residential homestead market value credit.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 only.

Sec. 31. COOPERATION, CONSOLIDATION, INNOVATION GRANTS.

Subdivision 1. Definition. For the purposes of this section, "local government" means a town, county, or home rule charter or statutory city.

Subd. 2. Grants. The commissioner of administration may make a cooperation, consolidation, and service innovation grant to a local government that is participating with at least one other local government in planning for or implementing provision of services cooperatively or in planning and implementing consolidation of services, functions, or governance. The grants shall be made on a first-come first-served basis. The commissioner shall determine the form and content of the application and grant agreements. At a minimum, an application must contain a resolution adopted by the governing body of each participating local government supporting the cooperation, consolidation, or innovation effort that identifies the services and functions the local government is considering providing cooperatively with one or more other local governments or that identifies the functions the local governments seek to consolidate. The maximum grant amount is $100,000 per local government.

Subd. 3. Report. The commissioner of administration must report to the governor and legislative committees with jurisdiction over local government governance and local government taxes and finance on the cooperation and consolidation grants made and how the money was used, what services and functions have been provided by local governments in cooperation with each other, what programs or governance structures have been proposed for consolidation or consolidated, and what impediments remain that prevent cooperation, consolidation, and service innovation. An interim report is due February 1, 2012, and a final report is due December 15, 2012.

Subd. 4. Appropriation. $5,000,000 is appropriated from the general fund to the commissioner for the biennium ending June 30, 2013, to make grants to counties as provided in this section.

Sec. 32. REPEALER.

(a) Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; are repealed.

(b) Minnesota Statutes 2010, section 290.06, subdivision 23, is repealed.

(c) Minnesota Statutes 2010, sections 273.1384, subdivision 6; and 477A.145, are repealed.

(d) Minnesota Statutes 2010, sections 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; and 290C.13, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for refund claims based on contributions made after June 30, 2011. Paragraph (c) is effective for aids payable in 2011 and thereafter. Paragraph (d) is effective July 1, 2011, and the covenants under the program are void on that date. No later than 60 days after enactment of this section, the commissioner of revenue shall issue a document to each enrollee immediately releasing the land from the covenant as provided in Minnesota Statutes 2010, section 290C.04, paragraph (c).
ARTICLE 7
GREEN ACRES AND RURAL PRESERVES

Section 1. Minnesota Statutes 2010, section 273.111, is amended by adding a subdivision to read:

Subd. 2a. **Purpose.** The legislature finds that it is in the interest of the state to encourage and preserve farms by mitigating the property tax impact of increasing land values due to nonagricultural economic forces.

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

Sec. 2. Minnesota Statutes 2010, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** (a) Except as provided in paragraph (b), when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. 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 (1) the last three years that the said property has been valued and assessed under this section, for property originally enrolled on or before May 1, 2012, or (2) the last five years that the property has been valued and assessed under this section, for property originally enrolled after May 1, 2012.

(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.

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

Sec. 3. Minnesota Statutes 2010, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed properly enrolled under Minnesota Statutes 2006, section 273.111 for taxes payable in 2008, or that is part of an agricultural homestead under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), at least a portion of which is enrolled under section 273.111, is entitled to valuation and tax deferment under this section if:

(1) the land consists of at least ten acres property is contiguous to class 2a property enrolled under section 273.111 under the same ownership;

(2) a conservation assessment plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is subject to valuation and deferment under this section;

(3) the land must be enrolled for a minimum of eight years;

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

(5) (3) the property is not also enrolled for valuation and deferment under section 273.111 or 273.112, or chapter 290C or 473H.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.
Sec. 4. Minnesota Statutes 2010, section 273.114, subdivision 5, is amended to read:

Subd. 5. Application and covenant agreement. (a) 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 under this subdivision and granted shall continue in effect for subsequent years until the termination of the covenant agreement under paragraph (b). Property is withdrawn or no longer qualifies. The application must be filed with the assessor of the taxing district in which the real property is located on the form prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 2.

(b) The owner of the property must sign a covenant agreement that is filed with the county recorder and recorded in the county where the property is located. The covenant agreement must include all of the following:

1. legal description of the area to which the covenant applies;
2. name and address of the owner;
3. a statement that the land described in the covenant must be kept as rural preserve land, which meets the requirements of subdivision 2, for the duration of the covenant;
4. a statement that the landowner may terminate the covenant agreement by notifying the county assessor in writing three years in advance of the date of the termination, provided that the notice of intent to terminate may not be given at any time before the land has been subject to the covenant for a period of five years;
5. a statement that the covenant is binding on the owner or the owner's successor or assigns and runs with the land; and
6. a witnessed signature of the owner, agreeing by covenant, to maintain the land as described in subdivision 2.

(e) After a covenant under this section has been terminated, the land that had been subject to the covenant is ineligible for subsequent valuation under this section for a period of three years after the termination.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 273.114, subdivision 6, is amended to read:

Subd. 6. Additional taxes. Upon termination of a covenant agreement in subdivision 5, paragraph (b), the land to which the covenant applied. When real property that is being or has been valued and assessed under this section no longer qualifies under subdivision 2, the portion no longer qualifying shall be subject to additional taxes in the amount equal to the difference between the taxes determined in accordance with subdivision 3 and the amount determined under subdivision 4, provided that the amount determined under subdivision 4 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 4. 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 and that the additional taxes shall only be levied with respect to the current year plus (1) two prior years that the property has been valued and assessed under this section, for property that had been enrolled under this section or section 273.111 on or before May 1, 2012, or (2) four prior years that the property had been valued and assessed under this section, for all other property.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.
Sec. 6. LAND REMOVED FROM PROGRAM.

(a) Any class 2a land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes 2006, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this paragraph must be reinstated to the program at the request of the owner provided that the request is made prior to September 1, 2011.

(b) Any class 2b land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this paragraph, and that applies for enrollment in the rural preserve program under Minnesota Statutes, section 273.114, prior to September 1, 2011, shall be allowed to apply as if it had been enrolled under Minnesota Statutes, section 273.111, immediately prior to application for enrollment under Minnesota Statutes, section 273.114.

(c) If additional taxes, as defined under Minnesota Statutes, section 273.111, subdivision 9, have been paid by a property owner prior to the effective date of this paragraph for property being enrolled or reenrolled under paragraph (a) or (b), the county must repay the property owner in the manner prescribed by the commissioner of revenue.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective the day following final enactment for taxes payable in 2012 and thereafter. Paragraph (c) is effective the day following final enactment.

Sec. 7. COVENANTS TERMINATED.

Any covenants entered into in order to comply with the requirements of Minnesota Statutes 2010, section 273.114, subdivision 5, are terminated.

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

Sec. 8. STUDY REQUIRED.

The commissioner of revenue, in consultation with the Minnesota Association of Assessing Officers, the Department of Applied Economics at the University of Minnesota, and representatives of major farm groups within the state of Minnesota, must explore alternative methods for determining the taxable value of tillable and nontillable land enrolled in the green acres program under Minnesota Statutes, section 273.111, and the rural preserves program under Minnesota Statutes, section 273.114. The commissioner must make a report to the legislature by February 15, 2012, describing the methodologies intended to be used for assessment year 2012 and thereafter.

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

Sec. 9. REPEALER.

Minnesota Statutes 2010, section 273.114, subdivision 1, is repealed.

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

ARTICLE 8
MINERALS

Section 1. Minnesota Statutes 2010, section 298.01, subdivision 3, is amended to read:

Subd. 3. Occupation tax; other ores. Every person engaged in the business of mining or producing ores in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is determined in the same manner as the tax imposed by section 290.02, except that
sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of $2.45 / 1.75$ percent. A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

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

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

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

The tax is in addition to all other taxes.

Sec. 2. Minnesota Statutes 2010, section 298.015, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to $2.7$ percent of the net proceeds from mining in Minnesota. The tax applies to all mineral and energy resources mined or extracted within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

Sec. 3. Minnesota Statutes 2010, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under sections 298.015 to 298.017 on minerals and energy resources mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

1. five percent to the city or town within which the minerals or energy resources are mined or extracted or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among them upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each of them giving due consideration to the relative extent of the operations performed in each taxing district;

2. ten percent to the taconite municipal aid account to be distributed as provided in section 298.282;

3. ten percent to the school district within which the minerals or energy resources are mined or extracted or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

4. 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted, provided that the county shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five percent to the Iron Range Resources and Rehabilitation Board for the purposes of section 298.22;

(8) five three percent to the Douglas J. Johnson economic protection trust fund; and

(9) five seven percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 4. Minnesota Statutes 2010, section 298.28, subdivision 3, is amended to read:

Subd. 3. Cities; towns. (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed $55 per capita in the case of a township or $75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 and subsequent years must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 and subsequent years, the three cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than $50,000 in any year under this paragraph. Any amount of the distribution that exceeds the $50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed $50,000.

**EFFECTIVE DATE.** This section is effective for the 2012 distribution.
ARTICLE 9
MISCELLANEOUS

Section 1. [3.193] REVENUE INCREASES VOID.

Notwithstanding any other law to the contrary, any increase in a tax, as defined in Minnesota Statutes, section 645.44, subdivision 19, enacted into law is void, unless it specifically provides that this section does not apply.

EFFECTIVE DATE. This section is effective the day following final enactment and does not apply to the provisions of the bill styled as H. F. No. 79, if enacted into law during the 2011 regular session of the legislature.

