

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIRST LEGISLATURE

FIFTY-FOURTH DAY

St. Paul, Minnesota, Thursday, April 29, 1999

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Canon Charles M. Vogt.

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

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 521, 1060 and 1144.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 28, 1999

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 841: A bill for an act relating to insurance; providing an alternative benefit plan for small employers; authorizing a small employer alternative benefit plan pilot project; modifying certain health plan company requirements; amending Minnesota Statutes 1998, sections 62L.02, subdivision 16; 62L.05, subdivision 5, and by adding a subdivision; 62Q.095, subdivision 1; and 62Q.51, subdivision 4.

Senate File No. 841 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 28, 1999

Senator Moe, R.D., for Senator Scheid, moved that the Senate do not concur in the amendments by the House to S.F. No. 841, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1079:

H.F. No. 1079: A bill for an act relating to alcoholic beverages; authorizing acceptance of certain coupons by retailers of alcoholic beverages; authorizing issuance of on-sale and temporary on-sale intoxicating liquor licenses in Minneapolis, St. Paul, Detroit Lakes, Eden Prairie, International Falls, Marshall, Proctor, and Stillwater; providing for duration of on-sale intoxicating liquor licenses for seasonal tour boats; amending Minnesota Statutes 1998, sections 340A.404, subdivisions 2, 8, and by adding a subdivision; 340A.412, subdivision 4; and 340A.5071; repealing Laws 1998, chapter 364, section 13.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Paulsen, Davids and Hasskamp have been appointed as such committee on the part of the House.

House File No. 1079 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 28, 1999

Senator Moe, R.D., for Senator Solon, moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1079, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1346 and 1235.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 28, 1999

FIRST READING OF HOUSE BILLS

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

H.F. No. 1346: A bill for an act relating to elections; changing training procedures for local election officials; amending Minnesota Statutes 1998, sections 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; and 204B.28, subdivision 1.

Referred to the Committee on Election Laws.

H.F. No. 1235: A bill for an act relating to agriculture; exempting livestock production facilities from the ambient hydrogen sulfide standards on days manure is being removed from barns or manure storage facilities; amending Minnesota Statutes 1998, section 116.0713.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 692, now on General Orders.

REPORTS OF COMMITTEES

Senator Lessard from the Committee on Environment and Natural Resources, to which was referred the following appointment as reported in the Journal for March 17, 1999:

MINNESOTA POLLUTION CONTROL AGENCY
COMMISSIONER

Karen Studders

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

Senator Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Lessard from the Committee on Environment and Natural Resources, to which was referred the following appointment as reported in the Journal for February 22, 1999:

DEPARTMENT OF NATURAL RESOURCES
COMMISSIONER

Allen Garber

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

Senator Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS

Senator Marty moved that his name be stricken as a co-author to S.F. No. 516. The motion prevailed.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Senators Pogemiller and Robertson introduced--

S.F. No. 2242: A bill for an act relating to education; prekindergarten through grade 12; providing for general education, special programs, lifelong learning, facilities and technology, education excellence, other programs, education policy, libraries, and state agencies; repealing, modifying, and expanding certain education provisions; providing for rulemaking; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 41D.02, subdivision 2; 120A.05, by adding subdivisions; 120A.22, subdivisions 1 and 5; 120A.24, subdivision 1;

120A.40; 120B.11, subdivision 5; 120B.30, subdivision 1; 120B.35; 121A.06; 121A.11, subdivision 1; 121A.15; 121A.23, subdivision 1; 121A.26; 121A.27; 121A.28; 121A.29, subdivision 1; 121A.32, subdivision 1; 121A.34; 121A.41, subdivision 10; 121A.43; 121A.55; 121A.61, subdivision 1; 121A.69, subdivision 3; 122A.09, subdivisions 4 and 6; 122A.15; 122A.18, by adding subdivisions; 122A.19, subdivision 4; 122A.20, subdivisions 1 and 2; 122A.21; 122A.22; 122A.26, by adding a subdivision; 122A.28; 122A.40, subdivisions 3, 5, 7, 8, 10, 16, and 19; 122A.41, subdivisions 4 and 15; 122A.51; 122A.58, subdivision 1; 122A.60, subdivisions 1 and 3; 122A.68, subdivisions 1 and 7; 122A.69; 122A.70, subdivision 2; 122A.91; 122A.92; 123A.05, subdivisions 2, 3, and by adding a subdivision; 123A.06, subdivisions 1 and 2; 123A.48, subdivision 10; 123B.02, subdivisions 1, 2, and 3; 123B.04, subdivisions 2 and 5; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.195; 123B.36, subdivision 1; 123B.43; 123B.445; 123B.49, subdivisions 1 and 4; 123B.51, subdivisions 1 and 5; 123B.53; 123B.54; 123B.57, subdivision 1; 123B.58, subdivisions 3 and 4; 123B.59; 123B.61; 123B.63, subdivisions 3 and 4; 123B.73, subdivision 1; 123B.75, by adding a subdivision; 123B.77, subdivision 4; 123B.83, subdivisions 1 and 4; 123B.90, subdivisions 1, 2, and 3; 123B.91, subdivision 1; 123B.92, subdivisions 2, 4, and 9; 124D.02, subdivision 1; 124D.03, subdivision 3, and by adding a subdivision; 124D.081, subdivisions 3 and 8; 124D.09, subdivisions 5, 6, 7, and 12; 124D.10, subdivisions 1, 3, 4, 5, 6, 11, 15, and 19; 124D.11, subdivisions 1, 4, 6, and by adding a subdivision; 124D.115, subdivision 3; 124D.118, subdivisions 2 and 3; 124D.135, subdivision 3; 124D.20, subdivision 5; 124D.22, subdivision 3; 124D.28, subdivision 1; 124D.29, by adding a subdivision; 124D.30, subdivision 3; 124D.34, subdivision 4; 124D.35; 124D.37; 124D.40, subdivision 2; 124D.41; 124D.42, subdivision 7; 124D.453, subdivisions 3 and 5; 124D.454, subdivision 5; 124D.46, subdivision 1; 124D.47, subdivision 2; 124D.49, subdivision 3; 124D.52, by adding a subdivision; 124D.65, subdivisions 1, 4, 5, and 6; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.70; 124D.74, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.88, subdivisions 2 and 3; 124D.89, subdivision 1; 124D.892; 124D.894; 124D.90; 124D.94, subdivisions 2, 3, and 4; 125A.023; 125A.027; 125A.03; 125A.07; 125A.08; 125A.09, subdivisions 1, 4, 6, and 11; 125A.10; 125A.15; 125A.18; 125A.21, subdivision 2; 125A.24; 125A.30; 125A.33; 125A.44; 125A.50, subdivisions 2 and 5; 125A.51; 125A.52, subdivision 1; 125A.62; 125A.64; 125A.65, subdivisions 3, 5, 6, 7, 8, and 10; 125A.68, subdivision 1; 125A.69, subdivisions 1 and 3; 125A.70, subdivision 2; 125A.71, subdivision 3; 125A.72; 125A.73; 125A.744, subdivision 3; 125A.75, subdivisions 3 and 8; 125A.76, subdivisions 1, 2, 4, and 5; 125A.79, subdivisions 1, 2, 4, and by adding subdivisions; 125B.05; 125B.20; 126C.05, subdivisions 1, 3, 5, 6, and 7; 126C.10, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14, 18, 19, 20, 21, and by adding subdivisions; 126C.12, subdivisions 1 and 4; 126C.13, subdivisions 1 and 2; 126C.15, subdivisions 1 and 2; 126C.17, subdivisions 1, 2, 4, 5, 6, and 9; 126C.22, subdivision 2; 126C.31; 126C.40, subdivisions 1, 2, 3, 4, and 6; 126C.41, subdivision 2; 126C.42, subdivisions 1 and 2; 126C.44; 126C.46; 126C.48, subdivision 8; 126C.55, by adding a subdivision; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2, 9, and 15; 127A.05, subdivisions 1, 3, and 4; 127A.06; 127A.41, subdivisions 5 and 7; 127A.42, subdivisions 2, 5, and 6; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 5, and by adding a subdivision; 127A.47, subdivisions 1, 2, 7, and 8; 127A.49, subdivisions 2 and 3; 127A.51; 127A.60, subdivision 1; 127A.66, subdivision 2; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20, subdivisions 1 and 2; 129C.10, subdivision 3, and by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 169.01, subdivision 6; 169.03, subdivision 6; 171.3215, subdivisions 2 and 4; 181.101; 209.07, by adding a subdivision; 241.021, subdivision 1; 245A.04, by adding a subdivision; 272.02, subdivision 8; and 626.556, subdivision 10b, and by adding a subdivision; Laws 1992, chapter 499, article 7, section 31, as amended; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; Laws 1997, First Special Session chapter 4, article 2, sections 48 and 51, subdivision 29, as amended; Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 6; Laws 1997, First Special Session chapter 4, article 5, section 22; Laws 1997, First Special Session chapter 4, article 8, section 4; Laws 1997, First Special Session chapter 4, article 9, sections 6, 7, subdivision 2, and 13; Laws 1998, chapter 398, article 2, section 53; Laws 1998, chapter 398, article 9, section 7; and Laws 1998, chapter 404, section 5, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 121A; 122A; 123A; 123B; 124D; 125A; 126C; 127A; and 128C; repealing

Minnesota Statutes 1998, sections 119A.04, subdivision 5; 120A.41; 120B.05; 120B.10; 120B.11, subdivisions 3, 4, and 7; 120B.24; 121A.03, subdivision 3; 121A.11, subdivision 2; 121A.16; 121A.23, subdivision 2; 121A.32, subdivisions 2, 4, and 5; 121A.41, subdivision 3; 122A.162; 122A.19, subdivisions 2 and 4; 122A.32; 122A.33; 122A.40, subdivision 6; 122A.42; 122A.43, subdivisions 1, 2, 3, 4, and 6; 122A.45; 122A.49; 122A.52; 122A.53; 122A.54; 122A.55; 122A.56; 122A.57; 122A.71; 122A.72; 122A.75; 123A.06, subdivisions 1 and 3; 123A.07; 123A.15, subdivision 1; 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.02, subdivisions 5, 6, 9, 10, 11, 13, and 16; 123B.04, subdivision 4; 123B.11; 123B.147, subdivisions 1 and 3; 123B.15; 123B.16; 123B.17; 123B.18; 123B.19; 123B.40; 123B.49, subdivisions 2 and 3; 123B.51, subdivisions 2, 3, and 4; 123B.57, subdivisions 4, 5, and 7; 123B.58; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.64; 123B.66; 123B.67; 123B.68; 123B.69; 123B.744; 123B.84; 123B.87; 123B.88, subdivisions 11, 12, 13, 18, 20, 21, and 22; 123B.89; 123B.92, subdivisions 6, 7, 8, and 10; 123B.93; 123B.95, subdivision 3; 124D.02, subdivisions 2, 3, and 4; 124D.03, subdivisions 5, 7, 9, and 10; 124D.06; 124D.07; 124D.081, subdivisions 1 and 7; 124D.09, subdivisions 2, 8, 25, and 26; 124D.10, subdivision 13; 124D.112; 124D.113; 124D.115, subdivisions 1 and 2; 124D.116; 124D.118, subdivision 1; 124D.12; 124D.121; 124D.122; 124D.123; 124D.124; 124D.125; 124D.126; 124D.127; 124D.128, subdivisions 1, 2, 3, 4, 5, 6, and 7; 124D.31; 124D.34, subdivision 5; 124D.43; 124D.453, subdivision 1; 124D.46, subdivision 3; 124D.47, subdivision 1; 124D.50, subdivisions 1, 2, and 3; 124D.60, subdivision 3; 124D.65, subdivisions 1, 2, 3, 8, 9, and 10; 124D.67; 124D.68, subdivision 1; 124D.72; 124D.81, subdivision 7; 124D.88, subdivision 1; 124D.895; 124D.90, subdivision 5; 124D.91; 124D.92; 124D.93; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 125B.02; 125B.07, subdivisions 1, 3, and 5; 125B.09; 125B.11; 126C.05, subdivision 4; 126C.06; 127A.05, subdivision 5; 127A.41, subdivisions 4, 8, and 9; 127A.42, subdivision 8; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; and 127A.66, subdivision 1; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 10; and Laws 1998, chapter 398, article 2, sections 53 and 57; Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; 3500.4300; and 3525.2470.

Referred to the Committee on Education Finance.

RECESS

Senator Moe, R.D. moved that the Senate do now recess until 2:00 p.m. The motion prevailed.

The hour of 2:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, Reports of Committees and Second Reading of Senate Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS

AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1715: A bill for an act relating to commerce; providing enforcement authority for the commissioner; regulating service of process; excluding hair braiding from the practice of cosmetology; regulating residential building contractors and remodelers; providing criminal penalties; amending Minnesota Statutes 1998, sections 45.027, subdivisions 6 and 7; 45.028, subdivision 2; 80A.15, subdivision 2; 155A.03, subdivision 2, and by adding a subdivision; 326.83, subdivision 18; 326.89, subdivision 3; 326.94, subdivision 2; and 332.37; repealing Minnesota Statutes 1998, section 326.89, subdivision 3a.

Senate File No. 1715 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 28, 1999

CONCURRENCE AND REPASSAGE

Senator Oliver moved that the Senate concur in the amendments by the House to S.F. No. 1715 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1715: A bill for an act relating to commerce; providing enforcement authority for the commissioner; regulating service of process; regulating residential building contractors and remodelers; providing criminal penalties; amending Minnesota Statutes 1998, sections 45.027, subdivisions 6 and 7; 45.028, subdivision 2; 80A.15, subdivision 2; 326.83, subdivision 18; 326.89, subdivision 3; 326.92, by adding a subdivision; 326.94, subdivision 2; and 332.37; proposing coding for new law in Minnesota Statutes, chapter 82B; repealing Minnesota Statutes 1998, section 326.89, subdivision 3a.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Johnson, D.J. from the Committee on Taxes, to which was re-referred

S.F. No. 1276: A bill for an act relating to local government; increasing a tax levy for a certain

hospital district involving certain entities in St. Louis and Koochiching counties; amending Laws 1988, chapter 645, section 3.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
SALES TAX REBATE

Section 1. [STATEMENT OF PURPOSE.]

(a) The state of Minnesota derives revenues from a variety of taxes, fees, and other sources, including the state sales tax.

(b) It is fair and reasonable to refund the existing state budget surplus in the form of a rebate of nonbusiness consumer sales taxes paid by individuals in calendar year 1997.

(c) Information concerning the amount of sales tax paid at various income levels is contained in the Minnesota tax incidence report, which is written by the commissioner of revenue and presented to the legislature according to Minnesota Statutes, section 270.0682.

(d) It is fair and reasonable to use information contained in the Minnesota tax incidence report to determine the proportionate share of the sales tax rebate due each eligible taxpayer since no effective or practical mechanism exists for determining the amount of actual sales tax paid by each eligible individual.

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1997, chapter 231, article 1, section 16, as amended by Laws 1997, First Special Session chapter 5, section 35, and Laws 1997, Third Special Session chapter 3, section 11, and Laws 1998, chapter 304, and Laws 1998, chapter 389, article 1, section 3, and who filed for that credit on or before June 15, 1999; or

(2) filed a 1997 Minnesota income tax return and had a tax liability before refundable credits on that return of at least \$1 but did not file the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, and who was not allowed to be claimed as a dependent on a 1997 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1997, chapter 231, article 2, section 64,

shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who filed the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, or the 1997 Minnesota income tax return as married filing joint or head of household must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 380
at least \$2,500 but less than \$5,000	\$ 497
at least \$5,000 but less than \$10,000	\$ 532
at least \$10,000 but less than \$15,000	\$ 582
at least \$15,000 but less than \$20,000	\$ 641
at least \$20,000 but less than \$25,000	\$ 680
at least \$25,000 but less than \$30,000	\$ 732
at least \$30,000 but less than \$35,000	\$ 808
at least \$35,000 but less than \$40,000	\$ 869
at least \$40,000 but less than \$45,000	\$ 927

at least \$45,000 but less than \$50,000	\$ 977
at least \$50,000 but less than \$60,000	\$1,028
at least \$60,000 but less than \$70,000	\$1,136
at least \$70,000 but less than \$80,000	\$1,232
at least \$80,000 but less than \$90,000	\$1,353
at least \$90,000 but less than \$100,000	\$1,503
at least \$100,000 but less than \$120,000	\$1,628
at least \$120,000 but less than \$140,000	\$1,783
at least \$140,000 but less than \$160,000	\$1,928
at least \$160,000 but less than \$180,000	\$2,064
at least \$180,000 but less than \$200,000	\$2,193
at least \$200,000 but less than \$400,000	\$2,804
at least \$400,000 but less than \$600,000	\$3,690
at least \$600,000 but less than \$800,000	\$4,427
\$800,000 and over	\$5,000

(c) The sales tax rebate for individuals who filed the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, or the 1997 Minnesota income tax return, as single or married filing separately must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 217
at least \$2,500 but less than \$5,000	\$ 264
at least \$5,000 but less than \$10,000	\$ 318
at least \$10,000 but less than \$15,000	\$ 432
at least \$15,000 but less than \$20,000	\$ 492
at least \$20,000 but less than \$25,000	\$ 526
at least \$25,000 but less than \$30,000	\$ 546
at least \$30,000 but less than \$40,000	\$ 604
at least \$40,000 but less than \$50,000	\$ 688
at least \$50,000 but less than \$70,000	\$ 823
at least \$70,000 but less than \$100,000	\$1,016
at least \$100,000 but less than \$140,000	\$1,224
at least \$140,000 but less than \$200,000	\$1,478
at least \$200,000 but less than \$400,000	\$2,004
\$400,000 and over	\$2,500

(d) Individuals who were not residents of Minnesota for any part of 1997 and who paid more than \$10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner before the later of May 15, 1999, or 30 days after the date of enactment of this act. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

(1) 68.08 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1997 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original return submitted to claim the credit under Laws 1997, chapter 231, article 1, section 16, as amended, or by subsequent adjustments to

that return made within the time limits specified in paragraph (h). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original return submitted to claim the credit under Laws 1997, chapter 231, article 1, section 16, as amended, or by subsequent adjustments to that return made within the time limits specified in paragraph (h). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1996.