Sec. 2. Minnesota Statutes 2010, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. Biennial report. The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.

EFFECTIVE DATE. This section is effective beginning with the report due in March 2013.

Sec. 3. Minnesota Statutes 2010, 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 for commercial-industrial property is $592,000,000 $739,000,000 for taxes payable in 2012. The state general levy base amount for seasonal recreational property is $40,600,000 for taxes payable in 2012. For taxes payable in subsequent years, the each 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.

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 for taxes payable in 2012 and thereafter.
Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** Ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rate rates to each county auditor that shall be used in spreading taxes.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. ** Appropriations.**

Subdivision 1. **Income tax reciprocity benchmark study.** $115,000 in fiscal year 2012 and $215,000 in fiscal year 2013 are appropriated from the general fund to the commissioner of revenue for the income tax reciprocity benchmark study in article 1, section 17. This appropriation is onetime and is not added to the agency's base budget.

Subd. 2. **Tax incidence report.** $15,000 in fiscal year 2012 and $15,000 in fiscal year 2013 are appropriated from the general fund to the commissioner of revenue for the change to the tax incidence report in section 2.

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; making changes to individual income, corporate franchise, property, aids, credits, payments, refunds, sales and use, tax increment financing, aggregate material, minerals, local, and other taxes and tax-related provisions; making changes to the green acres and rural preserve programs; authorizing border city development zone powers and local taxes; modifying regional railroad authority provisions; repealing sustainable forest resource management incentive; authorizing grants to local governments for cooperation, consolidation, and service innovation; providing a science and technology program; reducing certain income rates; allowing capital equipment exemption at time of purchase; directing commissioner of revenue to negotiate a reciprocity agreement with state of Wisconsin and permitting its termination only by law; requiring studies; requiring reports; repealing metropolitan revenue distribution program; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 270A.03, subdivision 7; 270B.12, by adding a subdivision; 270C.13, subdivision 1; 272.02, by adding a subdivision; 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121, subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivisions 1, 3, 4; 275.066; 275.08, subdivisions 1a, 1d; 276.04, subdivision 2; 279.01, subdivision 1; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.06, subdivision 2c; 290.068, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions 11, 13; 297A.61, subdivision 3; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; 297A.68, subdivision 5; 297A.70, subdivision 3; 297A.75; 297A.99, subdivision 1; 298.01, subdivision 3; 298.015, subdivision 1; 298.018, subdivision 1; 298.28, subdivision 3; 298.75, by adding a subdivision; 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2, 11; 477A.011, by adding a subdivision; 477A.0124, by adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 3; 116W; 275; 373; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4;
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.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 66, A bill for an act relating to the state budget; budget priorities; repealing the political contribution refund; amending Minnesota Statutes 2010, sections 270A.03, subdivision 7; 289A.50, subdivision 1; 290.01, subdivision 6; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 290.06, subdivision 23.

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

The report was adopted.

Abeler from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 248, A bill for an act relating to insurance; enacting the recommendation of the Small Group Health Insurance Market Working Group by repealing a requirement that small employers that do not offer group health coverage either offer, or file a form with the state stating a decision not to offer, a Section 125 plan through which employees may contribute wages to a pretax account from which to pay for individual health insurance; repealing Minnesota Statutes 2010, section 62U.07.

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

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 371, A bill for an act relating to insurance; requiring local government employees to approve participation in or withdrawal from the public employees insurance program; amending Minnesota Statutes 2010, sections 43A.316, subdivision 5; 471.61, subdivision 2b; 471.611, subdivision 2.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Commerce and Regulatory Reform.

The report was adopted.
Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 382, A bill for an act relating to civil actions; amending statutes regarding receiverships and assignments for the benefit of creditors; amending Minnesota Statutes 2010, sections 302A.753, subdivisions 2, 3; 302A.755; 302A.759, subdivision 1; 302A.761; 308A.945, subdivisions 2, 3; 308A.951; 308A.961, subdivision 1; 308A.965; 308B.935, subdivisions 2, 3; 308B.941; 308B.951, subdivision 1; 308B.955; 316.11; 317A.753, subdivisions 3, 4; 317A.755; 317A.759, subdivision 1; 322B.836, subdivisions 2, 3; 322B.84; 462A.05, subdivision 32; 469.012, subdivision 2i; 540.14; 559.17, subdivision 2; 576.04; 576.06; 576.08; 576.09; 576.11; 576.121; 576.123; 576.144; 576.15; 576.16; proposing coding for new law in Minnesota Statutes, chapters 576; 577; repealing Minnesota Statutes 2010, sections 302A.759, subdivision 2; 308A.961, subdivision 2; 308B.951, subdivisions 2, 3; 317A.759, subdivision 2; 576.01; 577.01; 577.02; 577.03; 577.04; 577.05; 577.06; 577.08; 577.09; 577.10.

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

The report was adopted.

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 447, A bill for an act relating to vulnerable adults; modifying provisions governing investigations, reviews, and hearings; making the crime of criminal abuse of a vulnerable adult a registrable offense under the predatory offender registration law; changing terminology; increasing the criminal penalty for assaulting a vulnerable adult; providing criminal penalties; amending Minnesota Statutes 2010, sections 144.7065, subdivision 10; 243.166, subdivision 1b; 256.021; 256.045, subdivision 4; 518.165, subdivision 5; 524.5-118, subdivision 2; 609.2231, by adding a subdivision; 609.224, subdivision 2; 626.557, subdivisions 9, 9a, 9c, 9d, 12b, by adding a subdivision; 626.5571, subdivision 1; 626.5572, subdivision 13.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law.

The report was adopted.

Nornes from the Committee on Higher Education Policy and Finance to which was referred:

H. F. No. 560, A bill for an act relating to public administration; modifying provisions governing energy forward pricing mechanisms for government agencies; amending Minnesota Statutes 2010, section 16C.143; repealing Minnesota Statutes 2010, section 383B.1588.

Reported the same back with the following amendments:

Page 2, line 3, strike "24" and insert "48"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Government Operations and Elections.

The report was adopted.
Westrom from the Committee on Civil Law to which was referred:

H. F. No. 625, A bill for an act relating to civil law; providing certain liability protections for those grazing livestock on state land; proposing coding for new law in Minnesota Statutes, chapter 604A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 604A.12, is amended to read:

604A.12 LIVESTOCK ACTIVITIES; IMMUNITY FROM LIABILITY.

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

(b) "Inherent risks of livestock activities" means dangers or conditions that are an integral part of livestock activities, including:

(1) the propensity of livestock to behave in ways that may result in death or injury to persons on or around them, such as kicking, biting, or bucking, or charging;

(2) the unpredictability of livestock's reaction to things like sound, sudden movement, unfamiliar objects, persons, or other animals;

(3) natural hazards such as surface or subsurface conditions; or

(4) collisions with other livestock or objects.

(c) "Livestock" means cattle, sheep, swine, horses, ponies, donkeys, mules, hinnies, goats, buffalo, llamas, or poultry.

(d) "Livestock activity" means an activity involving the maintenance or use of livestock, regardless of whether the activity is open to the general public, and, except in the case of livestock grazing under clause (7), provided the activity is not performed for profit. Livestock activity includes:

(1) livestock production;

(2) loading, unloading, or transporting livestock;

(3) livestock shows, fairs, competitions, performances, races, rodeos, or parades;

(4) livestock training or teaching activities;

(5) boarding, shoeing, or grooming livestock;

(6) riding or inspecting livestock or livestock equipment;

(7) the use of state property for livestock grazing, pursuant to an agreement with the commissioner of natural resources.
(e) "Livestock activity sponsor" means a person who sponsors, organizes, or provides the facilities for a livestock activity that is open to the general public.

(f) "Participant" means a person who directly and intentionally engages in a livestock activity. Participant does not include a spectator who is in an authorized area.

Subd. 2. Immunity from liability: livestock events. Except as provided in subdivision 3, a nonprofit corporation, association, or organization, or a person or other entity donating services, livestock, facilities, or equipment for the use of a nonprofit corporation, association, or organization, is not liable for the death of or an injury to a participant resulting from the inherent risks of livestock activities.

Subd. 3. Exceptions: livestock events. Subdivision 2 does not apply if any of the following exist:

(1) the person provided livestock for the participant and failed to make reasonable efforts to determine the ability of the participant to safely engage in the livestock activity or to determine the ability of the participant to safely manage the particular livestock based on the participant's representations of the participant's ability;

(2) the person provided equipment or tack for the livestock and knew or should have known that it was faulty to the extent that it caused the injury or death;

(3) the person owns or leases the land upon which a participant was injured or died because of a human-made dangerous latent condition and failed to use reasonable care to protect the participant;

(4) the person is a livestock activity sponsor and fails to comply with the notice requirement of subdivision 4; or

(5) the act or omission of the person was willful or negligent.

Subd. 3a. Immunity from liability: grazing on public lands. (a) Any person or entity grazing livestock on state lands under an agreement with the commissioner of natural resources is not liable for damage to property or the death of or an injury to a person due to the inherent risks of livestock activities.

(b) This subdivision does not apply if the person or entity grazing the livestock:

(1) fails to exercise reasonable care in using the land for grazing or in managing the livestock; or

(2) maintains a condition in material violation of an agreement with the commissioner of natural resources for use of the land, and the condition contributed to the damage, death, or injury.

Subd. 4. Posting notice. (a) A livestock activity sponsor shall post plainly visible signs at one or more prominent locations in the premises where the livestock activity takes place that include a warning of the inherent risks of livestock activity and the limitation of liability under this section.