(f) Prior to payment, the commissioner of revenue shall reduce the sales tax rebates calculated in paragraphs (b), (c), and (d) proportionately to account for the amount of credits described in Laws 1997, chapter 231, article 1, section 16, as amended, that are paid on or after January 1, 1999, but before July 1, 1999, so that the amount of sales tax rebates payable under paragraphs (b), (c), and (d) do not exceed \$1,321,000,000. These adjustments are not rules subject to Minnesota Statutes, chapter 14.

(g) The commissioner of revenue may begin making sales tax rebates by August 1, 1999. Sales tax rebates not paid by October 1, 1999, shall bear interest at the rate specified in Minnesota Statutes, section 270.75.

(h) A sales tax rebate shall not be adjusted based on changes to the return on which the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, is based that are made by order of assessment after April 15, 1999, or made by the taxpayer that are filed with the commissioner of revenue after April 15, 1999.

(i) Individuals who filed a joint claim for credit under Laws 1997, chapter 231, article 1, section 16, as amended, shall receive a joint sales tax rebate. After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate.

(j) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

(k) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

(l) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2001, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2001, the right to the sales tax rebate shall lapse and the check shall be deposited in the general fund.

(m) Individuals entitled to a sales tax rebate pursuant to paragraph (a), but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2000, in a form prescribed by the commissioner. These claims shall be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(n) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(o) The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal years 2000 and 2001.

(p) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed, the commissioner may issue an order of assessment for the amount of the check against

the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(q) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(r) The commissioner may make payment of rebates required by this section by electronic funds transfer to those individuals who requested that their 1998 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1998 individual income tax refund.

Sec. 3. [APPROPRIATIONS.]

\$1,000,000 is appropriated from the general fund to the commissioner of revenue to administer the sales tax rebate for fiscal year 1999. Any unencumbered balance remaining on June 30, 1999, does not cancel but is available for expenditure by the commissioner of revenue until June 30, 2001.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 2

INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1998, section 16D.09, is amended to read:

16D.09 [UNCOLLECTIBLE DEBTS.]

Subdivision 1. [GENERALLY.] When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. The determination of the uncollectibility of a debt must be reported by the state agency along with the basis for that decision as part of its quarterly reports to the commissioner of finance. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except in the case of a debt related to a tax liability that is canceled by the department of revenue.

Subd. 2. [NOTIFICATION OF ACTION BY DEPARTMENT OF REVENUE.] When the department of revenue has determined that a debt is uncollectible and has written off that debt as provided in subdivision 1, the commissioner of revenue must make a reasonable attempt to notify the debtor of that action and of the release of any liens imposed under section 270.69 related to that debt, within 30 days after the determination has been reported to the commissioner of finance.

Sec. 2. Minnesota Statutes 1998, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Neither the commissioner nor any court shall consider charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota.

Sec. 3. Minnesota Statutes 1998, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

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

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

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed \$1,625 for each dependent in grades kindergarten to 6 and \$2,500 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

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

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;

(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and

(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725; and

(14) to the extent included in federal taxable income, holocaust victims' settlement payments for any injury incurred as a result of the holocaust, if received by an individual who was persecuted for racial or religious reasons by Nazi Germany or any other Axis regime or an heir of such a person.

Sec. 4. Minnesota Statutes 1998, section 290.01, is amended by adding a subdivision to read:

Subd. 32. [HOLOCAUST SETTLEMENT PAYMENTS.] "Holocaust victims' settlement payments" means:

(1) a payment received as a result of settlement of the action entitled In re Holocaust Victims' Asset Litigation, in United States district court for the eastern district of New York, C.A. No. 96-4849;

(2) any amount received under the German Act Regulating Unresolved Property Claims or any other foreign law providing for payments for holocaust claims; and

(3) a payment received as a result of the settlement of a holocaust claim not described in clause (1) or (2), including an insurance claim, a claim relating to looted art or financial assets, and a claim relating to slave labor wages.

Sec. 5. Minnesota Statutes 1998, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$19,910 \$29,930, 6 5.5 percent;
- (2) On all over \$19,910 \$29,930, but not over \$79,120 \$100,200, 8 7.5 percent;
- (3) On all over \$79,120 \$100,200, 8.5 percent.

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

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

- (1) On the first \$13,620 \$17,250, 6 5.5 percent;
- (2) On all over \$13,620 \$17,250, but not over \$44,750 \$56,680, 8 7.5 percent;
- (3) On all over \$44,750 \$56,680, 8.5 percent.

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

- (1) On the first \$16,770 \$21,240, 6 5.5 percent;
- (2) On all over \$16,770 \$21,240, but not over \$67,390 \$85,350, 8 7.5 percent;
- (3) On all over \$67,390 \$85,350, 8.5 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code disregarding income or loss flowing from a corporation having a valid election for the taxable year under section 1362 of the Internal Revenue Code but which is not an "S" corporation under section 290.9725 and increased by the additions required under section 290.01, subdivision 19a, clauses (1) and (9), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), and (9), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (11), and (12).

Sec. 6. Minnesota Statutes 1998, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1994~~ 1999, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1990~~ 1998, and before January 1, ~~1992~~ 2000. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1990~~ 1998" shall be substituted for the word "~~1987~~ 1992." For ~~1994~~ 1999, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1990~~ 1998, to the 12 months ending on August 31, ~~1994~~ 1999, and in each subsequent year, from the 12 months ending on August 31, ~~1990~~ 1999, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

Sec. 7. Minnesota Statutes 1998, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 1.1475 percent of the first \$4,460 of earned income. The credit is reduced by 1.1475 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$5,570, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~6.8~~ 7.45 percent of the first \$6,680 of earned income and 8.5 percent of earned income over \$11,650 but less than \$12,990. The credit is reduced by ~~4.77~~ 5.13 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$14,560, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~eight~~ 8.8 percent of the first \$9,390 of earned income and 20 percent of earned income over \$14,350 but less than \$16,230. The credit is reduced by ~~8.8~~ 9.38 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$17,280, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 8. Minnesota Statutes 1998, section 290.091, subdivision 2, is amended to read:

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

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

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

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

(i) the Minnesota charitable contribution deduction;

(ii) the medical expense deduction;

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

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

(v) holocaust victims' settlement payments to the extent allowed under section 290.01, subdivision 19b; and

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

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

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

(6) amounts added to federal taxable income as provided by section 290.01, subdivision 19a, clauses (5), (6), and (7);

less the sum of the ~~amounts determined under the following clauses (1) to (4):~~

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (11) and (12).

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

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

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

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

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

(f) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e). When the federal deduction for charitable contributions is limited under section 170(b) of the Internal Revenue Code, the allowable contributions in the year of contribution are deemed to be first contributions to entities described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 9. Minnesota Statutes 1998, section 290.17, subdivision 3, is amended to read:

Subd. 3. [~~TRADE OR BUSINESS INCOME; GENERAL RULE.~~] All income of a unitary business is subject to apportionment except nonbusiness income. Income derived from carrying on a trade or a unitary business must be assigned to this state if the trade or unitary business is conducted wholly within this state, assigned outside this state if conducted wholly without this state and apportioned between this state and other states and countries under this subdivision if conducted partly within and partly without this state. For purposes of determining whether a trade or unitary business is carried on exclusively within or without this state:

(a) ~~A trade or unitary business physically located exclusively within this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state.~~

(b) ~~A trade or unitary business physically located exclusively without this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state. The jurisdiction to tax such a business under this chapter must be determined in accordance with sections 290.014 and 290.015.~~

Sec. 10. Minnesota Statutes 1998, section 290.17, subdivision 4, is amended to read:

Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to farm income subject to subdivision 5, paragraph (a), business income subject to subdivision 5, paragraph (b) or (c), income of an insurance company determined under section 290.35, or income of an investment company determined under section 290.36.

(b) ~~The term "unitary business" means business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group result in a flow of value between them.~~ The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state,

and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 60A.077.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).

(g) The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and

(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (11), shall not be allowed.

If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.

(h) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities other than foreign operating corporations that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

(i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, deemed dividends described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (11), shall not be disallowed.

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

(k) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

Sec. 11. Minnesota Statutes 1998, section 290.17, subdivision 6, is amended to read:

~~Subd. 6. [NONBUSINESS INCOME.] For a trade or business for which allocation of income within and without this state is required, if the taxpayer has any income not connected with the trade or business carried on partly within and partly without this state that income must be allocated under subdivision 2. Intangible property is employed in a trade or business if the owner of the property holds it as a means of furthering the trade or business. Nonbusiness income is income of the unitary business that cannot be apportioned by this state because of the United States Constitution or the constitution of the state of Minnesota and includes income that is derived from a capital transaction that serves an investment function. Nonbusiness income must be allocated under subdivision 2.~~

Sec. 12. [NONBUSINESS INCOME; LIMITATION ON ASSESSMENT OF TAX.]

If all items of income, gain, or loss are reported by a taxpayer as business income or loss on an original or amended return for a tax year to which this section applies, the commissioner of revenue shall not adjust the tax liability for that tax year, or for any other tax year affected by a carryover from that tax year, by treating any of the items as nonbusiness income or loss under Minnesota Statutes, section 290.17, subdivision 6. Any adjustment treating an item as nonbusiness income or loss ordered by the commissioner before the effective date of this section must be reversed if the order is subject to administrative or judicial challenge on the effective date and such a challenge is timely filed. The reporting of any item as nonbusiness income, gain, or loss does not preclude the application of this section if the taxpayer may not constitutionally be required to treat the item as business income, gain, or loss.

Sec. 13. [EFFECTIVE DATE.]

(a) Section 1 applies to claims written off after June 30, 1999.

(b) Section 2 is intended to clarify rather than to change the definition of resident, and is effective for all examinations, claims for refund, administrative appeals, and court proceedings that are pending or begin on or after the day following final enactment.

(c) Sections 3, 4, 5, 7, 8, 9, 10, and 11 are effective for taxable years beginning after December 31, 1998.

(d) Section 12 is effective for tax years beginning before January 1, 1999.

ARTICLE 3

FEDERAL UPDATE

Section 1. Minnesota Statutes 1998, section 289A.02, subdivision 7, is amended to read:

Subd. 7. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 2. Minnesota Statutes 1998, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the

Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provisions of sections 1305, 1704(r), and 1704(e)(1) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 975 and 1604(d)(2) and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, and the provisions of section 4004 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 1702(g) and 1704(f)(2)(A) and (B) of the Small Business Job Protection Act, Public Law Number 104-188, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, and the provisions of section 1604(a)(1), (2), and (3) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, the provisions of sections 1703(a), 1703(d), 1703(i), 1703(l), and 1703(m) of the Small Business Job Protection Act, Public Law Number 104-188, and the provision of section 1604(c) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, the provision of section 501(b)(2) of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, the provisions of sections 1604 and 1704(p)(1) and (2) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 1011, 1211(b)(1), and 1602(f) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

The provisions of sections 1119(a), 1120, 1121, 1202(a), 1444, 1449(b), 1602(a), 1610(a), 1613, and 1805 of the Small Business Job Protection Act, Public Law Number 104-188, the provision of section 511 of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, and the provisions of sections 1174 and 1601(i)(2) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through March 22, 1996, is in effect for taxable years beginning after December 31, 1995.

The provisions of sections 1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m) of the Small Business Job

Protection Act, Public Law Number 104-188, the provisions of Public Law Number 104-117, and the provisions of sections 313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of section 6010 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 4003 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1996, shall be in effect for taxable years beginning after December 31, 1996.

The provisions of sections 202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of sections 6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 3001 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law Number 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, and the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law Number 105-369, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes 1998, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

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

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

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed \$1,625 for each dependent in grades kindergarten to 6 and \$2,500 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other

instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

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

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;

(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and

(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing

to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725.

Sec. 4. Minnesota Statutes 1998, section 290.01, subdivision 31, is amended to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 5. Minnesota Statutes 1998, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 6. Minnesota Statutes 1998, section 291.005, subdivision 1, is amended to read:

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 7. [EFFECTIVE DATES.]

Sections 1, 4, 5, and 6 are effective at the same time federal changes made by the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206 and the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 which are incorporated into Minnesota Statutes, chapters 289A, 290, 290A, and 291 by these sections become effective for federal tax purposes. Section 3 is effective for tax years beginning after December 31, 1998.

ARTICLE 4
SALES TAX

Section 1. Minnesota Statutes 1998, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under section 297A.15, subdivision 5, interest is computed from the date the refund claim is filed with the commissioner. For refunds payable under section 289A.50, subdivision 2a, interest is computed from the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed.

Sec. 2. Minnesota Statutes 1998, section 297A.48, is amended by adding a subdivision to read:

Subd. 1a. [RULES FOR ADOPTION, USE, TERMINATION.] (a) Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general or special election.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted.

(c) The political subdivision must have nonsales tax resources or binding commitments to provide nonsales tax resources to meet at least 50 percent of the cost of the improvement designated under paragraph (b) before it conducts the referendum on the imposition of the tax. As used in this paragraph, "nonsales tax resources" means funds available to the political subdivision without imposition of the local sales tax, including revenues from the general or nondedicated special funds of the political subdivision, proceeds of a property tax levy, or contributions from other sources.

(d) The tax must terminate after the improvement designated under paragraph (b) has been completed.

(e) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

Sec. 3. [CITY OF NEW ULM; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act, the city of New Ulm may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

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

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital

expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

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

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements may not exceed \$9,000,000, plus an amount equal to the costs related to issuance of the bonds.

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

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that sufficient funds have been received from the taxes to finance the capital and administrative costs for the acquisition, construction, and improvement of facilities described in subdivision 3, and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the facilities under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of New Ulm with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 4. [CITY OF PROCTOR; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

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

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of the following city facilities:

- (1) streets and sidewalks;
- (2) bikeways, including providing matching funds for trails; and
- (3) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, and paying debt service on bonds or other obligations, including lease obligations, issued to finance the construction, expansion, or improvement of an authorized facility. The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance of the bonds.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 279.61.

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

(d) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed \$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that the amount described in subdivision 4, paragraph (d), has been received from the taxes to finance the capital and administrative costs for the acquisition, construction, expansion, and improvement of facilities described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Proctor with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective for amended returns and refund claims filed on or after July 1, 1999.

ARTICLE 5

MOTOR VEHICLE REGISTRATION TAX

Section 1. Minnesota Statutes 1998, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILE; HEARSE.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to ~~4.25~~ 1.2 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) ~~Except as provided in paragraph (i),~~ The annual additional tax computed upon the base value as provided herein, during the first ~~and second years~~ year of vehicle life shall be computed upon 100 percent of the base value; for the ~~third and fourth years~~ second year, 90 percent of such value; for the third year, 82.5 percent of such value; for the fourth year, 75 percent of such value; for the fifth ~~and sixth years~~ year, 75 ~~65~~ percent of such value; for the sixth year, 60 percent of such value; for the seventh year, ~~60~~ 45 percent of such value; for the eighth year, 40 ~~30~~ percent of such value; for the ninth year, 30 ~~20~~ percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25.

(i) ~~The annual additional tax under paragraph (h) on a motor vehicle on which the first annual tax was paid before January 1, 1990, must not exceed the tax that was paid on that vehicle the year before.~~

Sec. 2. [TRANSFERS TO HIGHWAY USER TAX DISTRIBUTION FUND.]

By January 1, 2000, the commissioner of finance shall transfer \$32,900,000 from the general fund to the highway user tax distribution fund. For fiscal year 2001, the commissioner of finance shall transfer \$68,769,000 from the general fund to the highway user tax distribution fund.

As part of the biennial budget for fiscal years 2002 and 2003 and in each biennial budget thereafter, the commissioner shall provide an estimate of the amount of revenue lost to the highway user tax distribution fund due to the registration tax reduction in section 1.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective January 1, 2000.

ARTICLE 6 SPECIAL TAXES

Section 1. Minnesota Statutes 1998, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, ~~other than assessments made by an insurance guaranty association or similar organization,~~ in addition to or in excess of those imposed by the

laws of this state upon foreign insurance companies and their agents doing business in this state, ~~other than assessments by an insurance guaranty association or similar organization organized under the laws of this state,~~ are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. Special purpose obligations or assessments, including assessments by an insurance guaranty association, joint underwriting association or similar organization, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 2. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4a. [UNDYED KEROSENE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a refund of the tax paid on undyed kerosene used exclusively for a purpose other than as fuel for a motor vehicle using the streets and highways. To obtain a refund, the person making the sale to an end user must meet the Internal Revenue Service requirements for sales from a blocked pump. A claim for a refund may be filed as provided in this section.

Sec. 3. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4b. [RACING GASOLINE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a licensed distributor a refund of the tax paid on leaded gasoline of 110 octane or more that does not meet ASTM specification D4814 for gasoline and that is sold in bulk for use in nonregistered motor vehicles. A claim for a refund may be filed as provided for in this section.

Sec. 4. Minnesota Statutes 1998, section 297H.05, is amended to read:

297H.05 [SELF-HAULERS.]

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services, except that a self-hauler of mixed municipal solid waste from a residential generator shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.02.

(b) A self-hauler of non-mixed-municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of non-mixed-municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals 3.33 cubic yards, or \$2 per ton;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the pollution control agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective for tax years beginning after December 31, 1999. Section 2 is effective retroactively for sales made after June 30, 1998. Section 3 is effective retroactively for sales made after January 31, 1999. Section 4 is effective for services provided after June 30, 1999.

ARTICLE 7

WORKFORCE DEVELOPMENT AND EDUCATION INCENTIVES

Section 1. Minnesota Statutes 1998, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~11~~ 12 directors.

Sec. 2. Minnesota Statutes 1998, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, the commissioner of trade and economic development, the commissioner of economic security, and the chancellor, or the chancellor's designee, of the Minnesota state colleges and universities. If the chancellor makes a designation under this subdivision, the designee must have experience in technical education. Two of the appointed members must be representatives from organized labor.

Sec. 3. [116L.07] [WORKFORCE DEVELOPMENT FUND.]

Subdivision 1. [CREATED.] The Minnesota workforce development fund is created as a separate dedicated account in the treasury. Earnings, including interest earnings of the fund, must be credited to the account. Money in the fund is appropriated to the jobs skills partnership board and must be allocated and expended as provided in this section. The board shall consult with the governor's workforce development council about fund expenditures.

Subd. 2. [USES; ALLOCATIONS.] The board shall allocate all available money in the fund each fiscal year to the following programs in the following percentages:

(1) forty percent to the partnership program described under section 116L.04, subdivision 1;

(2) ten percent to the pathways program under section 116L.04, subdivision 1a; and

(3) fifty percent to be allocated to the dislocated worker program under sections 116L.07 to 116L.17, the apprenticeship program under sections 178.01 to 178.10, and other job training programs.

Priority for allocations under clause (3) must be to fund the dislocated worker program and the apprenticeship program. The board shall focus funding efforts on retraining programs when there is low unemployment and place more emphasis on dislocated worker programs when there is high unemployment. The board shall, for the purpose of maintaining continuity in training and placement programs, give priority for grants and loans to organizations with a history of effectiveness in job placement and that previously have received funding from public or private nonprofit sources.

Expenditures for the dislocated worker program under sections 116L.08 to 116L.17 shall be allocated as follows:

(1) 40 percent to be allocated annually to substate grantees and independent grantees for provision of expeditious response activities under section 116L.11 and worker adjustment services under section 116L.13; and

(2) 60 percent to be allocated to activities and programs authorized under sections 116L.07 to 116L.17.

Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year. The board shall require that programs receiving money from the development fund coordinate their activities with the workforce center system operated by the department of economic security to the maximum extent feasible and cooperate with the centers.

Sec. 4. [116L.08] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 116L.07 to 116L.17, the following terms have the meanings given them.

Subd. 2. [BOARD.] "Board" means the job skills partnership board.

Subd. 3. [DISLOCATED WORKER.] "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been terminated or who has received a notice of termination from public or private sector employment, is eligible for or has exhausted entitlement to reemployment insurance, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age; or

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the board.

Subd. 3a. [ADDITIONAL DISLOCATED WORKER.] "Additional dislocated worker" means an individual who was a full-time homemaker for a substantial number of years and derived the substantial share of support from:

(1) a spouse and no longer receives such support due to the death, divorce, permanent disability of, or permanent separation from the spouse; or

(2) public assistance on account of dependents in the home and no longer receives such support.

An additional dislocated worker must have resided in Minnesota at the time the support ceased.

Subd. 4. [ELIGIBLE ORGANIZATION.] "Eligible organization" means a local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

Subd. 5. [LOCAL GOVERNMENT UNIT.] "Local government unit" means a statutory or home rule charter city, county, or town.

Subd. 6. [PLANT CLOSING.] "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

Subd. 7. [PREFEASIBILITY STUDY GRANT.] "Prefeasibility study grant" means the grant awarded under section 116L.12.

Subd. 8. [SUBSTANTIAL LAYOFF.] "Substantial layoff" means a permanent reduction in the work force, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 25 employees excluding those employees that work less than 20 hours a week.

Subd. 9. [SUBSTATE GRANTEE.] "Substate grantee" means the agency or organization designated to administer at the local level federal dislocated worker programs pursuant to the federal Job Training Partnership Act, United States Code, title 29, section 1501, et seq.

Subd. 10. [WORKER ADJUSTMENT SERVICES.] "Worker adjustment services" means the array of employment and training services designed to assist dislocated workers make the transition to new employment, including basic readjustment assistance, training assistance, and support services.

Subd. 11. [BASIC READJUSTMENT ASSISTANCE.] "Basic readjustment assistance" means employment transition services that include, but are not limited to: development of individual readjustment plans for participants; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment, including evaluation of educational attainment and participant interests and aptitudes; determination of occupational skills; provision of occupational information; job placement assistance; labor market information; job clubs; job search; job development; prelayoff assistance; work readiness skills for new employment environments; relocation assistance; and programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs.

Subd. 12. [TRAINING ASSISTANCE.] "Training assistance" means services that will enable a dislocated worker to become reemployed by retraining for a new occupation or industry, enhancing current skills, or relocating to employ existing skills. Training services include, but are not limited to: classroom training; occupational skill training; on-the-job training; out-of-area job search; relocation; basic and remedial education; literacy and English for training non-English speakers; entrepreneurial training; and other appropriate training activities directly related to appropriate employment opportunities in the local labor market.

Subd. 13. [SUPPORT SERVICES.] "Support services" means assistance provided to dislocated workers to enable their participation in an employment transition and/or training program. Services include, but are not limited to: family care assistance, including child care; commuting assistance; housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program.

Sec. 5. [116L.10] [EARLY WARNING SYSTEM.]

Subdivision 1. [EARLY WARNING INDICATORS.] The board, in cooperation with the commissioners of economic security, revenue, and trade and economic development, shall establish and oversee an early warning system to identify industries and businesses likely to

experience large losses in employment including a plant closing or a substantial layoff, by collecting and analyzing information which may include, but not be limited to, products and markets experiencing declining growth rates, companies and industries subject to competition from production in low wage counties, changes in ownership, layoff and employment patterns, payments of reemployment insurance contributions, and state tax payments. The board may request the assistance of businesses, business organizations, organized labor, and trade associations in identifying businesses, industries, and specific establishments that are likely to experience large losses in employment. The board may request information and other assistance from other state agencies for the purposes of this subdivision.

Subd. 2. [NOTICE.] (a) The board shall encourage those business establishments considering a decision to effect a plant closing, substantial layoff, or relocation of operations located in this state to give notice of that decision as early as possible to the board, the employees of the affected establishment, any organized labor union representing the employees, and the local government unit in which the affected establishment is located. This notice shall be in addition to any notice required under the Worker Adjustment and Retraining Notification Act, United States Code, title 29, section 2101.

(b) Notwithstanding section 268.975, subdivision 6, for purposes of this section, "plant closing" means the announced or actual permanent or temporary shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment, if the shutdown results in an employment loss at the single site of employment during any 30-day period for 25 or more employees excluding employees who work less than 20 hours per week.

Subd. 3. [EMPLOYER RESPONSIBILITY.] An employer providing notice of a plant closing, substantial layoff, or relocation of operations under the Worker Adjustment and Retraining Notification Act, United States Code, title 29, section 2101, or under subdivision 2 must report to the board the names, addresses, and occupations of the employees who will be or have been terminated.

Sec. 6. [116L.11] [RAPID AND EXPEDITIOUS RESPONSE.]

Subdivision 1. [RESPONSIBILITY.] The board shall respond quickly and effectively to announced or actual plant closings and substantial layoffs. Affected workers and employers, as well as appropriate business organizations or associations, labor organizations, substate grantees, independent grantees, state and local government units, and community organizations shall be assisted by the board through either rapid response activities or expeditious response activities as described in this section to respond effectively to a plant closing or mass layoff.

Subd. 2. [COVERAGE.] Rapid response is to be provided by the board where permanent plant closings or substantial layoffs affect at least 25 workers over a 30-day period as evidenced by actual separation from employment or by advance notification of a closing or layoff. Expeditious response is to be provided by worker adjustment services plan grantees in coordination with rapid response activities or where permanent plant closings and substantial layoffs are not otherwise covered by rapid response.

Subd. 3. [COORDINATION.] The board and expeditious response grantees shall coordinate their respective rapid response and expeditious response activities. The roles and responsibilities of each shall be detailed in written agreements and address on-site contact with employer and employee representatives when notified of a plant closing or substantial layoff. The activities include formation of a community task force, collecting and disseminating information related to economic dislocation and available services to dislocated workers, providing basic readjustment assistance services to workers affected by a plant closure or substantial layoff, conducting a needs assessment survey of workers, and developing a plan of action responsive to the worker adjustment services needs of affected workers.

Subd. 4. [RAPID RESPONSE ACTIVITIES.] The board shall be responsible for implementing the following rapid response activities:

(1) establishing on-site contact with employer and employee representatives immediately after becoming aware of a current or projected plant closing or substantial layoff in order to:

- (i) provide information on and facilitate access to available public programs and services; and
- (ii) provide emergency assistance adapted to the particular closure or layoff;
- (2) promoting the formation of a labor-management committee by providing:
 - (i) immediate assistance in the establishment of the labor-management committee;
 - (ii) technical advice and information on sources of assistance, and liaison with other public and private services and programs; and
 - (iii) assistance in the selection of worker representatives in the event no union is present;
- (3) collecting and disseminating information related to economic dislocation, including potential closings or layoffs, and all available resources with the state for dislocated workers;
- (4) providing or obtaining appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in efforts to avert dislocations;
- (5) disseminating information throughout the state on the availability of services and activities carried out by the dislocated worker unit;
- (6) assisting the local community in developing its own coordinated response to a plant closing or substantial layoff and access to state economic development assistance;
- (7) promoting the use of prefeasibility study grants under section 116L.12; and
- (8) conducting surveys of workers, if appropriate, affected by plant closings or layoffs to identify worker characteristics and worker adjustment service needs.

Subd. 5. [EXPEDITIOUS RESPONSE ACTIVITIES.] Grantees designated to provide worker adjustment services through worker adjustment services plans shall be responsible for implementing the following expeditious response activities:

- (1) establishing on-site contact with employer and employee representatives, not otherwise covered under rapid response, within a short period of time after becoming aware of a current or projected plant closing or mass layoff in order to provide information on available public programs and services;
- (2) obtaining appropriate financial and technical advice and liaison with local economic development agencies and other organizations to assist in efforts to avert dislocations;
- (3) disseminating information on the availability of services and activities carried out by the grantee through its worker adjustment services plan;
- (4) providing basic readjustment assistance services for up to 90 days following the initial on-site meeting with the employer and employee representatives;
- (5) assisting the local community in the development of its own coordinated response to the closure or layoff and access to economic development assistance;
- (6) facilitating the formation of a community task force, if appropriate, to formulate a service plan to assist affected dislocated workers from plant closings and mass layoffs;
- (7) conducting surveys of workers, if appropriate, affected by plant closings or layoffs to identify worker characteristics and worker adjustment service needs; and
- (8) facilitating access to available public or private programs and services, including the development of proposals to provide access to additional resources to assist workers affected by plant closings and substantial layoffs.

Sec. 7. [116L.12] [PREFEASIBILITY STUDIES.]

Subdivision 1. [PREFEASIBILITY STUDY GRANTS.] (a) The board may make grants for up to \$15,000 to eligible organizations to provide an initial assessment of the feasibility of alternatives to plant closings or substantial layoffs. The alternatives may include employee ownership, other new ownership, new products or production processes, or public financial or technical assistance to keep a plant open. Two or more eligible organizations may jointly apply for a grant under this section.

(b) Interested organizations shall apply to the board for the grants. As part of the application process, applicants must provide a statement of need for a grant, information relating to the work force at the plant, the area's unemployment rate, the community's and surrounding area's labor market characteristics, information of efforts to coordinate the community's response to the plant closing or substantial layoff, a timetable of the prefeasibility study, a description of the organization applying for the grant, a description of the qualifications of persons conducting the study, and other information required by the board.

(c) The board shall respond to the applicant within five working days of receiving the organization's application. The board shall inform each organization that applied for but did not receive a grant the reasons for the grant not being awarded. The board may request further information from those organizations that did not receive a grant, and the organization may reapply for the grant.

Subd. 2. [PREFEASIBILITY STUDY.] (a) The prefeasibility study must explore the current and potential viability, profitability, and productivity of the plant that may close or experience a substantial layoff and alternative uses for the plant. The study is not intended to be a major examination of each possible alternative but rather is meant to quickly determine if further action or examination is feasible and should be fully explored.

(b) The prefeasibility study must contain:

(1) a description of the plant's present products, production techniques, management structure, and history;

(2) a brief discussion of the feasibility of the various alternatives for ownership, production technique, and products;

(3) an estimate of the financing required to keep the plant open and the potential sources of that financing;

(4) a description of the employer's, employees', and community's efforts to maintain the operation of the plant; and

(5) other information the board may require.

Sec. 8. [116L.13] [WORKER ADJUSTMENT SERVICES PLANS.]

Subdivision 1. [WORKER ADJUSTMENT SERVICES PLANS.] The board shall establish and fund worker adjustment services plans that are designed to assist dislocated workers in their transition to new employment. Authorized grantees shall submit a worker adjustment services plan biennially, with an annual update, in a form and manner prescribed by the board. The worker adjustment services plan shall include information required in substate plans established under the federal Job Training Partnership Act, United States Code, title 29, section 1501, et seq. and a detailed description of expeditious response activities to be implemented under the plan.

Subd. 2. [GRANTEES.] Entities authorized to submit a worker adjustment services plan include substate grantees and up to six additional eligible organizations that may be funded by state or federal sources of funding. Criteria for selecting the six authorized independent nonsubstate grantee eligible organizations shall be established by the board, in consultation with the workforce development council. The criteria include, but are not limited to:

(1) the capacity to deliver worker adjustment services;

(2) an identifiable constituency from which eligible dislocated workers may be drawn;

(3) a demonstration of a good faith effort to establish coordination agreements with substate grantees in whose geographic area the organization would be operating;

(4) the capability to coordinate delivery of worker adjustment services with other appropriate programs and agencies, including educational institutions, employment service, human service agencies, and economic development agencies; and

(5) sufficient administrative controls to ensure fiscal accountability.

Subd. 3. [COVERAGE.] (a) Persons eligible to receive worker adjustment services under this section include dislocated workers as defined in section 116L.08, subdivision 3.

(b) Worker adjustment services available under this section shall also be available to additional dislocated workers as defined in section 116L.08, subdivision 3a, when they can be provided without adversely affecting delivery of services to all dislocated workers.

Subd. 4. [SUBSTATE AND INDEPENDENT GRANTEE FUNDING.] (a) Funds allocated to substate and independent grantees for expeditious response activities and worker adjustment services under this section shall be allocated as follows:

(1) one-half of available funds shall be allocated to substate and independent grantees based on an allocation formula prescribed by the board, in consultation with the workforce development council; and

(2) one-half of available funds shall be allocated based on need as demonstrated to the board in consultation with the workforce development council.

(b) The formula for allocating substate and independent grantee funds must utilize the most appropriate information available to the board to distribute funds in order to address the state's worker adjustment assistance needs. Information for the formula allocation may include, but is not limited to:

(1) insured unemployment data;

(2) dislocated worker special assessment receipts data;

(3) small plant closing data;

(4) declining industries data;

(5) farmer-rancher economic hardship data; and

(6) long-term unemployment data.

(c) The board shall establish a uniform procedure for reallocating substate and independent grantee funds. The criteria for reallocating funds from substate and independent grantees not expending their allocations consistent with their worker adjustment services plans to other substate and independent grantees shall be developed by the board in consultation with the workforce development council.

Sec. 9. [116L.14] [DISLOCATION EVENT SERVICES GRANTS.]

Subdivision 1. [DISLOCATION EVENT SERVICES GRANTS.] The board shall establish and fund dislocation event services grants designed to provide worker adjustment services to workers displaced as a result of larger plant closings and substantial layoffs. Grantees shall apply for a dislocation event services grant by submitting a proposal to the board in a form and manner prescribed by the board. The application must describe the demonstrated need for intervention, including the need for retraining, the workers to be served, the coordination of available local resources, the services to be provided, and the budget plan.

Subd. 2. [GRANTEES.] (a) Entities authorized to submit dislocation event services grants include substate grantees and other certified eligible organizations. Nonsubstate grantees shall demonstrate they meet criteria established by the board, in consultation with the workforce development council. The criteria include, but are not limited to:

(1) the capacity to deliver worker adjustment services;

(2) an ability to coordinate its activities with substate grantees in whose geographic area the organization will be operating;

(3) the capability to coordinate delivery of worker adjustment services with other appropriate programs and agencies, including educational institutions, employment service, human service agencies, and economic development agencies; and

(4) sufficient administrative controls to ensure fiscal accountability.

(b) For purposes of this section, the state job service may apply directly to the board for a dislocation event services grant only if the effect of a plant closing or substantial layoff is statewide or results in the termination from employment of employees of the state of Minnesota.

Subd. 3. [COVERAGE.] Persons who may receive worker adjustment services under this section are limited to dislocated workers affected by plant closings and substantial layoffs involving at least 25 workers from a single employer.

Subd. 4. [FUNDING.] The board, in consultation with the workforce development council, may establish an emergency funding process for dislocation event services grants. No more than 20 percent of the estimated budget of the proposed grant may be awarded through this procedure. The grantee shall submit a formal dislocation event services grant application within 90 days of the initial award of emergency funding.

Sec. 10. [116L.15] [RETRAINING AND TARGETED TRAINING GRANTS.]

Subdivision 1. [ESTABLISHED.] The board may make grants to substate grantees or other certified eligible organizations designed to provide for the employment of dislocated workers or targeted training assistance to workers at risk of dislocation. The focus of the grants must be on the provision of skill-based training required by the worker's employer or prospective employer. The grants must be developed to meet the worker training needs of employers individually or together. Two or more organizations may jointly apply for a grant.

Subd. 2. [RETRAINING GRANTS.] An organization interested in applying for a grant to retrain workers who are at risk of becoming dislocated workers must apply to the board. As part of the application process, an applicant must provide:

(1) a statement of need that identifies the causes contributing to the workers being at risk of dislocation, the prospects for reemployment of the workers in the employer's industry or the worker's occupation, and the employer's past record of permanently laying off workers;

(2) a description of the current skill level of the workers targeted for training and the skills needed by the workers to significantly reduce their vulnerability to becoming displaced from employment;

(3) a description of the actions and investments made and planned by the employer to avert or minimize worker dislocation, including the adoption of high performance workplace and worker participation systems and practices;

(4) a training plan that details who will receive training, the type and scope of training assistance to be provided to workers, the providers of the training, and any impact on worker wages;

(5) evidence that the proposal has the support and involvement of labor; and

(6) any other relevant information the board requires in the grant application.