(b) The commissioner of natural resources shall post plainly visible signs at one or more prominent locations on any state property being used for grazing purposes pursuant to an agreement with the commissioner. The signs shall include a warning of the inherent risks of livestock activity, and the limitations of liability provided in this section and any other applicable law.

EFFECTIVE DATE; APPLICABILITY. This section is effective the day following final enactment and applies to causes of action arising on or after that date. The commissioner shall post notice as required by subdivision 4 on any property subject to a livestock grazing agreement on the effective date of this section within 60 days of that date."
Delete the title and insert:

"A bill for an act relating to civil law; regulating liability for certain livestock activities; amending Minnesota Statutes 2010, section 604A.12."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Agriculture and Rural Development Policy and Finance.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 917, A bill for an act relating to St. Louis county; county fair; tax status of fairgrounds; amending Minnesota Statutes 2010, section 383C.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 383C.

Reported the same back with the following amendments:

Page 2, line 5, delete ", including property" and insert a period

Page 2, delete lines 6 and 7

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

The report was adopted.

Gottwalt from the Committee on Health and Human Services Reform to which was referred:

H. F. No. 936, A bill for an act relating to health; prohibiting abortions at or after 20 weeks gestational age unless certain exceptions apply; providing civil and criminal penalties; amending Minnesota Statutes 2010, section 145.4131, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 8; 145.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. SHORT TITLE.

This act may be cited as the "Pain-Capable Unborn Child Protection Act."

Sec. 2. [8.40] LITIGATION DEFENSE FUND.

(a) There is created a special revenue fund known as the Pain-Capable Unborn Child Protection Act litigation fund for the purpose of providing funds to pay for any costs and expenses incurred by the state attorney general in relation to actions surrounding defense of sections 145.4141 to 145.4148.

(b) The fund shall be maintained by the state Office of Management and Budget.
(c) The litigation fund shall consist of:

(1) appropriations made to the account by the legislature; and

(2) any donations, gifts, or grants made to the account by private citizens or entities.

(d) The litigation fund shall retain the interest income derived from the money credited to the fund.

Sec. 3. Minnesota Statutes 2010, section 145.4131, subdivision 1, is amended to read:

Subdivision 1. Forms. (a) Within 90 days of July 1, 1998, the commissioner shall prepare a reporting form for use by physicians or facilities performing abortions. A copy of this section shall be attached to the form. A physician or facility performing an abortion shall obtain a form from the commissioner.

(b) The form shall require the following information:

(1) the number of abortions performed by the physician in the previous calendar year, reported by month;

(2) the method used for each abortion;

(3) the approximate gestational age expressed in one of the following increments:

(i) less than nine weeks;

(ii) nine to ten weeks;

(iii) 11 to 12 weeks;

(iv) 13 to 15 weeks;

(v) 16 to 20 weeks;

(vi) 21 to 24 weeks;

(vii) 25 to 30 weeks;

(viii) 31 to 36 weeks; or

(ix) 37 weeks to term;

(4) the age of the woman at the time the abortion was performed;

(5) the specific reason for the abortion, including, but not limited to, the following:

(i) the pregnancy was a result of rape;

(ii) the pregnancy was a result of incest;

(iii) economic reasons;

(iv) the woman does not want children at this time;
(v) the woman's emotional health is at stake;

(vi) the woman's physical health is at stake;

(vii) the woman will suffer substantial and irreversible impairment of a major bodily function if the pregnancy continues;

(viii) the pregnancy resulted in fetal anomalies; or

(ix) unknown or the woman refused to answer;

(6) the number of prior induced abortions;

(7) the number of prior spontaneous abortions;

(8) whether the abortion was paid for by:

(i) private coverage;

(ii) public assistance health coverage; or

(iii) self-pay;

(9) whether coverage was under:

(i) a fee-for-service plan;

(ii) a capitated private plan; or

(iii) other;

(10) complications, if any, for each abortion and for the aftermath of each abortion. Space for a description of any complications shall be available on the form; and

(11) the medical specialty of the physician performing the abortion—;

(12) whether a determination of probable postfertilization age was made and the probable postfertilization age determined:

(i) the method used to make such a determination; or

(ii) if a determination was not made prior to performing an abortion, the basis of the determination that a medical emergency existed; and

(13) for abortions performed after a determination of postfertilization age of 20 or more weeks, the basis of the determination that the pregnant woman had a condition that so complicated her medical condition as to necessitate the abortion of her pregnancy to avert her death or to avert serious risk of substantial and irreversible physical impairment of a major bodily function, not including psychological or emotional conditions.
Sec. 4. [145.4141] DEFINITIONS.

Subdivision 1. Scope. For purposes of sections 145.4141 to 145.4148, the following terms have the meanings given them.

Subd. 2. Abortion. "Abortion" means the use or prescription of any instrument, medicine, drug, or any other substance or device to terminate the pregnancy of a woman known to be pregnant with an intention other than to increase the probability of a live birth, to preserve the life or health of the child after live birth, or to remove a dead unborn child who died as the result of natural causes in utero, accidental trauma, or a criminal assault on the pregnant woman or her unborn child, and which causes the premature termination of the pregnancy.

Subd. 3. Attempt to perform or induce an abortion. "Attempt to perform or induce an abortion" means an act, or an omission of a statutorily required act, that, under the circumstances as the actor believes them to be, constitutes a substantial step in a course of conduct planned to culminate in the performance or induction of an abortion in this state in violation of sections 145.4141 to 145.4148.

Subd. 4. Fertilization. "Fertilization" means the fusion of a human spermatozoon with a human ovum.

Subd. 5. Medical emergency. "Medical emergency" means a condition that, in reasonable medical judgment, so complicates the medical condition of the pregnant woman that it necessitates the immediate abortion of her pregnancy without first determining postfertilization age to avert her death or for which the delay necessary to determine postfertilization age will create serious risk of substantial and irreversible physical impairment of a major bodily function not including psychological or emotional conditions. No condition shall be deemed a medical emergency if based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Subd. 6. Physician. "Physician" means any person licensed to practice medicine and surgery or osteopathic medicine and surgery in this state.

Subd. 7. Postfertilization age. "Postfertilization age" means the age of the unborn child as calculated from the fusion of a human spermatozoon with a human ovum.

Subd. 8. Probable postfertilization age of the unborn child. "Probable postfertilization age of the unborn child" means what, in reasonable medical judgment, will with reasonable probability be the postfertilization age of the unborn child at the time the abortion is planned to be performed or induced.

Subd. 9. Reasonable medical judgment. "Reasonable medical judgment" means a medical judgment that would be made by a reasonably prudent physician knowledgeable about the case and the treatment possibilities with respect to the medical conditions involved.

Subd. 10. Unborn child or fetus. "Unborn child" or "fetus" means an individual organism of the species homo sapiens from fertilization until live birth.

Subd. 11. Woman. "Woman" means a female human being whether or not she has reached the age of majority.

Sec. 5. [145.4142] LEGISLATIVE FINDINGS.

(a) The legislature makes the following findings.

(b) Pain receptors (nociceptors) are present throughout an unborn child's entire body and nerves link these receptors to the brain's thalamus and subcortical plate by 20 weeks.
(c) By eight weeks after fertilization, an unborn child reacts to touch. After 20 weeks an unborn child reacts to stimuli that would be recognized as painful if applied to an adult human, for example by recoiling.

(d) In the unborn child, application of such painful stimuli is associated with significant increases in stress hormones known as the stress response.

(e) Subjection to such painful stimuli is associated with long-term harmful neurodevelopmental effects, such as altered pain sensitivity and, possibly, emotional, behavioral, and learning disabilities later in life.

(f) For the purposes of surgery on an unborn child, fetal anesthesia is routinely administered and is associated with a decrease in stress hormones compared to the level when painful stimuli is applied without anesthesia.

(g) The position, asserted by some medical experts, that an unborn child is incapable of experiencing pain until a point later in pregnancy than 20 weeks after fertilization predominately rests on the assumption that the ability to experience pain depends on the cerebral cortex and requires nerve connections between the thalamus and the cortex. However, recent medical research and analysis, especially since 2007, provides strong evidence for the conclusion that a functioning cortex is not necessary to experience pain.

(h) Substantial evidence indicates that children born missing the bulk of the cerebral cortex, those with hydranencephaly, nevertheless experience pain.

(i) In adults, stimulation or ablation of the cerebral cortex does not alter pain perception, while stimulation or ablation of the thalamus does.

(j) Substantial evidence indicates that structures used for pain processing in early development differ from those of adults, using different neural elements available at specific times during development, such as the subcortical plate, to fulfill the role of pain processing.

(k) The position asserted by some medical experts, that the unborn child remains in a coma-like sleep state that precludes the unborn child experiencing pain is inconsistent with the documented reaction of unborn children to painful stimuli and with the experience of fetal surgeons who have found it necessary to sedate the unborn child with anesthesia to prevent the unborn child from thrashing about in reaction to invasive surgery.

(l) Consequently, there is substantial medical evidence that an unborn child is capable of experiencing pain by 20 weeks after fertilization.

(m) It is the purpose of the state to assert a compelling state interest in protecting the lives of unborn children from the stage at which substantial medical evidence indicates that they are capable of feeling pain.

Sec. 6. [145.4143] DETERMINATION OF GESTATIONAL AGE.