Subd. 3. [TARGETED TRAINING GRANTS.] An organization interested in applying for a grant to target training for dislocated workers being hired by an employer must apply to the board. As part of the application process, applicants must provide:

(1) a statement of need;

(2) a description of local labor market characteristics, including the area's unemployment rate, types of workers available to be employed in terms of occupation, and the local availability of workers in the industry of the employer or employers;

(3) a description of the actions and investments made and planned by the employer or employers to create and retain jobs, including past employment history, wages paid for the same or similar work, and whether high performance workplace and worker participation systems and practices have been adopted;

(4) a description of the type of work to be performed, the work-related skills needed, projected wages, and the target group of workers requiring the training assistance;

(5) a training plan that details who will receive training, the type and scope of training assistance to be provided workers, and the providers of the training;

(6) evidence that the proposal has the support and involvement of labor; and

(7) any other relevant information the board requires in the grant application.

Subd. 4. [CRITERIA.] The criteria used to award targeted training grants must include the severity of need, the target group of workers, training assistance, worker wages, utilization of resources, cost-effectiveness, grantee management capability, and other considerations adopted by the board.

Subd. 5. [COVERAGE.] Persons eligible to receive retraining assistance under this section include workers at risk of dislocation from employment and dislocated workers as defined in section 116L.08, subdivision 3. Workers are considered to be at risk of dislocation as evidenced by a pattern of worker layoffs from an employer, a pattern of substantial layoffs or plant closures in the same or related industry, or where worker skills needed by the employer have become obsolete due to advances in technology.

Subd. 6. [FUNDING.] The board may award retraining and targeted training grants, if approved by the workforce development council, through a request for proposal process if:

(1) employers benefiting from a retraining and targeted training grant provide a match of at least one for one that may be in the form of funding, equipment, staff, instructors, and work release time for workers enrolled in training;

(2) employers benefiting from a retraining and targeted training grant to retrain workers at risk of dislocation maintain their past rate of expenditure from other sources for that training during the grant period; and

(3) employers benefiting from a retraining and targeted training grant to train new workers do not have workers in layoff status, unless it can be documented the layoff is temporary or seasonal.

Subd. 7. [LIMITATION.] No more than five percent of the amount allocated to dislocated worker programs under section 116L.07, subdivision 2, clause (3), may be used for the grants authorized under this section.

Sec. 11. [116L.16] [DISLOCATED WORKER COORDINATION.]

The board shall coordinate the actions taken by state agencies and public post-secondary educational institutions to respond to or address the specific needs of dislocated workers and to provide services to dislocated workers including education and retraining. The board shall also assist local government units, community groups, business associations or organizations, labor organizations, and others in coordinating their efforts in providing services to dislocated workers.

Sec. 12. [116L.17] [PERFORMANCE STANDARDS, REPORTING, COST LIMITATIONS.]

Subdivision 1. [PERFORMANCE STANDARDS.] The board shall establish performance standards for the programs and activities administered or funded under sections 116L.08 to 116L.17. The board may use, when appropriate, existing federal performance standards or, if the board determines that the federal standards are inadequate or not suitable, may formulate new performance standards to ensure that the programs and activities of the dislocated worker program are effectively administered.

The board shall, at a minimum, establish performance standards which appropriately gauge the program's effectiveness at achieving the following objectives:

- (1) placement of dislocated workers in employment;
- (2) replacing lost income resulting from worker dislocation from employment;
- (3) early intervention with workers shortly after or shortly before becoming displaced from employment; and
- (4) retraining of workers from one occupation or industry to another.

The standards shall be applied to plans or grants authorized under sections 116L.13; 116L.14; and 116L.15 and for other activities the board considers appropriate.

Subd. 2. [REPORTS.] (a) Grantees receiving funds under sections 116L.11; 116L.12; 116L.13; and 116L.14 shall report to the board information on program participants, activities funded, and utilization of funds in a form and manner prescribed by the board.

(b) The board shall report quarterly to the workforce development council information on prefeasibility study grants awarded, rapid response and expeditious response activities, worker adjustment services plans, and dislocation event services grants. Specific information to be reported shall be by agreement between the board and the workforce development council.

Subd. 3. [COST LIMITATIONS.] (a) For purposes of sections 116L.13 and 116L.14, funds allocated to a grantee are subject to the following limitations:

- (1) a maximum of 15 percent for administration in a worker adjustment services plan or in a dislocation event services grant;
- (2) a minimum of 50 percent for provision of training assistance;
- (3) a minimum of ten percent and maximum of 30 percent for provision of support services; and
- (4) the balance used for provision of basic readjustment assistance.

(b) A waiver of the cost limitation on providing training assistance may be requested. The waiver may not permit less than 30 percent of the funds be spent on training assistance.

(c) The board shall prescribe the form and manner for submission of an application for a waiver under paragraph (b). Criteria for granting a waiver shall be established by the board, in consultation with the workforce development council.

Sec. 13. Minnesota Statutes 1998, section 268.022, is amended to read:

268.022 [WORKFORCE INVESTMENT FUND.]

Subdivision 1. [DETERMINATION AND COLLECTION OF SPECIAL ASSESSMENT.] (a) In addition to all other taxes, assessments, and payment obligations under chapter 268, each employer, except an employer making payments in lieu of taxes is liable for a special assessment levied at the rate of one-tenth of one percent per year on all taxable wages, as defined in section 268.04, subdivision 25b. The assessment shall become due and be paid by each employer to the department on the same schedule and in the same manner as other taxes.

(b) The special assessment levied under this section shall not affect the computation of any other taxes, assessments, or payment obligations due under this chapter.

~~(c) Notwithstanding any provision to the contrary, if on June 30 of any year the unobligated balance of the special assessment fund under this section is greater than \$30,000,000, the special assessment for the following year only shall be levied at a rate of 1/20th of one percent on all taxable wages.~~

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) ~~The money collected under this section shall be deposited in the state treasury and credited to a dedicated fund to provide for the employment and training programs established under sections 268.975 to 268.98; including vocational guidance, training, placement, and job development~~ the Minnesota workforce development fund created by section 116L.07.

~~(b) All money in the dedicated fund is appropriated to the commissioner who must act as the fiscal agent for the money and must disburse the money for the purposes of this section, not allowing the money to be used for any other obligation of the state. All money in the dedicated fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other dedicated funds in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.~~

~~(c) No more than five percent of the dedicated funds collected in each fiscal year may be used by the department of economic security for its administrative costs.~~

~~(d) (c) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.~~

~~(e) The dedicated funds, less amounts under paragraphs (c) and (d) shall be allocated as follows:~~

~~(1) 40 percent to be allocated annually to substate grantees for provision of expeditious response activities under section 268.9771 and worker adjustment services under section 268.9781; and~~

~~(2) 60 percent to be allocated to activities and programs authorized under sections 268.975 to 268.98.~~

~~(f) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.~~

Sec. 14. [WORKFORCE DEVELOPMENT ANALYSIS.]

The office of strategic and long-range planning must identify workforce training programs administered by state agencies and by January 15, 2000, present a plan to the governor and to the legislature that consolidates those programs and provides for an economic development focus to that consolidated program.

Sec. 15. [TRANSFER OF DISLOCATED WORKER PROGRAM FUNCTION TO DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.]

The responsibility of the department of economic security for the dislocated workers program under Minnesota Statutes, sections 268.975 to 268.98 is transferred pursuant to section 15.039 to the jobs skills partnership board.

Sec. 16. [GOVERNOR'S DESIGNATION.]

The governor shall designate the jobs skills partnership board as the responsible state agency for federal dislocated worker programs.

Sec. 17. [FUND TRANSFER.]

The unobligated balance in the workforce investment dedicated fund administered under Minnesota Statutes, section 268.022, subdivision 2, as of July 1, 1999, is transferred to the Minnesota workforce development fund created by Minnesota Statutes, section 116L.07.

Sec. 18. [APPROPRIATION.]

\$29,000,000 is appropriated on July 1, 1999, from the general fund to the workforce development fund created by Minnesota Statutes, section 116L.07.

Sec. 19. [REPEALER.]

Minnesota Statutes 1998, sections 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; and 268.98, are repealed.

ARTICLE 8

MINNESOTACARE TAXES

Section 1. Minnesota Statutes 1998, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed; or

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear.

(b) Health care provider does not include: (1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with mental retardation or related conditions, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; residential care homes licensed under chapter 144B; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with mental retardation and related conditions as defined in section 252.41, subdivision 3; and boarding care homes, as defined in Minnesota Rules, part 4655.0100.;

~~(c) For purposes of this subdivision, "directly to a patient or consumer" includes goods and services provided in connection with independent medical examinations under section 65B.56 or other examinations for purposes of litigation or insurance claims.~~

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees; and

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage.

Sec. 2. Minnesota Statutes 1998, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. [PATIENT SERVICES.] (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
 - (2) nursing services and other related services;
 - (3) use of hospitals, surgical centers, or health care provider facilities;
 - (4) medical social services;
 - (5) drugs, biologicals, supplies, appliances, and equipment;
 - (6) other diagnostic or therapeutic items or services;
 - (7) medical or surgical services;
 - (8) items and services furnished to ambulatory patients not requiring emergency care;
 - (9) emergency services; and
 - (10) examinations, including but not limited to reviews of medical records for the purpose of utilization reviews, insurance claims or eligibility, litigation, and employment; and
 - (11) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.
- (b) "Patient services" does not include home health care services.

Sec. 3. Minnesota Statutes 1998, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

- (1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10). Payments for services not covered by Medicare are taxable;
- (2) medical assistance payments including payments received directly from the government or from a prepaid plan;
- (3) payments received for home health care services;
- (4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or (10)~~, or (13);
- (5) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or (10)~~, or (13);
- (6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments. For purposes of this clause, coinsurance means the portion of payment that the enrollee is required to pay for the covered service;

(9) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota ~~to a patient who is not domiciled in Minnesota;~~

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota;

(18) payments received by a ~~post-secondary~~ an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable; ~~and~~

(19) payments received for services provided by: assisted living programs and congregate housing programs; and

(20) payments received from nursing homes licensed under chapter 144A for services provided to a nursing home.

(b) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

Sec. 4. Minnesota Statutes 1998, section 295.55, subdivision 2, is amended to read:

Subd. 2. [ESTIMATED TAX; HOSPITALS; SURGICAL CENTERS.] (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within 15 days after the end of the month.

(b) Estimated tax payments are not required of hospitals or surgical centers if: (1) the tax for the current calendar year is less than \$500; or (2) the tax for the previous calendar year is less than \$500, if the taxpayer had a tax liability and was doing business the entire year; or (3) if a hospital has been allowed a grant under section 144.1484, subdivision 2, for the year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75,

from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) one-twelfth of the total tax for the actual gross revenues received during the month previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 5. Minnesota Statutes 1998, section 295.55, subdivision 3, is amended to read:

Subd. 3. [ESTIMATED TAX; OTHER TAXPAYERS.] (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if: (1) the tax for the current calendar year is less than \$500; or (2) the tax for the previous calendar year is less than \$500, if the taxpayer had a tax liability and was doing business the entire year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) one-quarter of the total tax for the actual gross revenues received during the quarter previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 6. Minnesota Statutes 1998, section 295.57, is amended by adding a subdivision to read:

Subd. 4. [SAMPLING TECHNIQUES.] The commissioner may use statistical or other sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments.

Sec. 7. [EFFECTIVE DATE.]

Sections 1, 3, 4, and 5 are effective for payments received on or after January 1, 2000. Sections 2 and 6 are effective the day following final enactment.

ARTICLE 9 PROPERTY TAX

Section 1. [103F.002] [COLLECTION OF PENALTIES.]

If a penalty imposed for violation of an ordinance enacted under this chapter is unpaid for more than 60 days after the date when payment is due, the local government unit that imposed the penalty may certify the delinquent penalty, together with any interest and additional penalties that apply to it, to the county auditor for collection to the same extent and in the same manner provided by law for the assessment and collection of real estate taxes.

Sec. 2. Minnesota Statutes 1998, section 204B.135, is amended by adding a subdivision to read:

Subd. 5. [REDISTRICTING EXPENSES.] The county board may levy a tax not to exceed \$1 per capita in the year ending in "0" to pay costs incurred in the year ending in "1" or "2" that are reasonably related to the redistricting of election districts, establishment of precinct boundaries, designation of polling places, and the updating of voter records in the statewide registration system. The county auditor shall distribute to each municipality in the county on a per capita basis 25 percent of the amount levied as provided in this subdivision, based on the population of the municipality in the most recent census. This levy is not subject to statutory levy limits.

Sec. 3. Minnesota Statutes 1998, section 270.07, subdivision 1, is amended to read:

Subdivision 1. [POWERS OF COMMISSIONER; APPLICATION FOR ABATEMENT;

ORDERS.] (a) The commissioner of revenue shall prescribe the form of all blanks and books required under this chapter and shall hear and determine all matters of grievance relating to taxation. Except for matters delegated to the various boards of county commissioners under section 375.192, and except as otherwise provided by law, the commissioner shall have power to grant such reduction or abatement of net tax capacities or taxes and of any costs, penalties or interest thereon as the commissioner may deem just and equitable, and to order the refundment, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Application therefor shall be submitted with a statement of facts in the case and the favorable recommendation of the county board or of the board of abatement of any city where any such board exists, and the county auditor of the county wherein such tax was levied or paid. In the case of taxes other than gross earnings taxes, the order may be made only on application and approval as provided in this paragraph. No reduction, abatement, or refundment of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of such municipality.

(b) The commissioner has the power to grant reductions or abatements of gross earnings tax. An application for reduction of gross earnings taxes may be made directly to the commissioner without the favorable action of the county board and county auditor. The commissioner shall direct that any gross earnings taxes that may have been erroneously or unjustly paid be applied against unpaid taxes due from the applicant.

(c) The commissioner shall forward to the county auditor a copy of the order made by the commissioner in all cases in which the approval of the county board is required.

(d) The commissioner may refer any question that may arise in reference to the true construction of this chapter to the attorney general, and the decision thereon shall be in force and effect until annulled by the judgment of a court of competent jurisdiction.

(e) The commissioner may by written order abate, reduce, or refund any penalty or interest imposed by any law relating to taxation, if in the commissioner's opinion the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster area. ~~The order shall be made on application of the taxpayer to the commissioner.~~

~~(f) If an order issued under this subdivision is for an abatement, reduction, or refund of over \$5,000, it shall be valid only if approved in writing by the attorney general.~~

~~(g)~~ (f) An appeal may not be taken to the tax court from any order of the commissioner of revenue made in the exercise of the discretionary authority granted in paragraph (a) with respect to the reduction or abatement of real or personal property taxes in response to a taxpayer's application for an abatement, reduction, or refund of taxes, net tax capacities, costs, penalties, or interest.

Sec. 4. Minnesota Statutes 1998, section 272.02, subdivision 1, is amended to read:

Subdivision 1. [EXEMPT PROPERTY DESCRIBED.] All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds.
- (2) All public schoolhouses.
- (3) All public hospitals.
- (4) All academies, colleges, and universities, and all seminaries of learning.
- (5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (e), other than those that qualify for exemption under clause (25).

(7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 15a; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the federal government, the state, or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota Housing Finance Agency Law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21)(a) Small scale wind energy conversion systems installed after January 1, 1991, and used as an electric power source are exempt.

"Small scale wind energy conversion systems" are wind energy conversion systems, as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce two megawatts or less of electricity as measured by nameplate ratings.

(b) Medium scale wind energy conversion systems installed after January 1, 1991, are treated as follows: (i) the foundation and support pad are taxable; (ii) the associated supporting and protective structures are exempt for the first five assessment years after they have been constructed, and thereafter, 30 percent of the market value of the associated supporting and protective structures are taxable; and (iii) the turbines, blades, transformers, and its related equipment, are exempt. "Medium scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce more than two but equal to or less than 12 megawatts of energy as measured by nameplate ratings.

(c) Large scale wind energy conversion systems installed after January 1, 1991, are treated as follows: 25 percent of the market value of all property is taxable, including (i) the foundation and support pad; (ii) the associated supporting and protective structures; and (iii) the turbines, blades, transformers, and its related equipment. "Large scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; and (ii) produce more than 12 megawatts of energy as measured by nameplate ratings.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in Section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under item (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

(30) Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1997, that is intended to be used as a business incubator in a high-unemployment county ~~but is not occupied on the assessment date~~. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this clause is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in 2005.

(31) Notwithstanding any other law to the contrary, real property that meets the following criteria is exempt:

(i) constitutes a wastewater treatment system (a) constructed by a municipality using public funds, (b) operates under a State Disposal System Permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, chapter 7001, and (c) applies its effluent to land used as part of an agricultural operation;

(ii) is located within a municipality of a population of less than 10,000;

(iii) is used for treatment of effluent from a private potato processing facility; and

(iv) is owned by a municipality and operated by a private entity under agreement with that municipality.

(32) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this clause. At the time of construction, the facility must:

(i) not be owned by a public utility as defined in section 216B.02, subdivision 4;

(ii) utilize natural gas as a primary fuel;

(iii) be located within 20 miles of the intersection of an existing 42-inch (outside diameter) natural gas pipeline and a 345-kilovolt high-voltage electric transmission line; and

(iv) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need pursuant to section 216B.243 demonstrating demand for its capacity.

Construction of the facility must be commenced after July 1, 1999, and before July 1, 2003. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Sec. 5. Minnesota Statutes 1998, section 272.027, is amended to read:

272.027 [PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.]