Subdivision 1. Determination of postfertilization age. Except in the case of a medical emergency, no abortion shall be performed or induced or be attempted to be performed or induced unless the physician performing or inducing it has first made a determination of the probable postfertilization age of the unborn child or relied upon such a determination made by another physician. In making such a determination, the physician shall make those inquiries of the woman and perform or cause to be performed those medical examinations and tests that a reasonably prudent physician, knowledgeable about the case and the medical conditions involved, would consider necessary to perform in making an accurate diagnosis with respect to postfertilization age.

Subd. 2. Unprofessional conduct. Failure by any physician to conform to any requirement of this section constitutes unprofessional conduct under section 147.091, paragraph (k).
Sec. 7. [145.4144] ABORTION OF UNBORN CHILD OF 20 OR MORE WEEKS GESTATIONAL AGE PROHIBITED; CAPABLE OF FEELING PAIN.

Subdivision 1. Abortion prohibition; exemption. No person shall perform or induce or attempt to perform or induce an abortion upon a woman when it has been determined, by the physician performing or inducing or attempting to perform or induce the abortion, or by another physician upon whose determination that physician relies, that the probable postfertilization age of the woman’s unborn child is 20 or more weeks unless, in reasonable medical judgment, she has a condition which so complicates her medical condition as to necessitate the abortion of her pregnancy to avert her death or to avert serious risk of substantial and irreversible physical impairment of a major bodily function, not including psychological or emotional conditions. No such condition shall be deemed to exist if it is based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Subd. 2. When abortion not prohibited. When an abortion upon a woman whose unborn child has been determined to have a probable postfertilization age of 20 or more weeks is not prohibited by this section, the physician shall terminate the pregnancy in the manner which, in reasonable medical judgment, provides the best opportunity for the unborn child to survive unless, in reasonable medical judgment, termination of the pregnancy in that manner would pose a greater risk either of the death of the pregnant woman or of the substantial and irreversible physical impairment of a major bodily function, not including psychological or emotional conditions, of the woman than would other available methods. No such greater risk shall be deemed to exist if it is based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Sec. 8. [145.4145] ENFORCEMENT.

Subdivision 1. Criminal penalties. A person who intentionally or recklessly performs or induces or attempts to perform or induce an abortion in violation of sections 145.4141 to 145.4148 shall be guilty of a felony. No penalty may be assessed against the woman upon whom the abortion is performed or induced or attempted to be performed or induced.

Subd. 2. Civil remedies. (a) A woman upon whom an abortion has been performed or induced in violation of sections 145.4141 to 145.4148, or the father of the unborn child who was the subject of such an abortion, may maintain an action against the person who performed or induced the abortion in intentional or reckless violation of sections 145.4141 to 145.4148 for actual and punitive damages. A woman upon whom an abortion has been attempted in violation of sections 145.4141 to 145.4148 may maintain an action against the person who attempted to perform or induce the abortion in an intentional or reckless violation of sections 145.4141 to 145.4148 for actual and punitive damages.

(b) A cause of action for injunctive relief against a person who has intentionally violated sections 145.4141 to 145.4148 may be maintained by the woman upon whom an abortion was performed or induced or attempted to be performed or induced in violation of sections 145.4141 to 145.4148; by a person who is the father of the unborn child subject to an abortion, parent, sibling, or guardian of, or a current or former licensed health care provider of, the woman upon whom an abortion has been performed or induced or attempted to be performed or induced in violation of sections 145.4141 to 145.4148; by a county attorney with appropriate jurisdiction; or by the attorney general. The injunction shall prevent the abortion provider from performing or inducing or attempting to perform or induce further abortions in this state in violation of sections 145.4141 to 145.4148.

(c) If judgment is rendered in favor of the plaintiff in an action described in this section, the court shall also render judgment for reasonable attorney fees in favor of the plaintiff against the defendant.
(d) If judgment is rendered in favor of the defendant and the court finds that the plaintiff's suit was frivolous and brought in bad faith, the court shall also render judgment for reasonable attorney fees in favor of the defendant against the plaintiff.

(e) No damages or attorney fees may be assessed against the woman upon whom an abortion was performed or induced or attempted to be performed or induced except according to paragraph (d).

Sec. 9. [145.4146] PROTECTION OF PRIVACY IN COURT PROCEEDINGS.

In every civil or criminal proceeding or action brought under the Pain-Capable Unborn Child Protection Act, the court shall rule on whether the anonymity of a woman upon whom an abortion has been performed or induced or attempted to be performed or induced shall be preserved from public disclosure if she does not give her consent to such disclosure. The court, upon motion or sua sponte, shall make such a ruling and, upon determining that her anonymity should be preserved, shall issue orders to the parties, witnesses, and counsel and shall direct the sealing of the record and exclusion of individuals from courtrooms or hearing rooms to the extent necessary to safeguard her identity from public disclosure. Each such order shall be accompanied by specific written findings explaining why the anonymity of the woman should be preserved from public disclosure, why the order is essential to that end, how the order is narrowly tailored to serve that interest, and why no reasonable, less restrictive alternative exists. In the absence of written consent of the woman upon whom an abortion has been performed or induced or attempted to be performed or induced, anyone, other than a public official, who brings an action under section 145.4145, subdivision 2, shall do so under a pseudonym. This section may not be construed to conceal the identity of the plaintiff or of witnesses from the defendant or from attorneys for the defendant.

Sec. 10. [145.4147] SEVERABILITY.

If any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of sections 145.4141 to 145.4148, or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of sections 145.4141 to 145.4148 shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed sections 145.4141 to 145.4148, and each provision, section, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provisions, sections, subsections, sentences, clauses, phrases, or words of sections 145.4141 to 145.4148, or the application of sections 145.4141 to 145.4148, would be declared unconstitutional.

Sec. 11. [145.4148] SUPREME COURT JURISDICTION.

The Minnesota Supreme Court has original jurisdiction over an action challenging the constitutionality of sections 145.4141 to 145.4147 and shall expedite the resolution of the action."

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

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 962, A bill for an act relating to municipal tobacco licenses; limiting suspensions of licenses for sales to minors upon compliance with certain requirements; amending Minnesota Statutes 2010, section 461.12, subdivision 2.

Reported the same back with the following amendments:
Page 1, delete lines 19 to 23 and insert:

"(c) In lieu of the license suspension provisions of this subdivision or a similar local ordinance, the licensing authority may take any alternative, authorized enforcement action that the authority deems fit if it determines that the violation was caused by a sincere mistake made by an employee of the licensee. Prior to making a determination to take alternative enforcement action, the licensing authority shall consider whether or not the licensee has a company policy which prohibits the sale of tobacco to minors, provides relevant employee training, and conducts unannounced compliance checks on employees."

Page 2, delete lines 1 to 11

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "authorizing alternatives to license suspension for sales"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Reform.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 1074, A bill for an act relating to state government; extending the expiration date for the Advisory Committee for Technology Standards for Accessibility and Usability and codifying the advisory committee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16E.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

The report was adopted.

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 1103, A bill for an act relating to public safety; creating a gross misdemeanor for assaulting a utility or postal service employee or contractor; amending Minnesota Statutes 2010, section 609.2231, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Judiciary Policy and Finance.

The report was adopted.

Howes from the Committee on Capital Investment to which was referred:

H. F. No. 1104, A bill for an act relating to capital investment; canceling appropriations and reducing the corresponding bond sale authorizations.

Reported the same back with the following amendments:
Delete everything after the enacting clause and insert:

"Section 1. CANCELLATIONS; BOND SALE AUTHORIZATIONS REDUCED.

Subdivision 1. 1994; Board of Water and Soil Resources. $1,044.33 of the appropriation in Laws 1994, chapter 643, section 26, subdivision 3, as amended by Laws 1995, First Special Session chapter 2, article 1, section 49, for the reinvest in Minnesota program, is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by $1,044.33.

Subd. 2. 2001; Board of Water and Soil Resources. $628,237.31 of the appropriation in Laws 2001, First Special Session chapter 12, section 4, subdivision 2, for the conservation reserve enhancement program, is canceled. The bond sale authorization in Laws 2001, First Special Session chapter 12, section 11, subdivision 1, is reduced by $628,237.31.

Subd. 3. 2001; Administration, Capitol complex electrical infrastructure. $2,776.43 of the appropriation in Laws 2001, First Special Session chapter 12, section 6, subdivision 3, for upgrades to the Capitol complex electrical infrastructure, is canceled. The bond sale authorization in Laws 2001, First Special Session chapter 12, section 11, subdivision 1, is reduced by $2,776.43.

Subd. 4. 2002; Hastings Veterans Home. $34,670.47 of the appropriation in Laws 2002, chapter 393, section 6, subdivision 3, for utility infrastructure improvements on the campus of the Hastings Veterans Home, is canceled. The bond sale authorization in Laws 2002, chapter 393, section 30, subdivision 1, is reduced by $34,670.47.

Subd. 5. 2005; Board of Water and Soil Resources. (a) $175,453.13 of the appropriation in Laws 2005, chapter 20, article 1, section 10, subdivision 2, as amended by Laws 2006, chapter 258, section 44, for acquisition of conservation reserve enhancement easements, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $175,453.13.

(b) $1,582.23 of the appropriation in Laws 2005, chapter 20, article 1, section 10, subdivision 2, as amended by Laws 2006, chapter 258, section 44, for implementation of the conservation reserve enhancement program, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $1,582.23.