Subdivision 1. [ELECTRICITY GENERATED TO PRODUCE GOODS AND SERVICES.] Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. Except as provided in subdivision 2, the exemption

does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

Subd. 2. [EXEMPTION FOR CUSTOMER OWNED PROPERTY TRANSFERRED TO A UTILITY.] (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

(2) the generating facility is sold to a Minnesota electric utility before July 2001.

(b) Any tools, implements, and machinery used to increase generation capacity that are installed by a utility at a facility at which tools, implements, and machinery are exempt under paragraph (a) are also exempt under this section.

Sec. 6. Minnesota Statutes 1998, section 272.03, subdivision 6, is amended to read:

Subd. 6. [TRACT, LOT, PARCEL, AND PIECE OR PARCEL.] (a) "Tract," "lot," "parcel," and "piece or parcel" of land means any contiguous quantity of land in the possession of, owned by, or recorded as the property of, the same claimant or person.

(b) Notwithstanding paragraph (a), property that is owned by a utility, leased for residential or recreational uses for terms of 20 years or longer, and separately valued by the assessor, will be treated for property tax purposes as separate parcels.

Sec. 7. Minnesota Statutes 1998, section 272.67, is amended by adding a subdivision to read:

Subd. 9. [DIVISION INTO URBAN AND RURAL SERVICE DISTRICTS.] Notwithstanding the provisions of subdivisions 1 and 6, in order to carry out an orderly annexation agreement entered into on or after August 16, 1996, a city may divide its area into urban service districts and rural service districts constituting separate taxing districts for the purpose of all municipal property taxes including those levied for the payment of bonds and judgments and interest on them.

Sec. 8. Minnesota Statutes 1998, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that (1) the house is at least 35 years old at the time of the improvement and (2) either

(a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$150,000, or

(b) if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if

(i) it is located in a city or town in which 50 percent or more of the owner-occupied housing units were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census, or

(c) if the estimated market value of the house is \$300,000 or more on January 2 of the current year, the property qualifies if

(i) it is located in a city or town in which 45 percent or more of the homes were constructed before 1940 based upon the 1990 federal census, and

(ii) it is located in a city or town in which 45 percent or more of the housing units were rental based upon the 1990 federal census, and

(iii) the city or town's median value of owner-occupied housing units based upon the 1990 federal census is less than the statewide median value of owner-occupied housing units based upon the 1990 federal census.

For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years since the original year of its construction. In the case of a residence that is relocated, the relocation must be from a location within the state and the only improvements eligible for exclusion under this subdivision are (1) those for which building permits were issued to the homeowner after the residence was relocated to its present site, and (2) those undertaken during or after the year the residence is initially occupied by the homeowner, excluding any market value increase relating to basic improvements that are necessary to install the residence on its foundation and connect it to utilities at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. Any improvement must add at least \$1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. ~~The application may be filed subsequent to the date of the building permit provided that the application must be filed within three years of the date the building permit was issued for the improvement.~~ If the property lies in a jurisdiction which is not subject to a building permit process, the an application must be filed within three years of the date the improvement was made. The assessor may require proof from the taxpayer of the date the improvement was made. Applications The application, if required, must be received prior to July 1 of any year in order to be effective for taxes payable in the following year.

No exclusion may be granted for an improvement by a local board of review or county board of equalization and no abatement of the taxes for qualifying improvements may be granted by the county board unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed if the jurisdiction is not subject to a building permit process.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. If ~~a~~ a required application is filed after the first assessment date at which an improvement could have been subject to the valuation exclusion under this subdivision, the ten-year period during which the value is subject to exclusion is reduced by the number of years that have elapsed since the property would have qualified initially. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this subdivision may result from up to three separate improvements to the homestead. ~~The application shall state, in clear language, that~~ If more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 9. Minnesota Statutes 1998, section 273.111, is amended by adding a subdivision to read:

Subd. 15. [DISSECTED PARCELS; CONTINUED DEFERMENT.] Real estate consisting of more than ten, but less than 15, acres which has:

(1) been owned by the applicant or the applicant's parents for at least 70 years;

(2) been dissected by two or more major parkways or interstate highways; and

(3) qualified for the agricultural valuation and tax deferral under this section through assessment year 1996, taxes payable 1997, shall continue to qualify for deferral of special assessments under this section until the applicant's death or transfer or sale by the applicant of the applicant's interest in the real estate. If the property otherwise no longer qualifies for assessment under this section, subdivision 9 does not apply.

Sec. 10. Minnesota Statutes 1998, section 273.124, subdivision 1, is amended to read:

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

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

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

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota

income tax return as a resident for the most recent taxable year for which the information is available.

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

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

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

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

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

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

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

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

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

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

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing

the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

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

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home or boarding care facility and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home or boarding care facility and the property is not occupied or is occupied only by the owner's spouse.

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

Sec. 11. Minnesota Statutes 1998, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least \$5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage.

(c) all buildings and appurtenances and the land upon which they are located that are used for purposes of a homestead, if all of the following criteria are met:

(1) the land is owned by a utility, which maintains ownership of the land in order to facilitate compliance with the terms of its hydroelectric project license from the federal energy regulatory commission;

(2) the land is leased for a term of 20 years or more;

(3) the occupant is using the property as a permanent residence; and

(4) the occupant is paying the property taxes and any special assessments levied against the property.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 12. Minnesota Statutes 1998, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP OR LEASED TO FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b), ~~but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it.~~

(c) Agricultural property owned by a shareholder of a family farm corporation, as defined in paragraph (a), or by a partner in a partnership operating a family farm and leased to the family farm corporation by the shareholder or to the partnership by the partner, is eligible for classification as class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a under section 273.13, subdivision 23, paragraph (a), if the owner is actually residing on the property and is actually engaged in farming the land on behalf of the corporation or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation or partnership operating a family farm under the lease.

Sec. 13. Minnesota Statutes 1998, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres; and

~~(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and~~

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4) ~~(3)~~.

(b) ~~Except as provided in paragraph (d), Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.~~

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(d) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

Sec. 14. Minnesota Statutes 1998, section 273.124, is amended by adding a subdivision to read:

Subd. 20. [ADDITIONAL REQUIREMENTS PROHIBITED.] No political subdivision may impose any requirements not contained in this chapter or chapter 272 to disqualify property from being classified as a homestead if the property otherwise meets the requirements for homestead treatment under this chapter and chapter 272.

Sec. 15. Minnesota Statutes 1998, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to ~~\$115,000~~ \$250,000 has a net class rate of 0.35 percent of market value. The remaining value of class 2a property over ~~\$115,000~~ \$250,000 and up to \$500,000 of market value ~~that does not exceed 320 acres~~ has a net class rate of ~~0.8~~ 0.7 percent of market value. The remaining property over ~~\$115,000~~ \$500,000 of market value in excess of 320 acres has a class rate of ~~1.25~~ 1.05 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of ~~1.25~~ 1.05 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products or enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law Number 99-198. Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing; and

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115; and

(6) insects primarily bred to be used as food for animals.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3), the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 16. Minnesota Statutes 1998, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. Each parcel has a class rate of 2.45 percent of the first tier of market value, and 3.5 percent of the remaining market value, except that in the case of contiguous parcels of commercial and industrial property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. In the case of utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first tier of market value, except that this limitation does not apply to utility property described in section 272.03, subdivision 6, paragraph (b).

For purposes of this paragraph, parcels are considered to be contiguous even if they are separated from each other by a road, street, vacant lot, waterway, or other similar intervening type of property.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.5 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first tier of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Structures which are (i) located on property classified as class 3a, (ii) constructed under an initial building permit issued after January 2, 1996, (iii) located in a transit zone as defined under section 473.3915, subdivision 3, (iv) located within the boundaries of a school district, and (v) not primarily used for retail or transient lodging purposes, shall have a class rate equal to 85 percent of the class rate of the second tier of the commercial property rate under paragraph (a) on any portion of the market value that does not qualify for the first tier class rate under paragraph (a). As used in item (v), a structure is primarily used for retail or transient lodging purposes if over 50 percent of its square footage is used for those purposes. A class rate equal to 85 percent of the class rate of the second tier of the commercial property class rate under paragraph (a) shall also apply to improvements to existing structures that meet the requirements of items (i) to (v) if the improvements are constructed under an initial building permit issued after January 2, 1996, even if the remainder of the structure was constructed prior to January 2, 1996. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone. If any property once eligible for treatment under this paragraph ceases to remain eligible due to revisions in transit zone boundaries, the property shall continue to receive treatment under this paragraph for a period of three years.

Sec. 17. Minnesota Statutes 1998, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] Class 5 property includes:

(1) tools, implements, and machinery of an electric generating, transmission, or distribution system, unless exempt under section 272.027, or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures;

(2) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and

(3) all other property not otherwise classified.

Class 5 property has a class rate of 3.5 percent of market value.

Sec. 18. Minnesota Statutes 1998, section 273.1382, subdivision 1, is amended to read:

Subdivision 1. [EDUCATION HOMESTEAD CREDIT.] Each year, the respective county

auditors shall determine the initial tax rate for each school district for the general education levy certified under section 126C.13, subdivision 2 or 3. That rate plus the school district's education homestead credit tax rate adjustment under section 275.08, subdivision 1e, shall be the general education homestead credit local tax rate for the district. The auditor shall then determine a general education homestead credit for each homestead within the county equal to ~~68 percent for taxes payable in 1999 and 69~~ 77.5 percent for taxes payable in 2000 and thereafter of the general education homestead credit local tax rate times the net tax capacity of the homestead for the taxes payable year. The amount of general education homestead credit for a homestead may not exceed ~~\$320 for taxes payable in 1999 and \$335~~ \$400 for taxes payable in 2000 and thereafter. In the case of an agricultural homestead, only the net tax capacity of the house, garage, and surrounding one acre of land shall be used in determining the property's education homestead credit.

Sec. 19. Minnesota Statutes 1998, section 273.1398, subdivision 1a, is amended to read:

Subd. 1a. [TAX BASE DIFFERENTIAL.] (a) For aids payable in 2000, the tax base differential is:

(1) the following percentages of the assessment year 1998 taxable market value of class 2a agricultural homestead property, excluding the house, garage, and surrounding one acre of land: between \$115,000 and \$250,000 and less than 320 acres, .45 percent; between \$115,000 and \$250,000 and over 320 acres, .9 percent; over \$250,000 up to \$500,000 and less than 320 acres, 0.1 percent; over \$250,000 up to \$500,000 and over 320 acres, 0.55 percent; and the market value that exceeds \$500,000, .25 percent; plus .25 percent of the assessment year 1998 taxable market value of class 2b nonhomestead agricultural land and timberland; plus

(2) for purposes of computing the fiscal disparity adjustment only, the tax base differential is 0.2 percent of the assessment year 1998 taxable market value of class 3 commercial-industrial property over \$150,000.

(b) For the purposes of the distribution of homestead and agricultural credit aid for aids payable in 2000, the commissioner of revenue shall use the best information available as of June 30, 1999, to make an estimate of the value described in paragraph (a), clause (1). The commissioner shall adjust the distribution of homestead and agricultural credit aid for aids payable in 2001 and subsequent years if new information regarding the value described in paragraph (a), clause (1), becomes available after June 30, 1999.

Sec. 20. Minnesota Statutes 1998, 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;
and
- (21) Middle Mississippi River Watershed Management Organization under sections 103B.211 and 103B.241; and
- (22) 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.

Sec. 21. Minnesota Statutes 1998, section 282.05, is amended to read:

282.05 [PROCEEDS APPORTIONED.]

The net proceeds received from the sale or rental of forfeited lands shall be apportioned to the general funds of the state or municipal subdivision thereof, in the manner hereinafter provided, ~~and shall be first used by the municipal subdivision to retire any indebtedness then existing in~~ section 282.08.

Sec. 22. Minnesota Statutes 1998, section 298.22, subdivision 7, is amended to read:

Subd. 7. [GIANTS RIDGE RECREATION AREA.] (a) In addition to the other powers granted in this section and other law, the commissioner, for purposes of fostering economic development and tourism within the Giants Ridge recreation area, may spend any money made available to the agency under section 298.28 to acquire real or personal property or interests therein by gift, purchase, or lease and may convey by lease, sale, or other means of conveyance or commitment any or all of those property interests acquired.

~~(b) Notwithstanding any other law to the contrary, property conveyed under this subdivision and used for residential purposes is not eligible for property tax homestead classification under section 273.124 or for a property tax refund under chapter 290A.~~

(e) In furtherance of development of the Giants Ridge recreation area, the commissioner may establish and participate in charitable foundations and nonprofit corporations, including a corporation within the meaning of section 317A.011, subdivision 6.

~~(d)~~ (c) The term "Giants Ridge recreation area" refers to an economic development project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the western portions of the town of White and in the eastern portion of the westerly, adjacent, unorganized township.

Sec. 23. Minnesota Statutes 1998, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, development rights in the form of conservation easements under chapter 84C, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 24. Minnesota Statutes 1998, section 375.18, subdivision 12, is amended to read:

Subd. 12. [LAND FOR PUBLIC USE.] Each county board may acquire by gift or purchase and improve land within the county, for use as a park, site for a building, or other public purpose, and, when required by the public interest, sell and convey it. The land may be paid for out of moneys in the county treasury not otherwise appropriated, or by issuing bonds of the county. The county board may acquire development rights in the form of a conservation easement under chapter 84C. The holder of the conservation easement may be a governmental body or a charitable corporation, as provided by section 84C.01.

Sec. 25. [375.511] [ADMINISTRATIVE PENALTIES.]

A county board may impose an administrative penalty for violation of an ordinance enacted under chapter 103F. No penalty may be imposed unless the owner has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before a person authorized by the county board to conduct the hearing. A decision that a violation occurred must be in writing. The amount of the penalty with interest may not exceed the amount allowed for a single misdemeanor violation. A person aggrieved by a decision under this section may have the decision reviewed in the district court. If a penalty imposed under this section is unpaid for more than 60 days after the date when payment is due, the county board may certify the penalty to the county auditor for collection to the same extent and in the same manner provided by law for the assessment and collection of real estate taxes.

Sec. 26. Minnesota Statutes 1998, section 398A.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] An authority may exercise all the powers necessary or desirable to implement the powers specifically granted in this section, and in exercising the powers is deemed to be performing an essential governmental function and exercising a part of the sovereign power of the state, and is a local government unit and political subdivision of the state. Without limiting the generality of the foregoing, the authority may:

(a) sue and be sued, have a seal, which may but need not be affixed to documents as directed by the board, make and perform contracts, and have perpetual succession;

(b) acquire real and personal property within or outside its taxing jurisdiction, by purchase, gift, devise, condemnation, conditional sale, lease, lease purchase, or otherwise; or for purposes, including the facilitation of an economic development project pursuant to section 383B.81 or 469.091 or 469.175, subdivision 7, that also improve rail service; ~~and~~

(c) hold, manage, control, sell, convey, lease, mortgage, or otherwise dispose of real or personal property; and

(d) make grants or otherwise appropriate funds to the department of transportation, the metropolitan council, or any other state or local governmental unit for the purposes described in subdivision 2 with respect to railroad facilities located or to be located within the authority's jurisdiction, whether or not the facilities will be acquired, constructed, owned, or operated by the authority.

Sec. 27. Minnesota Statutes 1998, 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; provided, however, that the maximum amount of the tax which may be levied in any year shall be reduced by the amount of taxes levied to pay principal and interest due in the following year on any outstanding general obligation bonds issued pursuant to section 398A.07. Its recording officer shall file, 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.

Sec. 28. Minnesota Statutes 1998, section 398A.04, subdivision 9, is amended to read:

Subd. 9. [AGREEMENTS.] The authority may enter into joint powers agreements under section 471.59 or other agreements with the municipality or municipalities named in the organization agreement, ~~or~~ with other municipalities situated in the counties named in the resolution, respecting the matters referred to in section 398A.06 ~~or~~ with another authority; with a state agency; or with the metropolitan council about any matter subject to this chapter.

Sec. 29. Minnesota Statutes 1998, 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 authority may levy 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 a 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. If the authority is authorized to levy taxes under section 398A.04, subdivision 8, the authority may issue general obligation bonds of the authority, without a referendum, which are payable primarily from such taxes. If the maximum amount of principal and interest to become due in any year on all outstanding bonds issued under this section which are general obligations, including the bonds to be issued, does not exceed 0.04835 percent of the market value of taxable property in the municipality or municipalities named in its organization resolution for taxes payable in the year in which the bonds are issued, the authority may levy a tax on all taxable property in such municipality or municipalities without limit as to rate or amount to pay principal and interest on its general obligation bonds when due.

Sec. 30. [415.18] [SIDEWALK UTILITY.]

A home rule charter or statutory city may establish a sidewalk utility as provided in section 412.321 including the voting requirement of section 412.321, subdivision 2, for other utilities in statutory cities, or as otherwise provided by law or charter for utilities for home rule charter cities. Section 412.321 applies to the creation of the sidewalk utility except that the creation of the sidewalk utility requires approval by only a majority vote of those voting on the proposition. The purpose of the sidewalk utility is to acquire land for, construct, maintain, and replace public sidewalks and appurtenances to public sidewalks. Snow and ice removal are expressly not included in the purposes of the utility. Utility charges may be imposed on any reasonable and equitable basis on which other utility charges are made including a uniform charge per account for another utility to be added to the account for the other utility but separately listed. Revenues received for sidewalk utilities must be segregated from other funds as otherwise provided for utility revenues and may be used only for sidewalk utility purposes.

Sec. 31. Minnesota Statutes 1998, section 428A.11, subdivision 6, is amended to read:

Subd. 6. [HOUSING UNIT.] "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment as described in chapter 515 ~~or~~, 515A, or 515B, that is occupied by a person or family for use as a residence.

Sec. 32. Minnesota Statutes 1998, section 428A.11, is amended by adding a subdivision to read:

Subd. 7. [AUTHORITY.] "Authority" means an economic development authority created pursuant to section 469.091 or a housing and redevelopment authority created pursuant to section 469.003.

Sec. 33. Minnesota Statutes 1998, section 428A.11, is amended by adding a subdivision to read:

Subd. 8. [IMPLEMENTING ENTITY.] "Implementing entity" means the city or authority designated in the enabling ordinance as responsible for implementing and administering the housing improvement area.

Sec. 34. Minnesota Statutes 1998, section 428A.13, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a one or more housing improvement area areas. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance shall designate the implementing entity. The ordinance may not be adopted until a public hearing has been held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Sec. 35. Minnesota Statutes 1998, section 428A.13, subdivision 3, is amended to read:

Subd. 3. [PROPOSED HOUSING IMPROVEMENTS.] At the public hearing held under subdivision 2, the city proposed implementing entity shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the city proposed implementing entity shall consult with the residents of the area and the condominium associations.

Sec. 36. Minnesota Statutes 1998, section 428A.14, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] Fees may be imposed by the city implementing entity on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area to reimburse the implementing entity for advances made to pay for the housing improvements or to pay principal or interest on, and premiums, if any, of bonds issued by the implementing entity pursuant to section 428A.16. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

- (1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;
- (2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;
- (3) the amount to be charged against the particular property;
- (4) the right of the property owner to prepay the entire fee;
- (5) the number of years the fee will be in effect; and
- (6) a statement that the petition requirements of section 428A.12 have either been met or do not apply to the proposed fee.

Within six months of the public hearing, the city implementing entity may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the city implementing entity a financial plan

prepared by an independent third party, acceptable to the city implementing entity and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Sec. 37. Minnesota Statutes 1998, section 428A.15, is amended to read:

428A.15 [COLLECTION OF FEES.]

The city implementing entity may provide for the collection of the housing improvement fees according to the terms of section 428A.05.

Sec. 38. Minnesota Statutes 1998, section 428A.16, is amended to read:

428A.16 [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.11 to 428A.20 has been entered into or the work has been ordered, the ~~governing body of the city~~ city implementing entity may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 428A.14, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body of the city, or if the ~~governing bodies are the same or consist of identical membership,~~ the authority may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure bonds issued by it to ensure payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 39. Minnesota Statutes 1998, section 428A.17, is amended to read:

428A.17 [ADVISORY BOARD.]

The ~~governing body of the city~~ city implementing entity may create and appoint an advisory board for the housing improvement area in the city to advise the ~~governing body~~ city implementing entity in connection with the planning and construction of housing improvements. In appointing the board, the ~~council~~ city implementing entity shall consider for membership members of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the ~~governing body~~ city implementing entity to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the ~~governing body~~ city implementing entity to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

Sec. 40. Minnesota Statutes 1998, section 428A.19, is amended to read:

428A.19 [ANNUAL REPORTS.]

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the city implementing entity. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

Sec. 41. Minnesota Statutes 1998, section 465.82, is amended by adding a subdivision to read:

Subd. 4. [DIFFERENTIAL TAXATION.] The plan for cooperation and combination adopted

in accordance with subdivision 1 may establish that the tax rate of the local government unit with the lesser tax rate prior to the effective date of combination shall be increased in substantially equal proportions over not more than six years to equality with the tax rate on the property already within the borders of the local unit of government with the higher tax rate. The appropriate period of time, if any, for transition to the higher tax rate shall be based on the time reasonably required to effectively provide equal municipal services to the residents of the local unit of government with the lower tax rate.

Sec. 42. Minnesota Statutes 1998, section 473.39, is amended by adding a subdivision to read:

Subd. 1g. [OBLIGATIONS; 2000-2002.] In addition to the authority in subdivisions 1a, 1b, 1c, 1d, and 1e, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$52,000,000, which may be used for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

Sec. 43. Minnesota Statutes 1998, section 473.39, is amended by adding a subdivision to read:

Subd. 1h. [OBLIGATIONS.] After June 30, 2001, in addition to the authority in subdivisions 1a, 1b, 1c, 1d, 1e, and 1g, the council may issue certificates of indebtedness, bonds, or other obligations under this section for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. The amount of the obligations issued under this subdivision in any calendar year must not exceed the following limit, except as provided in this subdivision:

(1) for calendar year 2002, the limit is \$27,000,000; and

(2) for each subsequent year, the limit equals the previous calendar year's limit calculated under this subdivision multiplied by an index for market valuation changes equal to the total market valuation of all taxable property located within the transit taxing district for the current taxes payable year divided by the total market valuation of all taxable property located within the transit taxing district for the previous taxes payable year. For any year in which the council does not issue obligations totaling the limit calculated under this subdivision, the remaining available amount may be carried forward to subsequent years. The council may issue obligations in a carry-forward year in an amount exceeding the annual limit for that year by the amount carried forward, but the amount carried forward is not a permanent increase in the annual limit calculated under this subdivision.

For the purposes of this subdivision, "total market valuation" means the total market valuation of all taxable property within the transit taxing district without valuation adjustments for fiscal disparities under chapter 473F, tax increment financing under sections 469.174 to 469.179, and high voltage transmission lines under section 273.425. "Transit taxing district" means the transit taxing district established in section 473.446.

Sec. 44. Minnesota Statutes 1998, section 473.898, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS.] The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of \$10,000,000 \$13,306,300, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

Sec. 45. Minnesota Statutes 1998, section 475.52, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY CITIES.] Any statutory city may issue bonds or other obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks, warning systems; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate limits, for the acquisition of development rights in the form of conservation easements

under chapter 84C; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing the city may issue bonds to provide money for any authorized corporate purpose except current expenses.

Sec. 46. Minnesota Statutes 1998, section 475.52, subdivision 3, is amended to read:

Subd. 3. [COUNTIES.] Any county may issue bonds for the acquisition or betterment of courthouses, county administrative buildings, health or social service facilities, correctional facilities, law enforcement centers, jails, morgues, libraries, parks, and hospitals, for roads and bridges within the county or bordering thereon and for road equipment and machinery and for ambulances and related equipment, for the acquisition of development rights in the form of conservation easements under chapter 84C, and for capital equipment for the administration and conduct of elections providing the equipment is uniform countywide, except that the power of counties to issue bonds in connection with a library shall not exist in Hennepin county.

Sec. 47. Minnesota Statutes 1998, section 475.52, subdivision 4, is amended to read:

Subd. 4. [TOWNS.] Any town may issue bonds for the acquisition and betterment of town halls, town roads and bridges, nursing homes and homes for the aged, and for acquisition of equipment for snow removal, road construction or maintenance, and fire fighting, for the acquisition of development rights in the form of conservation easements under chapter 84C and for the acquisition and betterment of any buildings to house and maintain town equipment.

Sec. 48. Minnesota Statutes 1998, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraphs (b), ~~(c), and (d)~~ to (k), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

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

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

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

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and
- (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

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

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

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

- (i) the city had a population in 1996 of at least 50,000;
- (ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and
- (iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(g) Beginning in 2002, the city aid base for a city is equal to the sum of its city aid base in 2001 and the amount of additional aid it was certified to receive under section 477A.06 in 2001. For 2002 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2001.

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

- (1) the city has a population that is greater than 1,000 and less than 2,500;
- (2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and
- (3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

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

- (1) the city had a population in 1997 of 2,500 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;
- (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;
- (4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and
- (5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(j) The city aid base for a city is increased by \$225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$225,000 in calendar year 2000 only, provided that:

- (1) the city had a population of at least 5,000;
- (2) its population had increased by at least 50 percent in the ten-year period ending in 1997;
- (3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and
- (4) the city received less than \$30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

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

- (1) the city has a population in 1997 of 2,000 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;
- (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and
- (4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

Sec. 49. Laws 1988, chapter 645, section 3, is amended to read:

Sec. 3. [TAX; PAYMENT OF EXPENSES.]

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds 2 mills .063 percent of taxable market value. The proceeds

(b) .048 percent of taxable market value of that tax in paragraph (a) may be used only for acquisition, betterment, and maintenance of the district's hospital and nursing home facilities and equipment, and not for administrative or salary expenses.

(c) .015 percent of taxable market value of the tax in paragraph (a) may be used solely for the purpose of capital expenditures as it relates to ambulance acquisitions for the Cook ambulance service and the Orr ambulance service and not for administrative or salary expenses.

The part of the levy referred to in paragraph (c) must be administered by the Cook Hospital and passed on directly to the Cook area ambulance service board and the city of Orr to be held in trust until funding for a new ambulance is needed by either the Cook ambulance service or the Orr ambulance service.

Sec. 50. Laws 1997, chapter 231, article 2, section 68, subdivision 3, as amended by Laws 1998, chapter 389, article 3, section 36, is amended to read:

Subd. 3. [MORATORIUM ON CHANGES IN ASSESSMENT PRACTICES.] (a) An assessor may not change the current practices or policies used generally in assessing elderly assisted living facilities.

(b) An assessor may not change the assessment of an existing elderly assisted living facility, unless the change is made as a result of a change in ownership, occupancy, or use of the facility. This paragraph does not apply to:

- (1) a facility that was constructed during calendar year 1997, 1998, or 1999;
- (2) a facility that was converted to an elderly assisted living facility during calendar year 1997, 1998, or 1999; or
- (3) a change in market value.

(c) This subdivision expires and no longer applies on the earlier of:

(1) the enactment of legislation establishing criteria for the property taxation of elderly assisted living facilities; or

(2) final adjournment of the ~~1999~~ 2000 regular legislative session.

Sec. 51. [ABATEMENT OF TAXES.]

Subdivision 1. [PROPERTY DEFINED.] As used in this section and section 52, "property" means property located in Lake county that meets the following description:

All that part of Government Lot Two (2) of Section One (1) in Township Fifty-two (52) North, Range Eleven (11) West of the Fourth Principal Meridian, lying within the following described lines:

Commencing at a point on the North-South quarter line of said Section 1 which is 20 feet south of the center of said Section 1 measured along said North-South quarter line;

thence easterly at a right angle to said North-South quarter line a distance of 5 feet to the point of Beginning;

thence continuing in an easterly direction at a right angle to said North-South quarter line a distance of 335 feet;

thence southerly at a right angle to the last described line a distance of 80 feet;

thence easterly at a right angle to the last described line a distance of 210 feet;

thence southerly at a right angle to the last described line a distance of 255 feet;

thence southeasterly at an angle of 102 degrees to the last described line to the ordinary low-water mark of Agate Bay;

thence easterly along said ordinary low-water mark to the East boundary line of said Government Lot 2;

thence in a northerly direction along said East boundary line to a point on said East boundary line which is 75 feet distant in a northerly direction from the East-West quarter line of said Section 1, extended, as measured along said East boundary line;

thence in a northwesterly direction to a point which is 190 feet easterly measured at a right angle to the North-South quarter line of said Section 1 from a point on the North-South quarter line, which point is 725 feet northerly of the center of said Section 1 when measured along said North-South quarter line;

thence in a westerly direction at a right angle to said North-South quarter line a distance of 185 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 230 feet;

thence easterly at a right angle to the last described line a distance of 130 feet;

thence southerly at a right angle to the last described line a distance of 119.27 feet;

thence westerly at a right angle to the last described line a distance of 130 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 395.73 feet to the point of beginning.

Subd. 2. [AUTHORIZATION.] Upon a majority vote of its members, the governing bodies of each of Lake county, the city of Two Harbors, and Lake Superior independent school district No.

381, may abate the taxes levied on the property described in subdivision 1 in 1979 to 1990, payable in 1980 to 1991, as well as any interest and penalties due on those taxes.

Sec. 52. [RECORDING OF CONVEYANCE AUTHORIZED.]

Notwithstanding Minnesota Statutes, section 272.12, or any other law to the contrary, if the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381 have all abated the taxes, interest, and penalties as provided in section 51, subdivision 2, the county auditor may record the conveyance of the property described in section 51, subdivision 1.

Sec. 53. [NORTH FORK CROW RIVER WATERSHED DISTRICT.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the North Fork Crow River watershed district may annually levy up to .04836 percent of taxable market value, or \$140,000, whichever is less, for its administrative fund.

Subd. 2. [EFFECTIVE DATE.] This section is effective, without local approval, beginning with taxes levied in 1999, payable in 2000.

Sec. 54. [SAUK RIVER WATERSHED DISTRICT.]

Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the Sauk river watershed district may annually levy up to \$200,000 for its administrative fund for taxes payable in 2000, 2001, 2002, 2003, and 2004.

Sec. 55. [CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to \$1,000 annually for cemetery purposes, beginning with taxes payable in 2000 and ending with taxes payable in 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective June 1, 1999, without local approval.

Sec. 56. [APPLICATION.]

Sections 42 to 44 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 57. [LOCAL PERFORMANCE AND RECIPIENTS; OTHER AID INCREASES.]

(a) If a county received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the amount of homestead and agricultural credit aid determined and payable to the county under Minnesota Statutes, section 273.1398, in 2000 and subsequent years is increased by the amount of performance aid it received in 1999.

(b) If a city received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the city aid base of the city under Minnesota Statutes, section 477A.011, subdivision 36, is increased for aid payable in 2000 and subsequent years by the amount of performance aid it received in 1999, and the maximum amount of total aid it may receive under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (c), is also increased by that amount in calendar year 2000 only.

(c) For purposes of determining the limitation on aid increases under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (b), for aid payable in 2000, the sum of the aid to all cities in 2000 does not include the aid increase under paragraph (a) of this section.

Sec. 58. [RECOMMENDATIONS ON UTILITY PERSONAL PROPERTY TAX REVENUES.]

The commissioner of revenue shall, upon consultation with affected parties, develop a detailed

proposal for a fair and reasonable approach to the replacement of the revenue that would be lost to local units of government as a result of the elimination of the tax on the personal property of electric utilities. The commissioner shall report on the proposal by September 1, 2000, to the chairs of the senate committees on taxes and jobs, energy and community development, and the house of representatives committees on taxes and jobs and economic development, and to the governor.

Sec. 59. [EDUCATION LEVY REDUCTION APPROPRIATION.]

In addition to any amount appropriated by other law, \$17,627,000 is appropriated from the general fund to the commissioner of children, families, and learning in fiscal year 2001, and \$19,585,000 in fiscal year 2002 and thereafter, to fund a reduction in the statewide general education property tax levy. The fiscal year 2002 appropriation includes \$1,958,000 for 2001 and \$17,627,000 for 2002.

Sec. 60. [REPEALER.]

(a) Minnesota Statutes 1998, section 273.1383, is repealed.

(b) Minnesota Statutes 1998, section 477A.05, is repealed.

(c) Minnesota Statutes 1998, section 428A.21, is repealed.

Sec. 61. [EFFECTIVE DATE.]

(a) Sections 4; 5; 6; 11; 12; 13; 15; 16; 17; 20; 22; 41; and 53 are effective for taxes levied in 1999, payable in 2000, and thereafter.

(b) Section 9 is effective retroactively for property taxes payable in 1998 and thereafter.

(c) Sections 19; 57; and 60, paragraph (b), are effective for aids payable in 2000, and thereafter.

(d) Section 21 is effective for net proceeds received after the date of final enactment of this act.

(e) Section 49. The .0015 percent of taxable market value levy described in section 49, paragraph (c), is effective for the cities of Cook and Orr and the counties of St. Louis and Koochiching for affected parts of those counties on January 1, 2000, to be requested in the year 2000, with the first payment to be received in 2001.

(f) Sections 51 and 52 are effective the day following final enactment, upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381.

(g) Sections 3; 14; 44; and 60, paragraph (a), are effective the day following final enactment.

ARTICLE 10

STATE FUNDING OF DISTRICT COURTS

TRANSFER OF FINES, FEES, AND OTHER MONEY TO STATE

Section 1. Minnesota Statutes 1998, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of: the game and fish laws; sections 84.091 to 84.15; sections 84.81 to 84.91; section 169.121, when the violation involved an off-road recreational vehicle as defined in section 169.01, subdivision 86; chapter 348; and any other law relating to wild animals or aquatic vegetation, must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraphs (b), (c), and (d). In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), the share that would otherwise go to the county under this paragraph must be submitted to the state treasurer for deposit in the state treasury and credited to the general fund.

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

(c) The county treasurer shall submit one-half of the receipts collected under paragraph (a) from prosecutions of violations of sections 84.81 to 84.91, and 169.121, except receipts that are surcharges imposed under section 357.021, subdivision 6, to the state treasurer and credit the balance to the county general fund. The state treasurer shall credit these receipts to the snowmobile trails and enforcement account in the natural resources fund.

(d) The county treasurer shall indicate the amount of the receipts that are surcharges imposed under section 357.021, subdivision 6, and shall submit all of those receipts to the state treasurer.

Sec. 2. Minnesota Statutes 1998, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] Homestead and agricultural credit aid for each unique taxing jurisdiction equals the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment. ~~For aid payable in 2000, each county shall have its homestead and agricultural credit aid permanently reduced by an amount equal to one-third of the additional amount received by the county under section 477A.03, subdivision 2, paragraph (c), clause (ii).~~

Sec. 3. Minnesota Statutes 1998, section 273.1398, is amended by adding a subdivision to read:

Subd. 4a. [AID OFFSET FOR COURT COSTS.] (a) By August 15, 1999, the supreme court shall determine and certify to the commissioner of revenue for each county, other than counties located in the eighth judicial district, the county's share of the costs assumed under 1999 S.F. No. 2221, article 7, during the fiscal year beginning July 1, 2000, less an amount equal to the county's share of transferred fines collected by the trial courts in the county during calendar year 1998.

(b) Payments to a county under subdivision 2 or section 273.166 for calendar year 2000 must be reduced by an amount equal to 100 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(c) Payments to a county under subdivision 2 or section 273.166 for calendar year 2001 must be reduced by an amount equal to 50 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(d) Payments to a county under subdivision 2 or section 273.166, in calendar year 2002 and thereafter must be permanently reduced by an amount equal to 100 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited as follows:

(1) In the fiscal year ending June 30, 1991, the first \$275,000 in money received by the state treasurer after June 4, 1991, must be credited to the transportation services fund, and the remainder in the fiscal year credited to the trunk highway fund.