Subd. 6. 2005; University of Minnesota. $8,155 of the appropriation in Laws 2005, chapter 20, article 1, section 11, subdivision 2, for the agricultural water management research partnership, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $8,155.

Subd. 7. 2005; CAPRA. $1,085.40 of the appropriation in Laws 2005, chapter 20, article 1, section 13, subdivision 2, for capital asset preservation and replacement, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $1,085.40.

Subd. 8. 2005; Capitol restoration. $199,947.84 of the appropriation in Laws 2005, chapter 20, article 1, section 14, subdivision 3, for restoration of the third floor public areas of the Capitol, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $199,947.84.

Subd. 9. 2005; MCF - Faribault. $8,327.44 of the appropriation in Laws 2005, chapter 20, article 1, section 22, subdivision 2, for phase 1 of the Faribault prison project, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $8,327.44.

Subd. 10. 2005; Minnesota Planetarium. $22,000,000 appropriated in Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended by Laws 2008, chapter 179, section 58, and Laws 2009, chapter 93, article 1, section 30, for a new Minnesota Planetarium in Minneapolis, is canceled. The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $22,000,000.
Subd. 11.  **2005; Hennepin County supportive housing.**  $12,870.01 of the appropriation in Laws 2005, chapter 20, article 1, section 24, subdivision 3, for a grant to the Hennepin County housing and redevelopment authority for supportive housing, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $12,870.01.

Subd. 12.  **2005: percent for arts.**  (a) $6,500 of the appropriation in Laws 2005, chapter 20, article 1, section 3, subdivision 3, for the Anoka Ramsey Community College in Cambridge, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $6,500.

(b) $6,156.68 of the appropriation in Laws 2005, chapter 20, article 1, section 3, subdivision 5, for Central Lakes College at the Staples west campus, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $6,156.68.

(c) $9,900 of the appropriation in Laws 2005, chapter 20, article 1, section 3, subdivision 21, for St. Cloud Technical College, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $9,900.

(d) $3,060 of the appropriation in Laws 2005, chapter 20, article 1, section 21, subdivision 3, for the Luverne Veterans Home, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $3,060.

(e) $10,300 of the appropriation in Laws 2005, chapter 20, article 1, section 21, subdivision 4, for the Minneapolis Veterans Home, is canceled.  The bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, is reduced by $10,300.

Subd. 13.  **2006: percent for arts.**  (a) $9,850.66 of the appropriation in Laws 2006, chapter 258, section 3, subdivision 12, for Minnesota State University, Mankato, Trafton Hall, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $9,850.66.

(b) $5,830.60 of the appropriation in Laws 2006, chapter 258, section 19, subdivision 5, for the Luverne Veterans Home, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $5,830.60.

Subd. 14.  **2006; DNR.**  (a) $16,958.87 of the appropriation in Laws 2006, chapter 258, section 7, subdivision 6, for water access acquisition and piers, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $16,958.87.

(b) $1,790 of the appropriation in Laws 2006, chapter 258, section 7, subdivision 7, as amended by Laws 2008, chapter 179, section 60, and Laws 2009, chapter 93, section 31, for Lake Superior safe harbors, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $1,790.

(c) $7,040.30 of the appropriation in Laws 2006, chapter 258, section 7, subdivision 18, for electrical hookups at Monson Lake State Park, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $7,040.30.

(d) $950,000 appropriated in Laws 2006, chapter 258, section 7, subdivision 23, as amended by Laws 2010, chapter 399, section 2, for the Mesabi Trail from Bearhead State Park to the International Wolf Center in Ely, is canceled.  The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $950,000.
Subd. 15.  **2006; BWSR.**  (a) $28,063.06 of the appropriation in Laws 2006, chapter 258, section 9, subdivision 2, for the local government wetland road replacement program, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $28,063.06.

(b) $15,772.19 of the appropriation in Laws 2006, chapter 258, section 9, subdivision 3, for streambank and lakeshore erosion control, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $15,772.19.

Subd. 16.  **2006; Agriculture.**  $90,266.39 of the appropriation in Laws 2006, chapter 258, section 10, for biosafety level three agriculture lab in Saint Paul, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $90,266.39.

Subd. 17.  **2006; Administration.**  $136,755.45 of the appropriation in Laws 2006, chapter 258, section 12, subdivision 5, for the Hmong veterans statue, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $136,755.45.

Subd. 18.  **2006; Veterans Home Board.**  (a) $95,081.98 of the appropriation in Laws 2006, chapter 258, section 19, subdivision 4, as amended by Laws 2008, chapter 365, section 15, for the Hastings Veterans Home supportive housing, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $95,081.98.

(b) $397,678.76 of the appropriation in Laws 2006, chapter 258, section 19, subdivision 6, for the Minneapolis Veterans Home emergency power system upgrade, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $397,678.76.

Subd. 19.  **2006; Corrections.**  (a) $11,322.31 of the appropriation in Laws 2006, chapter 258, section 20, subdivision 2, for the Minnesota Correctional Facilities at Faribault, phase 2, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $11,322.31.

(b) $58,380.43 of the appropriation in Laws 2006, chapter 258, section 20, subdivision 4, for the Minnesota Correctional Facilities at Lino Lakes, medical services facility, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $58,380.43.

Subd. 20.  **2006; Minnesota Historical Society.**  $2,633.59 of the appropriation in Laws 2006, chapter 258, section 23, subdivision 5, for the History Center renovation, is canceled. The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $2,633.59.

Subd. 21.  **2008; DOT exterior, trunk highway bonds.**  $133,382.09 of the appropriation in Laws 2008, chapter 152, article 2, section 5, for repair of the Department of Transportation building exterior, is canceled. The bond sale authorization in Laws 2008, chapter 152, article 2, section 7, subdivision 1, is reduced by $133,382.09.

Subd. 22.  **2008; percent for arts.**  $2,035.77 of the appropriation in Laws 2008, chapter 179, section 3, subdivision 18, for Normandale Community College, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $2,035.77.

Subd. 23.  **2008; Minnesota State Academies, Technology Center.**  $100,000 appropriated in Laws 2008, chapter 179, section 5, subdivision 4, as amended by Laws 2010, chapter 189, section 54, for the Minnesota State Academies, Technology Center, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $100,000.
Subd. 24. **2008; DNR.** (a) $1,366,034.11 of the appropriation in Laws 2008, chapter 179, section 7, subdivision 22, paragraph (b), to acquire land for the Greenleaf Lake State Recreation Area, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $1,366,034.11.

(b) $1,500,000 appropriated in Laws 2008, chapter 179, section 7, subdivision 27, as amended by Laws 2010, chapter 189, section 56, and Laws 2010, chapter 399, section 4, for the Heartland State Trail, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $1,500,000.

Subd. 25. **2008; Administration.** $78,008.96 of the appropriation in Laws 2008, chapter 179, section 12, subdivision 2, for property acquisition on Jackson Street in St. Paul, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $78,008.96.

Subd. 26. **2008; Olmsted County, Regional Public Safety Training Center.** $3,655,000 appropriated in Laws 2008, chapter 179, section 15, subdivision 8, for a grant to Olmsted County for the Southeastern Minnesota Regional Public Safety Training Center, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $3,655,000.

Subd. 27. **2008; veterans homes.** $3,687.64 of the appropriation in Laws 2008, chapter 179, section 19, subdivision 5, for the Silver Bay Veterans Home, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $3,687.64.

Subd. 28. **2008; MCF - Red Wing.** $2,887.56 of the appropriation in Laws 2008, chapter 179, section 20, subdivision 4, for a new vocational education building at the Minnesota Correctional Facility - Red Wing, is canceled. The bond sale authorization in Laws 2008, chapter 179, section 27, subdivision 1, is reduced by $2,887.56.

Subd. 29. **2009; national solar rating and certification lab.** $2,150,000 appropriated in Laws 2009, chapter 93, article 1, subdivision 3, for a solar rating and certification laboratory at the University of Minnesota, is canceled. Laws 2009, chapter 93, article 1, section 21, subdivision 1, is reduced by $2,150,000.

Subd. 30. **2009; intercity passenger rail.** $25,200,000 of the appropriation in Laws 2009, chapter 93, article 1, section 11, subdivision 5, as amended by Laws 2010, chapter 189, section 62, for intercity passenger rail projects, is canceled. Laws 2009, chapter 93, article 1, section 21, subdivision 1, is reduced by $25,200,000.

Subd. 31. **2010 authorizations reduced.** (a) The bond sale authorization in Laws 2010, chapter 189, section 26, subdivision 1, is reduced by $355,680,000.

(b) The bond sale authorization in Laws 2010, chapter 189, section 26, subdivision 2, is reduced by $5,780,000.

(c) The bond sale authorization in Laws 2010, chapter 189, section 26, subdivision 4, is reduced by $6,500,000.