(2) In fiscal year 1992, the first \$215,000 in money received by the state treasurer in the fiscal year must be credited to the transportation services fund, and the remainder credited to the trunk highway fund.

(3) In fiscal years 1993 and subsequent years, the entire amount received by the state treasurer must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (a), this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 5. Minnesota Statutes 1998, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. [TRANSMITTAL OF FEES TO STATE TREASURER.] (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. In a county in ~~the eighth~~ a judicial district under section 480.181, subdivision 1, paragraph (b), which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.5511;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 169.1217 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) The fees collected for child support modifications under subdivision 2, clause (13), must be transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

Sec. 6. Minnesota Statutes 1998, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION.] (a) A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

(b) Aid payments to counties under section 477A.0121 are limited to \$20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to \$27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 ~~in 2000~~ are further increased by an additional ~~\$30,000,000~~ \$20,000,000 in ~~2000~~ 2001.

(d) Aid payments to cities in 1999 under section 477A.013, subdivision 9, are limited to \$380,565,489. For aids payable in 2000 and 2001, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in 2002, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in 2001 under section 477A.06. For aids payable in 2003 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

Sec. 7. Minnesota Statutes 1998, section 485.018, subdivision 5, is amended to read:

Subd. 5. [COLLECTION OF FEES.] The court administrator of district court shall charge and collect all fees as prescribed by law and all such fees collected by the court administrator as court administrator of district court shall be paid to the county treasurer. Except for those portions of forfeited bail paid to victims pursuant to existing law, the county treasurer shall forward all revenue from fees and forfeited bail collected under chapters 357, 487, and 574 to the state treasurer for deposit in the state treasury and credit to the general fund, unless otherwise provided in chapter 611A or other law, in the manner and at the times prescribed by the state treasurer, but not less often than once each month. If the defendant or probationer is located after forfeited bail proceeds have been forwarded to the state treasurer, the state treasurer shall reimburse the county, on request, for actual costs expended for extradition, transportation, or other costs necessary to return the defendant or probationer to the jurisdiction where the bail was posted, in an amount not more than the amount of forfeited bail. ~~All other money must be deposited in the county general fund unless otherwise provided by law.~~ The court administrator of district court shall not retain any additional compensation, per diem or other emolument for services as court administrator of district court, but may receive and retain mileage and expense allowances as prescribed by law.

Sec. 8. Minnesota Statutes 1998, section 487.02, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision, the county board shall levy taxes annually against the taxable property within the county as necessary for the establishment, operation and maintenance of the county court or courts within the county. Any county in a judicial district under section 480.181, subdivision 1, paragraph (b) is prohibited from levying property taxes for these purposes.

Sec. 9. Minnesota Statutes 1998, section 487.32, subdivision 3, is amended to read:

Subd. 3. A judge of a county court may order any sums forfeited to be reinstated and the ~~county~~ state treasurer shall then refund accordingly. The ~~county~~ state treasurer shall reimburse the court administrator if the court administrator refunds the deposit upon a judge's order and obtains a receipt to be used as a voucher.

Sec. 10. Minnesota Statutes 1998, section 487.33, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION.] The court administrator shall provide the county treasurer with the name of the municipality or other subdivision of government where the offense was committed which employed or provided by contract the arresting or apprehending officer and the name of the municipality or other subdivision of government which employed the prosecuting attorney or otherwise provided for prosecution of the offense for each fine or penalty and the total amount of fines or penalties collected for each municipality or other subdivision of government. On or before the last day of each month, the county treasurer shall pay over to the treasurer of each municipality or subdivision of government within the county all fines or penalties for parking violations for which complaints and warrants have not been issued and one-third of all fines or penalties collected during the previous month for offenses committed within the municipality or subdivision of government from persons arrested or issued citations by officers employed by the municipality or subdivision or provided by the municipality or subdivision by contract. An additional one-third of all fines or penalties shall be paid to the municipality or subdivision of government providing prosecution of offenses of the type for which the fine or penalty is collected occurring within the municipality or subdivision, imposed for violations of state statute or of an ordinance, charter provision, rule or regulation of a city whether or not a guilty plea is entered or bail is forfeited. Except as provided in section 299D.03, subdivision 5, or as otherwise provided by law, all other fines and forfeitures and all fees and statutory court costs collected by the court administrator shall be paid to the county treasurer of the county in which the funds were collected who shall dispense them as provided by law. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), all other fines, forfeitures, fees, and statutory court costs must be paid to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 11. Minnesota Statutes 1998, section 574.34, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Fines and forfeitures not specially granted or appropriated by law shall be paid into the treasury of the county where they are incurred, except in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), the fines and forfeitures must be deposited in the state treasury and credited to the general fund.

Sec. 12. [APPROPRIATION.]

\$18,930,000 is appropriated for fiscal year 2001 from the general fund to the supreme court for purposes of funding the district court expenses under this article.

Sec. 13. [EFFECTIVE DATES; CONTINGENCY.]

(a) Sections 2 and 6 are effective for aids payable in 2000. The other provisions of this article providing for the transfer of fees and fines to the state are effective January 1, 2000, with respect to counties in the eighth judicial district, and July 1, 2000, with respect to counties in the fifth, seventh, and ninth judicial districts.

(b) Notwithstanding paragraph (a), this article does not take effect unless the state assumes the district court costs under 1999 S.F. No. 2221, article 7.

ARTICLE 11
LOCAL ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1998, section 272.026, is amended to read:

272.026 [TAX STATUS OF PROPERTY MANAGED BY A HOUSING REDEVELOPMENT AUTHORITY OR PUBLIC HOUSING AGENCY.]

Subdivision 1. [GENERALLY.] Any property that is under the direct management and control of, but is not owned by, a housing redevelopment authority or public housing agency, and is used in a manner authorized and contemplated by sections 469.001 to 469.047, and for which the authority or agency is eligible for assistance payments under federal law, is public property used for essential public and governmental purposes, and the property and the authority or agency is exempt from all taxes and special assessments of the city, the county, the state, or any political subdivision of the state in the same manner as property referred to in section 469.040, subdivision 1. Payments in lieu of taxes for the property shall remain as provided in section 272.68 or 469.040, subdivision 3.

Subd. 2. [CERTAIN SOLD PROPERTY.] Any property that is owned by a housing and redevelopment authority or a public housing agency for at least five years and used in a manner authorized by sections 469.001 to 469.047, which is subsequently sold to a nonprofit corporation created under chapter 317A subject to requirements that the property continue to be so used and in accordance with the housing affordability restrictions established by the housing and redevelopment authority or public housing agency, is deemed to be public property used for essential public and governmental purposes. If the nonprofit owner also agrees to make service charge payments in lieu of taxes under section 469.040, subdivision 3, the property and the nonprofit owner are exempt from all taxes and special assessments of the city, the county, the state, or any political subdivision of the state in the same manner as property referred to in section 469.040, subdivision 1. Payments in lieu of taxes for the property shall remain as provided in section 469.040, subdivision 3, except that they must be charged to and collected from the nonprofit owner and do not constitute an obligation of the authority or agency.

The nonprofit owner shall certify each year as part of the statement of aggregate shelter rentals filed with the assessor under section 469.040, subdivision 3, that the nonprofit corporation is the owner of the property and continues in good standing as a nonprofit corporation organized and operated under chapter 317A, and that the property continues to be used in a manner authorized by sections 469.001 to 469.047, and in accordance with the housing affordability restrictions established by the housing and redevelopment authority or public housing agency.

Sec. 2. Minnesota Statutes 1998, section 273.1399, subdivision 1, is amended to read:

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

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) The captured net tax capacity of a new or the expanded part of an existing economic development tax increment financing district, for which certification was requested after April 30, 1990.

(2) The captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than an economic development district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0

6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

(3) The following rules apply to a hazardous substance subdistrict. The applicable percentage under clause (2) must be determined under the "all other districts" category. The number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity. After termination of the overlying district, captured net tax capacity includes the full amount that is captured by the subdistrict.

(4) Qualified captured tax capacity does not include the captured tax capacity of exempt districts under subdivisions 6 and 7.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified housing district" means a housing district:

(1) for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit; or

(2) for a project in which at least 50 percent of the housing receiving assistance from revenues derived from the district is either:

(i) rental housing affordable to persons whose income is at or below 50 percent of the area median income as published annually by the United States Department of Housing and Urban Development, and in accordance with the procedures for determining rents under the United States Department of Housing and Urban Development section 8 rental assistance programs for at least 40 years beginning with the date of commencement of construction; or

(ii) owner occupied housing initially purchased and occupied by individuals whose family income is at or below 80 percent of the area median income as published annually by the United States Department of Housing and Urban Development.

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

Subdivision 1. [~~HOUSING AND REDEVELOPMENT AUTHORITY COMMUNITY DEVELOPMENT AGENCY.~~] There is hereby created in Dakota county a public body corporate and politic, to be known as the Dakota county housing and redevelopment authority community development agency, having all of the powers and duties of a housing and redevelopment authority under sections 469.001 to 469.047; which act applies to the county of Dakota. For the purposes of applying the provisions of the ~~municipal housing and redevelopment act sections 469.001 to 469.047 and 469.090 to 469.1081~~ to Dakota county, and subject to the provisions of

this section, the county has all of the powers and duties of a municipality, the county board has all of the powers and duties of a governing body, the chair of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.

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

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

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

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

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

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

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

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

(b) The Dakota county community development agency may not levy the tax described in section 469.107, but with the approval of the Dakota county board may increase its levy of the special tax described in section 469.033, subdivision 6, to an amount not exceeding 0.01813 percent of net tax capacity, or any higher limit authorized under section 469.107 or 469.033, subdivision 6.

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

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

Sec. 8. Minnesota Statutes 1998, section 469.169, subdivision 12, is amended to read:

Subd. 12. [ADDITIONAL ZONE ALLOCATIONS.] (a) In addition to tax reductions

authorized in subdivisions 7, 8, 9, 10, and 11, the commissioner shall allocate tax reductions to border city enterprise zones located on the western border of the state. The cumulative total amount of tax reductions for all years of the program under sections 469.1731 to 469.1735, is limited to:

- (1) for the city of Breckenridge, \$394,000;
- (2) for the city of Dilworth, \$118,200;
- (3) for the city of East Grand Forks, \$788,000;
- (4) for the city of Moorhead, \$591,000; and
- (5) for the city of Ortonville, \$78,800.

Allocations made under this subdivision may be used for tax reductions provided in section 469.1732 or 469.1734 or for reimbursements under section 469.1735, subdivision 3, but only if the municipality determines that the granting of the tax reduction or offset is necessary to enable a business to expand within a city or to attract a business to a city. Limitations on allocations under subdivision 7 do not apply to this allocation.

(b) The limit in the allocation in paragraph (a) for a municipality may be waived by the commissioner if the commissioner of revenue finds that the municipality must provide an incentive under section 469.1732 or 469.1734 that, by itself or when aggregated with all other tax reductions granted by the municipality under those provisions, exceeds the municipality's maximum allocation under paragraph (a), in order to obtain or retain a business in the city that would not occur in the municipality without the incentive. The limit may be waived only if the commissioner finds that the business for which the tax incentives are to be provided:

- (1) requires a private capital investment of at least \$1,000,000 within the city;
- (2) employs at least 25 new or additional full-time equivalent employees within the city; and
- (3) pays its employees at the location in the city wages that, on the average, will exceed the average wage paid in the county in which the municipality is located.

Sec. 9. Minnesota Statutes 1998, section 469.1735, is amended by adding a subdivision to read:

Subd. 4. [APPROPRIATION; WAIVERS.] An amount sufficient to fund any tax reductions under a waiver made by the commissioner under section 469.169, subdivision 12, paragraph (b), is appropriated to the commissioner of revenue from the general fund. This appropriation may not be deducted from the dollar limits under this section or section 469.1734 or 469.169.

Sec. 10. Minnesota Statutes 1998, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. For any district certified after June 30, 1999, or in any geographic area added after June 30, 1999, to a district certified before that date, tax increment revenues must not be used for the construction or renovation of a commons area used as a public park, or a publicly owned facility used for social or recreational purposes. This provision shall does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an

entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

Sec. 11. Minnesota Statutes 1998, section 469.1763, is amended by adding a subdivision to read:

Subd. 6. [POOLING PERMITTED FOR DEFICITS.] (a) This subdivision applies only to districts for which the request for certification was made before June 2, 1997.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus

(ii) the total increments to be collected from properties located within the district that are available for the calendar year, plus

(iii) total increments from properties located in other districts in the municipality that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law (but excluding a special tax under section 469.1791 and the grant program under Laws 1997, chapter 231, article 1, section 19); or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in class rates in Laws 1997, chapter 231, article 1, and Laws 1998, chapter 389, article 2.

(c) A preexisting obligation means bonds issued and sold before June 2, 1997, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before June 2, 1997, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district. For purposes of this subdivision, bonds exclude an obligation to reimburse or pay a developer or owner of property located in the district for amounts incurred or paid by the developer or owner.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) may only be exercised after obtaining approval of the use of the increments, in writing, by the commissioner of revenue;

(2) is an exception to the restrictions under section 469.176, subdivision 4i, and the other provisions of this section, and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(3) applies notwithstanding the provisions of the tax increment financing act in effect for

districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

Sec. 12. Minnesota Statutes 1998, section 469.1791, subdivision 3, is amended to read:

Subd. 3. [PRECONDITIONS TO ESTABLISH DISTRICT.] (a) A city may establish a special taxing district within a tax increment financing district under this section only if the conditions under paragraphs (b) and (c) are met or if the city elects to exercise the authority under paragraph (d).

(b) The city has determined that:

(1) total tax increments from the district, including unspent increments from previous years and increments transferred under paragraph (c), will be insufficient to pay the amounts due in a year on preexisting obligations; and

(2) this insufficiency of increments resulted from the reduction in property tax class rates enacted in the 1997 and 1998 legislative sessions.

(c) The city has agreed to transfer any available increments from other tax increment financing districts in the city to pay the preexisting obligations of the district under section 469.1763, subdivision 6. This requirement does not apply to any available increments of a qualified housing district, as defined in section 273.1399, subdivision 1. ~~Notwithstanding any law to the contrary, the city may require a development authority to transfer available increments for any of its tax increment financing districts in the city to make up an insufficiency in another district in the city, regardless of whether the district was established by the development authority or another development authority. Notwithstanding any law to the contrary, increments transferred under this authority must be spent to pay preexisting obligations. "Development authority" for this purpose means any authority as defined in section 469.174, subdivision 2.~~

(d) If a tax increment financing district does not qualify under paragraphs (b) and (c), the governing body may elect to establish a special taxing district under this section. If the city elects to exercise this authority, increments from the tax increment financing district and the proceeds of the tax imposed under this section may only be used to pay preexisting obligations and reasonable administrative expenses of the authority for the tax increment financing district. The tax increment financing district must be decertified when all preexisting obligations have been paid.

Sec. 13. Minnesota Statutes 1998, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that would otherwise be applied, if:

(a) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement; and

(b) it finds that doing so is in the public interest because it will:

(1) increase or preserve tax base;

(2) provide employment opportunities in the political subdivision;

(3) provide or help acquire or construct public facilities;

(4) help redevelop or renew blighted areas; or

(5) help provide access to services for residents of the political subdivision.

Sec. 14. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 1a. [USE OF TERM.] As used in this section and sections 469.1814 and 469.1815,

"abatement" includes a deferral of taxes with abatement of interest and penalties unless the context indicates otherwise.

Sec. 15. Minnesota Statutes 1998, section 469.1813, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT RESOLUTION.] (a) The governing body of a political subdivision may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. The resolution must also include a specific statement as to the nature and extent of the public benefits which the governing body expects to result from the agreement. The abatement may reduce all or part of the property tax levied by the political subdivision on the parcel.

(b) The political subdivision may limit the abatement:

- (1) to a specific dollar amount per year or in total;
- (2) to the increase in property taxes resulting from improvement of the property;
- (3) to the increases in property taxes resulting from increases in the market value or tax capacity of the property; or
- (4) in any other manner the governing body of the subdivision determines is appropriate; or
- (5) to the interest and penalty that would otherwise be due on taxes that are deferred.

(c) The political subdivision may not abate tax attributable to the value of the land or the areawide tax under chapter 276A or 473F.

Sec. 16. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 6a. [DEFERMENT PAYMENT SCHEDULE.] When the tax is deferred and the interest and penalty abated, the political subdivision must set a schedule for repayments. The deferred payment must be included with the current taxes due and payable in the years the deferred payments are due and payable and must be levied accordingly.

Sec. 17. Laws 1993, chapter 375, article 14, section 22, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] Tax increment financing district No. 3-2, established by the city of Inver Grove Heights on April 30, 1992, under Laws 1990, chapter 604, article 7, section 30, subdivision 2, continues in effect until the earlier of (1) May 1, 2004 2006, or (2) when all costs provided for in the tax increment financing plan relating to the district have been paid. In no event may the city receive more than eight ten years of tax increments for the district and. All tax increments received after May 1, 2002, and before May 1, 2004, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements. All tax increments received after May 1, 2004, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of the tax increments, must be used only to pay debt service on obligations incurred before January 1, 1999, to pay costs provided for in the tax increment financing plan, or on obligations incurred to refinance the original obligations.

Sec. 18. Laws 1997, chapter 231, article 1, section 19, subdivision 1, is amended to read:

Subdivision 1. [TIF GRANTS.] (a) The commissioner of revenue shall pay grants to municipalities for deficits in tax increment financing districts caused by the changes in class rates under this act. Municipalities must submit applications for the grants in a form prescribed by the commissioner by no later than ~~March~~ August 1 for grants payable during the calendar year. The maximum grant equals the lesser of:

- (1) for taxes payable in the year before the grant is paid, the reduction in the tax increment financing district's revenues derived from increment resulting from the class rate changes in this article and Laws 1998, chapter 389, article 2; or

(2) the municipality's total tax increments, including unspent increments from previous years, less the amount due during the calendar year to pay (i) bonds issued and sold before the day following final enactment of this act and (ii) binding contracts entered into before the day following final enactment of this act.