**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 Ways and Means.

The report was adopted.
Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 1110, A bill for an act relating to economic development; modifying certain small business investment tax credit provisions; amending Minnesota Statutes 2010, section 116J.8737, subdivisions 1, 2, 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Nornes from the Committee on Higher Education Policy and Finance to which was referred:

H. F. No. 1130, A bill for an act relating to higher education; providing for the use of student data; proposing coding for new law in Minnesota Statutes, chapter 136A.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 66, 248 and 382 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 119 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Mazorol, Wardlow, Simon, Hoppe and Melin introduced:

H. F. No. 1198, A bill for an act relating to families; updating the Uniform Interstate Family Support Act; amending Minnesota Statutes 2010, sections 518C.101; 518C.102; 518C.103; 518C.201; 518C.202; 518C.203; 518C.204; 518C.205; 518C.206; 518C.207; 518C.208; 518C.209; 518C.301; 518C.303; 518C.304; 518C.305; 518C.306; 518C.307; 518C.308; 518C.310; 518C.311; 518C.312; 518C.313; 518C.314; 518C.316; 518C.317; 518C.318; 518C.319; 518C.401; 518C.501; 518C.503; 518C.504; 518C.505; 518C.506; 518C.508; 518C.601; 518C.602; 518C.603; 518C.604; 518C.605; 518C.606; 518C.607; 518C.608; 518C.609; 518C.610; 518C.611; 518C.612; 518C.613; 518C.701; 518C.801; 518C.902; proposing coding for new law in Minnesota Statutes, chapter 518C; repealing Minnesota Statutes 2010, section 518C.502.

The bill was read for the first time and referred to the Committee on Civil Law.
Mullery introduced:

H. F. No. 1199, A bill for an act relating to economic development; appropriating money for a grant to the Neighborhood Development Center.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Persell and Ward introduced:

H. F. No. 1200, A bill for an act relating to natural resources; appropriating money for a pilot program on water quality enhancement.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Melin, Anzelc and Rukavina introduced:

H. F. No. 1201, A bill for an act relating to capital investment; appropriating money for the Hibbing sewer extension; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on State Government Finance.

Greiling, Abeler, Mack, Hosch and Slawik introduced:

H. F. No. 1202, A bill for an act relating to children; modifying early intervention criteria; amending Minnesota Statutes 2010, section 125A.30.

The bill was read for the first time and referred to the Committee on Education Reform.

Hayden, Lanning, Abeler, Gottwalt and Slawik introduced:

H. F. No. 1203, A bill for an act relating to children; requiring a plan to improve child well-being; modifying requirements of the annual child maltreatment report; amending Minnesota Statutes 2010, section 257.0725.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Murphy, E.; Huntley; Melin; Moran; Persell; Scalze; Greene and Murphy, M., introduced:

H. F. No. 1204, A bill for an act relating to health; creating the Minnesota health benefit exchange; proposing coding for new law as Minnesota Statutes, chapter 62V.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.
Holberg and McNamara introduced:

H. F. No. 1205, A bill for an act relating to county parks; modifying restriction on county park fees; amending Minnesota Statutes 2010, section 398.33, subdivision 2.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Hornstein, Persell and Hamilton introduced:

H. F. No. 1206, A bill for an act relating to state government; designating the month of April as Genocide Awareness and Prevention Month; proposing coding for new law in Minnesota Statutes, chapter 10.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Kahn, Moran, Norton, Hayden, Lillie and Anderson, S., introduced:

H. F. No. 1207, A bill for an act relating to organ donation; establishing a work group to study sustainable programs to increase organ donation.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Quam and Benson, M., introduced:

H. F. No. 1208, A bill for an act relating to highways; requiring placement of sign on highway 52.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Quam; Benson, M., and Kath introduced:

H. F. No. 1209, A bill for an act relating to transportation; requiring completion of environmental impact statements; appropriating money for right-of-way acquisition, design, construction, and reconstruction of marked Trunk Highway 14.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Quam and Drazkowski introduced:

H. F. No. 1210, A bill for an act relating to court surcharges; removing surcharge on vehicle parking violations; amending Minnesota Statutes 2010, section 357.021, subdivisions 6, 7.

The bill was read for the first time and referred to the Committee on Judiciary Policy and Finance.
Carlson, Davids, Mullery and Wagenius introduced:

H. F. No. 1211, A bill for an act relating to state government; providing deficiency funding for certain state agencies; appropriating money; amending Laws 2005, chapter 156, article 2, section 45, as amended.

The bill was read for the first time and referred to the Committee on Ways and Means.

Anderson, P., introduced:

H. F. No. 1212, A bill for an act relating to local government; increasing the membership of the city of Melrose Public Utilities Commission membership from three to five members.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Anderson, P., introduced:

H. F. No. 1213, A bill for an act relating to local government; reducing a city's or county's library maintenance of effort by the same amount as its reduction in local government aid or credit reimbursement; amending Minnesota Statutes 2010, section 134.34, subdivision 4.

The bill was read for the first time and referred to the Committee on Education Finance.

Hortman introduced:


The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Anderson, D.; Loeffler; Hosch; Liebling; Greiling; Hausman; Gottwalt and Barrett introduced:

H. F. No. 1215, A bill for an act relating to children; modify certain children's mental health provisions regarding juvenile treatment screening; amending Minnesota Statutes 2010, sections 260C.157, subdivision 3; 260D.01.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Downey introduced:

H. F. No. 1216, A bill for an act relating to taxes; providing and applying definitions of "tax expenditure" and "tax relief"; amending Minnesota Statutes 2010, section 270C.11.

The bill was read for the first time and referred to the Committee on Taxes.
Smith, Johnson, Shimanski, Hilstrom, Simon, Mahoney, Cornish, Lesch and Moran introduced:

H. F. No. 1217, A bill for an act relating to civil actions; creating a cause of action for sex trafficking victims; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Judiciary Policy and Finance.

Fritz introduced:

H. F. No. 1218, A bill for an act relating to human services; repealing the MFIP family cap; repealing Minnesota Statutes 2010, section 256J.24, subdivision 6.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Davids introduced:

H. F. No. 1219, A bill for an act relating to taxation; making technical, administrative, and clarifying changes to income, property, sales and use, insurance, minerals, gasoline, and other various taxes and tax-related provisions; modifying tax-forfeited land provisions; amending Minnesota Statutes 2010, sections 270C.30; 273.1231, subdivision 4; 273.124, subdivisions 1, 14; 282.01, subdivisions 1a, 1c, 1d; 282.014; 282.12; 290.01, subdivisions 19a, 19b; 290.06, subdivision 2c; 290.091, subdivision 2; 290.0922, subdivisions 2, 3; 290.095, subdivision 11; 296A.083, by adding a subdivision; 296A.18, subdivision 7, by adding a subdivision; 297A.61, subdivision 3, by adding a subdivision; 297A.71, subdivision 23; 297A.89, subdivision 2; 297B.08; 297I.15, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivision 2; 469.319, subdivision 5; repealing Minnesota Statutes 2010, sections 272.02, subdivision 34; 273.124, subdivision 10; 281.37; 296A.18, subdivision 9.

The bill was read for the first time and referred to the Committee on Taxes.

Wardlow and Lesch introduced:

H. F. No. 1220, A bill for an act relating to legislative enactments; correcting erroneous, ambiguous, and omitted text and obsolete references; removing redundant, conflicting, and superseded provisions; making miscellaneous corrections to laws, statutes, and rules; amending Minnesota Statutes 2010, sections 5.15; 13.04, subdivision 4a; 13.319, subdivision 1; 13.3806, by adding a subdivision; 13.381, subdivision 1; 13.411, subdivision 1; 13.4967, subdivision 1; 13.607, subdivision 1; 13.6401, subdivision 1, by adding a subdivision; 13.6905, subdivision 1, by adding a subdivision; 13.7191, subdivision 1, by adding a subdivision; 13.785, subdivision 1; 13.7931, subdivision 1; 13.841, subdivision 1, by adding a subdivision; 13.851, subdivision 1, by adding a subdivision; 15B.24, subdivision 1; 60A.121, subdivision 5; 82.67, subdivision 3; 115A.072, subdivision 1; 115A.908, subdivision 2; 115B.25, subdivision 8; 115B.34, subdivision 1; 116W.03, subdivision 5; 120B.022, subdivision 1; 121A.15, subdivisions 8, 9; 123B.72, subdivision 3; 123B.76, subdivision 3; 125A.027, subdivision 4; 125A.29; 125A.56, subdivision 1; 127A.45, subdivision 12; 152.027, subdivision 4; 168.1293, subdivision 5; 168D.01, subdivision 4; 168D.02, subdivision 1; 169.771, subdivision 1; 174.82, 203B.06, subdivision 3; 204B.34, subdivision 1; 204C.13, subdivision 6; 205A.10, subdivision 2; 216B.1691, subdivision 5; 216B.1692, subdivisions 1, 2; 216C.01, subdivision 1a; 219.01; 239.002; 244.11, subdivision 3; 245B.031, subdivision 5; 256B.0625, subdivision 14; 260D.07; 268.046, subdivision 1; 273.054; 273.063; 273.1103; 279.33; 295.75, subdivision 9; 297I.01, subdivision 16; 299F.56, subdivisions 11, 16; 299F.57, subdivision 1; 299J.03, subdivision 2; 299M.03, subdivision 2; 326B.118; 326B.986, subdivision 4; 326B.992; 383D.411; 394.21, subdivision 3; 394.232; 462.3535, subdivisions 1, 8; 466.07, subdivision 1; 501B.16; 514.977; 515B.1-102; 517.08, subdivision 1b; 518D.314; 572A.01,
subdivision 1; 572A.03, subdivision 2; 576.011, subdivision 1; 580.041, subdivision 2; 580.06, subdivision 2; 609.485, subdivision 2; 609.5314, subdivision 3; 609.902, subdivision 4; 611A.033; 628.56; 628.63; 628.68; 630.18; 631.05; Laws 2009, chapter 88, article 2, section 43; Laws 2010, chapter 184, section 18; Laws 2010, chapter 280, section 40; Laws 2010, chapter 382, section 87, subdivision 8; Laws 2010, chapter 389, article 1, sections 7; 8; 9; repealing Minnesota Statutes 2010, sections 462.3535, subdivisions 9, 10; 572A.02, subdivision 5; 626.8441, subdivision 1; Laws 2006, chapter 259, article 13, section 10; Laws 2008, chapter 202, section 10; Laws 2009, chapter 82, section 2; Laws 2010, chapter 184, section 7; Laws 2010, chapter 310, article 6, section 1; article 16, section 2; Laws 2010, chapter 359, article 12, section 18; Laws 2010, chapter 392, article 1, section 6; Laws 2010, First Special Session chapter 1, article 15, section 8; Minnesota Rules, part 7890.0120, subpart 3.

The bill was read for the first time and referred to the Committee on Civil Law.

Howes, Dill and McElfatrick introduced:

H. F. No. 1221, A bill for an act relating to taxation; modifying provisions of the Sustainable Forest Incentive Act; amending Minnesota Statutes 2010, sections 290C.02, subdivision 3; 290C.03; 290C.11; proposing coding for new law in Minnesota Statutes, chapter 290C; repealing Minnesota Statutes 2010, sections 290C.02, subdivision 5; 290C.06.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Westrom, Kiffmeyer, Paymar, Rukavina, Lillie and Franson introduced:


The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Smith, Hornstein, Gunther, Nelson, Beard, Johnson, Abeler, Hilstrom, Murdock, Howes, Hausman, McFarlane, Rukavina, Shimanski, Champion, Lanning and Morrow introduced:

H. F. No. 1223, A bill for an act relating to railroads; modifying provisions relating to duties of commissioner of transportation regarding passenger railroads; amending Minnesota Statutes 2010, section 174.632.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Smith, Hornstein, Gunther, Nelson, Abeler, Johnson, Hilstrom, Howes, Hausman, McFarlane, Rukavina, Champion, Cornish and Morrow introduced:

H. F. No. 1224, A bill for an act relating to railroads; requiring counseling for railroad employees following train accidents; proposing coding for new law in Minnesota Statutes, chapter 219.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.
Murphy, E., and Abeler introduced:

H. F. No. 1225, A bill for an act relating to health; requiring transparency in health care advertising; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Mullery introduced:

H. F. No. 1226, A bill for an act relating to sex offenders; establishing the sex offender policy advisory task force; requiring a report to the legislature.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

Mullery introduced:

H. F. No. 1227, A bill for an act relating to juvenile justice; establishing the juvenile justice reform advisory task force; requiring a report to the legislature.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

Mullery introduced:

H. F. No. 1228, A bill for an act relating to corrections; establishing the offender reentry and crime deterrence policy advisory task force; requiring a report to the legislature.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

Mullery; Melin; Davids; Murphy, M.; Kahn and Greiling introduced:

H. F. No. 1229, A bill for an act relating to unemployment insurance and taxation; providing penalties; modifying additions to taxable income; amending Minnesota Statutes 2010, sections 268.184, subdivisions 1, 2; 290.01, subdivisions 19a, 19c.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Fabian; Dill; Anderson, B.; Kiel; Nornes; Lohmer; Rukavina; Anzelc; Melin; Persell; Eken; Drazkowski; Scott; Torkelson; Udahl; Shimanski; McNamara; Hack Barth and Franson introduced:

H. F. No. 1230, A bill for an act relating to state lands; modifying valuation methods of acquired lands; adding to and deleting from state parks, state recreation areas, state forests, and state wildlife management areas; authorizing public and private sales of certain surplus state lands; amending Minnesota Statutes 2010, sections 84.0272, subdivision 3; 85.052, subdivision 4; 89.021, subdivision 48.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.
Paymar, Greiling, Hausman, Hornstein and Champion introduced:

H. F. No. 1231, A bill for an act relating to taxation; making policy, technical, administrative, enforcement, and other changes to individual income, corporate franchise, estate, sales and use, property, insurance, and other taxes and tax-related provisions; conforming to changes made to the Internal Revenue Code; amending Minnesota Statutes 2010, sections 270C.01, by adding subdivisions; 270C.03, subdivision 1; 275.025; 276.112; 289A.02, subdivision 7; 289A.08, subdivision 3; 289A.60, by adding a subdivision; 290.01, subdivisions 7, 19, 19a, 19b, 19c, 19d, 22, 29, 31; 290.014, subdivision 5; 290.05, subdivision 1; 290.06, subdivisions 2c, 2d, 22; 290.0671, subdivision 1; 290.0675, subdivision 1; 290.068, subdivisions 1, 2; 290.0921, subdivisions 1, 2, 3, 6; 290.0922, subdivisions 1, 2; 290.093; 290.095, subdivisions 2, 3; 290.17, subdivisions 1, 2, 3, 4; 290.191, subdivisions 2, 5; 290.21, subdivision 4; 290.9201, subdivision 11; 290A.03, subdivision 15; 290A.04, subdivision 2h; 291.005, subdivision 1; 297A.61, subdivisions 3, 25, 27, by adding subdivisions; 297A.64, subdivision 1; 297A.66, by adding subdivisions; 297A.668, by adding a subdivision; 297A.70, subdivision 6; 297A.94; 297B.03; 297I.01, subdivisions 9, 16, by adding subdivisions; 297I.05, subdivisions 7, 12; 297I.20, subdivision 1; 297I.30, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 270C; 275; 290; repealing Minnesota Statutes 2010, sections 290.01, subdivision 6b; 290.0678; 290.9201, subdivision 3; 297F.14, subdivision 4; 297I.05, subdivisions 9, 10; Laws 2010, First Special Session chapter 1, article 13, section 6; Minnesota Rules, part 8130.0500, subpart 2.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Howes introduced:

H. F. No. 1232, A bill for an act relating to capital investment; canceling appropriations and reducing the corresponding bond sale authorizations; requiring the sale of refunding bonds to achieve savings.

The bill was read for the first time and referred to the Committee on Capital Investment.

Morrow introduced:

H. F. No. 1233, A bill for an act relating to transportation; creating Minnesota Rural Road Safety Task Force; providing appointments; requiring development of strategy to reduce rural road fatalities and serious injuries; requiring report; appropriating money.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Downey; Stensrud; Murray; Benson, M.; Lanning; Leidiger; Anderson, B.; McElfatrick and Lohmer introduced:

H. F. No. 1234, A bill for an act relating to state government; requiring the commissioner of administration to issue a request for proposals and enter into a contract for strategic sourcing consulting services.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Davids and Quam introduced:

H. F. No. 1235, A bill for an act relating to taxation; repealing the MinnesotaCare provider taxes; amending Minnesota Statutes 2010, sections 16A.724, subdivision 2; 62J.041, subdivision 1; 214.16, subdivisions 2, 3; 256.01, subdivision 23a; 270B.14, subdivision 1; repealing Minnesota Statutes 2010, sections 13.4967, subdivision 3;
The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Hamilton; Murphy, E.; Davids; Abeler; Gottwalt and Fritz introduced:

H. F. No. 1236, A bill for an act relating to health; establishing a pharmacy audit integrity program; proposing coding for new law in Minnesota Statutes, chapter 151.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Erickson and Koenen introduced:

H. F. No. 1237, A bill for an act relating to taxation; expanding education subtraction and credit to broadband subscription expenses; providing a sales tax exemption for education-related broadband subscriptions; amending Minnesota Statutes 2010, sections 290.01, subdivision 19b; 290.0674, subdivision 1; 297A.67, subdivision 14.

The bill was read for the first time and referred to the Committee on Education Reform.

Fabian, Eken, Drazkowski, Anzelc, Hancock, McElfatrick, Zellers, Howes, Vogel, Swedzinski and Woodard introduced:

H. F. No. 1238, A bill for an act relating to environment; extending subsurface sewage treatment systems ordinance adoption delay; amending Laws 2010, chapter 361, article 4, section 73.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Rukavina, Melin and Dill introduced:

H. F. No. 1239, A bill for an act relating to taxation; minerals; providing for taxation of mining, and refining of nonferrous ores, metals, minerals; amending Minnesota Statutes 2010, sections 272.02, by adding a subdivision; 290.05, subdivision 1; 297A.68, subdivision 4; 297A.71, by adding a subdivision; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a; 298.015, subdivision 1; 298.016, subdivision 4.

The bill was read for the first time and referred to the Committee on Taxes.

Rukavina and Atkins introduced:

H. F. No. 1240, A bill for an act relating to higher education; amending postsecondary education provisions; modifying definitions; modifying SELF loan revenue bonds provisions; making changes to eligibility requirements for safety officer’s survivor education benefits; phasing out Minnesota college savings plan matching grants; making technical changes; ending the achieve scholarship program; appropriating money; amending Minnesota Statutes 2010, sections 136A.101, subdivision 8; 136A.1787; 136A.87; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05,
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Shimanski; LeMieur; Torkelson; Anderson, P., and Lohmer introduced:

H. F. No. 1241, A bill for an act relating to state government; requiring legislative approval for adoption of rules; amending Minnesota Statutes 2010, sections 14.18, subdivision 1; 14.27; 14.389, subdivision 3.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Doepke; Loeffler; Peterson, S.; Hackbarth and Loon introduced:

H. F. No. 1242, A bill for an act relating to Hennepin County; extending authority of the county to impose a mortgage registry and deed tax; amending Minnesota Statutes 2010, section 383B.80, subdivision 4.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

McFarlane introduced:

H. F. No. 1243, A bill for an act relating to waters; modifying authority of White Bear Lake Conservation District; amending Minnesota Statutes 2010, section 103B.661, subdivision 2.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Hackbarth introduced:

H. F. No. 1244, A bill for an act relating to appropriations; prohibiting disproportionate reductions to Metropolitan Council for regional parks.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

McFarlane, Johnson, Moran and Smith introduced:

H. F. No. 1245, A bill for an act relating to public safety; including unlawful possession of a firearm by a minor for purposes of orders to enjoin gang activity; amending Minnesota Statutes 2010, section 617.91, subdivision 4.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.
Hilty introduced:

H. F. No. 1246, A bill for an act relating to taxation; authorizing the city of Moose Lake to impose a local sales and use tax.

The bill was read for the first time and referred to the Committee on Taxes.

Beard, Hilty and Falk introduced:

H. F. No. 1247, A bill for an act relating to energy; providing funding for clean energy resource teams; appropriating money.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

McFarlane introduced:

H. F. No. 1248, A bill for an act relating to alcohol; allowing White Bear Township to issue liquor licenses.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Hilty; Hausman; Hornstein; Brynaert; Gauthier; Anzelc; Falk; Greiling; Kahn; Mullery; Scalze; Winkler; Hansen; Persell; Knuth; Wagenius; Benson, J.; Thissen; Johnson; Lillie; Atkins; Slocum; Huntley; Mahoney; Laine; Davnie; Murphy, E.; Clark; Moran; Paymar; Hortman; Hayden; Murphy, M.; Rukavina and Champion introduced:

H. F. No. 1249, A resolution urging the United States Congress and the President of the United States to reorder federal spending priorities.

The bill was read for the first time and referred to the Veterans Services Division.

Davids introduced:

H. F. No. 1250, A bill for an act relating to human services; transferring certain excess health plan revenues to the general fund; amending Minnesota Statutes 2010, section 256B.69, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Gruenhagen, Lohmer, Barrett and McDonald introduced:

H. F. No. 1251, A bill for an act relating to accountability in health care program contracts; requiring competitive bids and audits; proposing coding for new law in Minnesota Statutes, chapter 256B.

The bill was read for the first time and referred to the Committee on Civil Law.
Davids introduced:

H. F. No. 1252, A bill for an act relating to taxation; imposing an in-lieu tax on nonprofit hospitals; providing a credit for charity care; proposing coding for new law in Minnesota Statutes, chapter 272.

The bill was read for the first time and referred to the Committee on Taxes.

Scott introduced:

H. F. No. 1253, A bill for an act relating to alcohol; allowing farm wineries to have temporary on-sale licenses; amending Minnesota Statutes 2010, section 340A.315, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Bills, Atkins, Erickson, Smith and Rukavina introduced:

H. F. No. 1254, A bill for an act relating to real property; expanding and defining certain residential property rights; modifying certain association vote and lien provisions of the Minnesota Common Interest Ownership Act; amending Minnesota Statutes 2010, sections 500.215; 515B.2-119; 515B.2-123; 515B.2-124; 515B.3-113; 515B.3-116; proposing coding for new law in Minnesota Statutes, chapter 500.

The bill was read for the first time and referred to the Committee on Civil Law.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 6, A Senate concurrent resolution relating to adjournment for more than three days.

CAL R. LUDEMAN, Secretary of the Senate

Senate Concurrent Resolution No. 6 was referred to the Committee on Rules and Legislative Administration.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 188 and 488.

CAL R. LUDEMAN, Secretary of the Senate
FIRST READING OF SENATE BILLS

S. F. No. 188, A bill for an act relating to highways; designating Arianna Celeste MacNamara Memorial Bridge; amending Minnesota Statutes 2010, section 161.14, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

S. F. No. 488, A bill for an act relating to employment; modifying overtime requirements for certain air carrier employees; amending Minnesota Statutes 2010, section 177.25, by adding a subdivision.

The bill was read for the first time.

Lillie moved that S. F. No. 488 and H. F. No. 571, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CALENDAR FOR THE DAY

H. F. No. 664, A bill for an act relating to elevators; modifying certain compliance provisions; amending Minnesota Statutes 2010, section 326B.175; proposing coding for new law in Minnesota Statutes, chapter 326B.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler          Davnie          Hamilton          Kriesel          Mullery          Scott
Anderson, B.    Dean            Hancock          Lanning          Murdock          Shimanski
Anderson, D.    Dettmer         Hansen           Leidiger         Murphy, E.      Simon
Anderson, P.    Dill            Hausman          LeMieux          Murphy, M.      Slawik
Anderson, S.    Dittrich        Hayden           Lenczewski       Murray           Stacum
Anzele          Doepke          Hilstrom         Lesch            Myhra            Smith
Atkins          Downey          Hilty            Liebling         Nelson           Swedzinski
Banian          Drazkowski      Holberg          Lillie           Nornes           Thissen
Barrett         Eken            Hoppe           Loeffler         O’Driscoll       Torkelson
Beard           Erickson        Hornstein        Lohmer           Paymar           Udahl
Benson, J.      Fabian           Hortman          Loon             Pelowski         Vogel
Benson, M.      Falk            Howes            Mack             Peppin           Wagenius
Bills           Franson         Huntley          Mahoney          Persell          Wardlow
Brynaert        Fritz           Johnson          Marquart         Petersen, B.    Westrom
Buesgens        Garofalo        Kahn            Mazorol          Peterson, S.    Winkler
Carlson         Gauthier        Kath             McDonald         Poppe            Woodard
Champion        Gottwald        Kelly            McElfratrick     Quam             Spk. Zellers
Clark           Greene          Kieffer          McFarlane        Rukavina         
Cornish         Greiling         Kiel             McNamara         Runbeck         
Crawford        Grueningen      Kifnmeier        Melin            Sanders          
Daudt           Gunther         Knuth            Moran            Scalze          
Davids          Hackbarth       Koenen

The bill was passed and its title agreed to.
H. F. No. 786, A bill for an act relating to state government; modifying certain financial statement requirements for charitable organizations; providing consistency in reporting compensation information for federal and state purposes; amending Minnesota Statutes 2010, section 309.53, subdivision 3.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, D.
Anderson, P.
Anderson, S.
Anzelc
Atkins
Banaian
Barrett
Benson, J.
Benson, M.
Bills
Brynaert
Buesgens
Carlson
Champion
Clark
Cornish
Crawford
Daudt
Davids
Davie
Dean
Dettmer
Dill
Dittrich
Anzec
Atkins
Banaian
Barr
Beard
Benson, J.
Benson, M.
Bills
Brynaert
Buesgens
Carlson
Champion
Clark
Cornish
Crawford
Daudt
Davids

The bill was passed and its title agreed to.

Dean moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

**MOTIONS AND RESOLUTIONS**

Beard moved that the name of Dettmer be added as an author on H. F. No. 72. The motion prevailed.

Dettmer moved that the name of Gunther be added as an author on H. F. No. 82. The motion prevailed.

Davids moved that the name of Fabian be added as an author on H. F. No. 122. The motion prevailed.

Urdahl moved that his name be stricken as an author on H. F. No. 389. The motion prevailed.

Peppin moved that the name of Dill be added as an author on H. F. No. 460. The motion prevailed.

Hosch moved that the name of Gauthier be added as an author on H. F. No. 694. The motion prevailed.
McDonald moved that the name of Anderson, B., be added as an author on H. F. No. 719. The motion prevailed.

Anderson, S., moved that the name of Hayden be added as an author on H. F. No. 808. The motion prevailed.

Hackbarth moved that the name of Lillie be added as an author on H. F. No. 824. The motion prevailed.

Mahoney moved that the name of Lillie be added as an author on H. F. No. 857. The motion prevailed.

Hamilton moved that the names of Liebling and Banaian be added as authors on H. F. No. 905. The motion prevailed.

Urdahl moved that the name of Lillie be added as an author on H. F. No. 919. The motion prevailed.

Mariani moved that the name of Paymar be added as an author on H. F. No. 967. The motion prevailed.

Abeler moved that the name of Lohmer be added as an author on H. F. No. 1054. The motion prevailed.

Loon moved that the name of Dettmer be added as an author on H. F. No. 1059. The motion prevailed.

Drazkowski moved that his name be stricken as an author on H. F. No. 1073. The motion prevailed.

Anderson, S., moved that the name of Simon be added as an author on H. F. No. 1120. The motion prevailed.

Hausman moved that the name of Lillie be added as an author on H. F. No. 1147. The motion prevailed.

Murdock moved that the name of Dill be added as an author on H. F. No. 1148. The motion prevailed.

Greiling moved that the names of Tillberry and Slocum be added as authors on H. F. No. 1187. The motion prevailed.

Loon moved that the name of Moran be added as an author on H. F. No. 1188. The motion prevailed.

Downey moved that H. F. No. 681 be recalled from the Committee on Government Operations and Elections and be re-referred to the Committee on Capital Investment. The motion prevailed.

Howes moved that H. F. No. 962 be recalled from the Committee on Health and Human Services Reform and be re-referred to the Committee on Government Operations and Elections. The motion prevailed.

Buesgens moved that H. F. No. 542 be returned to its author. The motion prevailed.

Buesgens moved that H. F. No. 594 be returned to its author. The motion prevailed.

ADJOURNMENT

Dean moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, March 22, 2011. The motion prevailed.

Dean moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, March 22, 2011.