(b) The commissioner of revenue may require applicants for grants ~~or pooling authority~~ under this section to provide any information the commissioner deems appropriate. The commissioner shall calculate the amount under paragraph (a), clause (2), based on the reports for the tax increment financing district or districts filed with the state auditor on or before July 1 of the year before the year in which the grant is to be paid.

(c) This subdivision applies only to deficits in tax increment financing districts for which:

(1) the request for certification was made before the enactment date of this act; and

(2) all timely reports have been filed with the state auditor, as required by Minnesota Statutes, section 469.175.

(d) The commissioner shall pay the grants under this subdivision by December 26 of the year.

(e) \$2,000,000 is appropriated to the commissioner of revenue to make grants under this section. This appropriation is available until expended or this section expires under subdivision 3, whichever is earlier. If the amount of grant entitlements for a year exceed the appropriation, the commissioner shall reduce each grant proportionately so the total equals the amount available.

Sec. 19. Laws 1997, chapter 231, article 1, section 19, subdivision 3, is amended to read:

Subd. 3. [EXPIRATION.] This section expires on January 1, ~~2001~~ 2002.

Sec. 20. Laws 1997, Second Special Session chapter 2, section 6, is amended to read:

Sec. 6. TRADE AND ECONOMIC
DEVELOPMENT

8,200,000

Notwithstanding the requirement in Minnesota Statutes, section 469.169, subdivision 11, as added by Laws 1997, chapter 231, article 16, section 20, to base allocations to zones in cities on the state's western border on a per capita basis, \$1,200,000 is a one-time appropriation from the general fund to the commissioner of trade and economic development for border city enterprise competitiveness grants under Minnesota Statutes, sections 469.166 to 469.173. Funds shall be allocated to communities with significant business losses that are at risk of losing business tax base due to noncompetitiveness with North Dakota and South Dakota and shall be available to communities for locally administered measures to retain their job base. Allocations made under this paragraph may be used for tax reductions as provided in Minnesota Statutes, section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on

allocations under Minnesota Statutes, section 469.169, subdivision 7, do not apply to this appropriation. Enterprise zones that receive allocations under this paragraph may continue in effect for purposes of those allocations through ~~December 31, 1998~~ June 30, 1999. \$6,000,000 is a one-time appropriation from the general fund to the Minnesota investment fund for grants to local units of government for locally administered operating loan programs for businesses directly and adversely affected by the floods. Loan criteria and requirements shall be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7, and 116J.991, are waived. Businesses that receive grants or loans from this appropriation shall set goals for jobs retained and wages paid within the area designated under Presidential Declaration of Major Disaster, DR-1175. \$1,000,000 is a one-time appropriation from the petroleum tank release cleanup fund to the commissioner of trade and economic development. Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, as amended by Laws 1997, chapter 200, article 2, section 4, these funds are to be used for grants to buy out property substantially damaged by a petroleum tank release.

Sec. 21. Laws 1998, chapter 389, article 11, section 29, is amended to read:

Sec. 29. [EFFECTIVE DATE.]

Sections 1, 5, and 7 apply to tax increment financing districts certified on, before, and after August 1, 1979.

Sections 2, 3, 4, and 8 are effective for disclosures required to be made and reports required to be submitted beginning in 1999.

Section 6 is effective for tax increment financing districts for which the request for certification is was made after April 30, 1998 August 1, 1996.

Section 9 is effective the day following final enactment and applies to tax increment financing districts certified on, before, and after August 1, 1979.

Section 10 is effective beginning for taxes payable in 1999.

Section 11 is effective upon compliance by Itasca county with Minnesota Statutes, section 645.021, subdivision 3.

Section 12 is effective upon compliance by Koochiching county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. [AUTHORIZATION; AIRPORT IMPACT ZONES.]

Subdivision 1. [CITY OF RICHFIELD; DESIGNATION.] (a) There is established within the city of Richfield an airport impact zone consisting of the real property described as follows:

Commencing at the intersection of the north city limits with the w'ly ROW line of T.H. 77, thence south along the w'ly ROW line of T.H. 77 to the n'ly ROW line of Interstate Highway 494, thence west along the n'ly ROW line of Interstate Highway 494 to the center line of Bloomington Avenue, thence north on the center line of Bloomington Avenue to the n'ly ROW line of E. 77th St., thence east along the n'ly ROW line of E. 77th St. to a point 133.2' east of the e'ly ROW line of Bloomington Avenue, thence north on a line parallel with and 133.2' east of the e'ly ROW line of Bloomington Avenue to the north city limits, thence east along the north city limits to the point of beginning.

(b) The city of Richfield may add area to the airport impact zone designated under this subdivision, or establish one or more additional airport impact zones, subject to the terms and conditions of subdivision 2.

Subd. 2. [CITIES OF BLOOMINGTON, MINNEAPOLIS, AND EAGAN; DESIGNATION; CRITERIA.] (a) Each of the cities of Bloomington, Minneapolis, and Eagan may designate one or more airport impact zones within their respective boundaries. An airport impact zone is a discrete geographic area that meets criteria for such a zone established by the metropolitan council. The criteria established by the metropolitan council for an airport impact zone must:

(1) be based upon airport impacts found by the council after study to be present in the airport impact zone designated for the city of Richfield under subdivision 1; and

(2) be such that any area within any of the cities experiencing land use incompatibility substantially similar to the area described in subdivision 1, would qualify for designation as an airport impact zone.

(b) A city that intends to establish an airport impact zone must prepare and submit to the metropolitan council for approval a plan identifying the geographic boundaries of the proposed zone and the airport mitigation measures to be undertaken in the zone.

Subd. 3. [AIRPORT IMPACTS DEFINED.] The legislature finds that:

(a) The area included within the airport impact zones defined under this section will experience significant adverse environmental and socioeconomic impacts associated with the operation of the Minneapolis-St. Paul international airport;

(b) Whether funded directly by the metropolitan airports commission or by other means, expenditures for mitigation of those airport-created impacts involve an aspect of the airport's capital and operating expenses and will be made for airport purposes; and

(c) Appropriate measures to mitigate those adverse impacts include, but are not limited to, housing replacement activities.

Sec. 23. [AIRPORT TAX INCREMENT FINANCING DISTRICTS.]

Subdivision 1. [RICHFIELD.] (a) The city of Richfield may establish an airport impact tax increment financing district consisting of the real property within the airport impact zone established under section 22, subdivision 1. The tax increment financing district is subject to the provisions of subdivision 3.

(b) If the city of Richfield receives approval for an expanded or new airport impact zone under section 22, the city may establish an airport impact tax increment financing district within that expanded or new zone, subject to the terms and conditions of subdivision 2.

Subd. 2. [BLOOMINGTON, MINNEAPOLIS, AND EAGAN.] (a) Each of the cities of Bloomington, Minneapolis, and Eagan may establish an airport impact tax increment financing district and project within an approved airport impact zone. The district is subject to the provisions of subdivision 3. The district may be established only if the metropolitan council approves:

(1) the boundaries of the district;

(2) the tax increment financing plan for the district; and

(3) the number of authorized phases of the district.

Subd. 3. [SPECIAL RULES.] (a) Each district established under subdivisions 1 and 2 is considered a redevelopment district and project and is subject to Minnesota Statutes, sections 469.174 to 469.179, except as otherwise provided in this subdivision.

(1) For the purposes of Minnesota Statutes, section 469.1763, subdivision 2, the "in-district percentage" is 100 percent, except to the extent otherwise provided in clause (4), and except that administrative expenses are considered activities in the district. Minnesota Statutes, section 469.1763, subdivision 3, does not apply to the district.

(2) Except as otherwise provided in subdivision 2, the tax increment financing plan for the district may identify up to six phases, each consisting of a contiguous or noncontiguous geographic area within the district. Tax increment must not be paid to the authority from any phase after 25 years from the date of receipt by the authority of the first tax increment from that phase.

(3) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

(4) Minnesota Statutes, sections 273.1399 and 469.1782, subdivision 1, do not apply to the district if the authority elects either or both of the following:

(i) the exemption under Minnesota Statutes, section 273.1399, subdivision 6, paragraph (d); or

(ii) at least 15 percent of the revenue generated from tax increment from the district in any year is deposited in the housing replacement account of the authority and spent according to the tax increment financing plan.

(b) The authority must identify in the tax increment financing plan the housing replacement activities to be assisted by the housing replacement account.

(c) A city or any authority for that city as defined in Minnesota Statutes, section 469.174, subdivision 2, may be the "authority" under Minnesota Statutes, sections 469.174 to 469.179, for the purposes of sections 22 to 25.

(d) Housing replacement activities may include rehabilitation, acquisition, demolition, relocation assistance, relocation of existing single-family or multifamily housing, and financing of new or existing single-family or multifamily housing that replaces housing units eliminated by redevelopment within the district.

(e) Housing replacement activities listed in the plan need not be located within the district, project area, or airport impact zone.

Sec. 24. [METROPOLITAN AIRPORTS COMMISSION LOCAL SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] (a) Notwithstanding Minnesota Statutes, section 477A.016, or other law, the metropolitan airports commission may impose by resolution a sales tax of up to four percent upon airport sales for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this section, except:

(1) the tax is imposed only on airport sales as defined in this section; and

(2) Minnesota Statutes, section 297A.48, subdivisions 4 and 9a, do not apply.

(b) For purposes of this section, the term "airport sales" means sales that are taxable under Minnesota Statutes, chapter 297A, and occur on property owned by the metropolitan airports commission at the Minneapolis-St. Paul international airport, including without limitation, parking, vehicle rental, food and beverage, vending, merchandise, and pay telephones. Airport sales do not include sales of goods or taxable services purchased by the metropolitan airports

commission or by persons or entities conducting a private trade or business on property owned by the metropolitan airports commission at the Minneapolis-St. Paul international airport.

Subd. 2. [USE OF REVENUES.] (a) Revenues received from taxes authorized by subdivision 1 must be used by the metropolitan airports commission to pay the cost of collecting the taxes and for the following purposes:

(1) to pay principal of, interest on, and redemption premium, if any, on obligations issued by the cities of Bloomington, Minneapolis, Richfield, and Eagan, or any of those cities, under section 25; or

(2) to pay the costs of any approved airport mitigation measures conducting by the cities of Bloomington, Minneapolis, Richfield, and Eagan, or any of those cities.

(b) For the purposes of this section, "approved airport mitigation measure" means any action taken by a city to mitigate the impacts of airport expansion that are included in an airport impact mitigation plan approved by the metropolitan council for an airport impact zone in that city.

Subd. 3. [PAYMENT PROVISIONS.] (a) The chief administrative officer of a city issuing obligations or conducting approved airport mitigation measures pursuant to this section or section 25 must, before June 1 in each year during which the local sales tax authorized by this section is in effect, certify to the metropolitan airports commission:

(1) the aggregate amount of obligations issued by the city under section 25 that are secured in whole or in part by local sales tax revenue;

(2) the amount of principal of and interest on the obligations described in clause (1) payable in the next calendar year;

(3) the amount of net tax increment received by the city or the authority in the current calendar year, where the term "net tax increment" means the tax increment generated from the district to which the activities financed by the obligations described in clause (1) relate, less the amount of principal and interest payable in the next calendar year on obligations issued by the city under section 25 and secured in whole or in part by tax increments from that district but not secured by local sales tax revenues;

(4) the amount by which the required payments of principal and interest on the obligations described in clause (1) exceeds the net tax increment received; and

(5) the amount of expenditures made by the city or the authority (other than from proceeds of obligations) for approved airport mitigation measures in the last calendar year.

(b) The metropolitan airports commission must then issue a warrant to the city making the certification in the amounts certified payable to the financial officer of that city under paragraph (a), clauses (4) and (5), subject to subdivision 4. The amounts received by the city representing principal and interest on obligations must be deposited in the debt service fund from which the obligations are payable. The amount representing the costs of approved airport mitigation measures may be spent by the city or authority only in accordance with the approved airport mitigation plan.

(c) In each year during which the local sales tax is in effect:

(i) for each city in which no obligations secured by local sales tax revenues are outstanding and no certification is made under paragraph (a), clause (5), the metropolitan airports commission must impose the tax at a rate that is one percent less than the maximum four percent tax allowed under subdivision 1.

(ii) for each city in which obligations secured by local sales tax are outstanding, 25 percent of the revenues collected in that year net of collection costs is to be retained by the metropolitan airports commission for the purposes described in this section.

Subd. 4. [PRIORITY OF PAYMENTS.] Payments from the revenues collected under subdivision 3 are to be made:

(1) first, prorated based upon the aggregate principal of obligations outstanding to the cities of Bloomington, Minneapolis, Richfield, and Eagan for the payment of principal of, interest on, and redemption premium, if any, on obligations issued under section 25; and

(2) second, prorated based upon the aggregate amount of mitigation certifications in each fiscal year to the cities of Bloomington, Minneapolis, Richfield, and Eagan for the costs of approved airport mitigation measures.

Subd. 5. [COMMENCEMENT AND TERMINATION OF TAXES.] (a) The local sales tax imposed under this section commences upon the earlier of:

(1) notification by the city of Richfield to the metropolitan airports commission of its intent to issue obligations secured by local sales tax revenues under this section; or

(2) approval by the metropolitan council of an airport impact mitigation plan for any of the cities of Bloomington, Minneapolis, Richfield, or Eagan; in either case subject to compliance with Minnesota Statutes, section 297A.48, subdivision 9.

(b) The local sales tax imposed under this section terminates on the earlier of:

(1) the date by which all of the cities of Bloomington, Minneapolis, Richfield, and Eagan have notified the metropolitan airports commission that all obligations issued under section 28 secured by local sales tax revenues have been paid or defeased, and the cost of all approved airport mitigation measures have been paid; or

(2) after 25 full calendar years of collection, excluding the first year if the tax is imposed for only a portion of that year.

(c) If the conditions for commencement of the local sales tax under subdivision 5, paragraph (a), have not been met by January 1, 2006, no local sales tax may be imposed under this section.

(d) The balance of any local sales tax revenues held by the metropolitan airports commission upon termination of the tax and the payment of all amounts due under this section must be transmitted to the commissioner of revenue for deposit in the state general fund.

Sec. 25. [BONDS; SECURITY.]

Subdivision 1. [RICHFIELD.] The city of Richfield may issue and sell its general obligations, and may pledge to the payment of those obligations the revenues described in section 24, subdivision 3, to finance the costs of land and structure acquisition, demolition, relocation, site clearance, and public improvements within an airport impact zone established under section 22, and the cost of any approved airport mitigation measures undertaken within or related to any airport impact zone, including without limitation any housing replacement activities as defined in section 23.

Subd. 2. [BLOOMINGTON, MINNEAPOLIS, AND EAGAN.] Each of the cities of Bloomington, Minneapolis, and Eagan may issue and sell its general obligations, and may pledge to the payment of those obligations the revenues described in section 24, subdivision 3, to finance the cost of approved airport mitigation measures undertaken within or related to an airport impact zone, including without limitation any housing replacement activities as defined in section 23.

Subd. 3. [TERMS.] Obligations issued under this section must be issued in accordance with Minnesota Statutes, chapter 475, and may be secured by tax increments subject to clause (4), local sales tax revenues under section 24, any other revenues available to the city, or any combination of such revenues. Notwithstanding any other law or charter provision:

(1) each city may issue obligations secured by local sales tax revenues in an aggregate principal amount not to exceed \$30,000,000 (after deducting costs of issuance, discount, and capitalized interest);

(2) the pledge of local sales tax revenues to obligations issued by any city under this section is on a parity of lien with the pledge of such revenues to obligations issued by any other city under this section;

(3) voter approval is not required and net debt limits do not apply to obligations issued under this section;

(4) obligations secured in whole or in part with tax increments must be issued in accordance with Minnesota Statutes, section 469.178; and

(5) a city may issue obligations to refund any obligations issued under this section, the principal amount of which is not included in computing the limits on amount of obligations issuable by the city under this section.

Subd. 4. [METROPOLITAN COUNCIL PLEDGE.] The metropolitan council may by resolution pledge the full faith and credit and taxing power of the metropolitan council to pay principal of and interest on obligations issued by the city of Bloomington, the city of Minneapolis, the city of Richfield, or the city of Eagan or their respective authorities under sections 22 to 25. The pledge must be made in accordance with Minnesota Statutes, chapter 475, but voter approval is not required and net debt limits do not apply. Taxes levied by the metropolitan council by reason of the pledge:

(1) do not affect the amount or rate of taxes that may be levied by council for other purposes;

(2) must be spread against all taxable property in the metropolitan area; and

(3) are not subject to limit as to rate or amount.

Subd. 5. [OBLIGATION DEFINED.] In sections 22 to 25, "obligation" has the meaning given it in Minnesota Statutes, section 475.51, subdivision 3. The term includes obligations issued to refund prior obligations issued under sections 22 to 25.

Sec. 26. [CITY OF BROOKLYN CENTER; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [CHANGE OF FISCAL DISPARITIES ELECTION.] Notwithstanding Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Brooklyn Center may change its election of the computation of tax increment for tax increment district No. 4 under Minnesota Statutes, section 469.177, subdivision 3, from the method of computation in paragraph (b) to the method in paragraph (a) of that provision.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Brooklyn Center and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [CITY OF COLUMBIA HEIGHTS; TAX INCREMENT FINANCING.]

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] The governing body of the city of Columbia Heights may extend the duration of tax increment financing district No. N7 (53rd Avenue) in the city of Columbia Heights for a period not to exceed four years. Minnesota Statutes, section 469.1782, subdivision 1, does not apply to the extension of the district under this section.

Subd. 2. [LIMITATIONS.] Tax increments attributable to the duration extension in subdivision 1 must be used solely to pay the principal of and interest on any outstanding obligations, after application of the amounts authorized to be spent under subdivision 3, or to repay amounts paid for those purposes by the city or its economic development authority from other revenues.

Subd. 3. [POOLING PERMITTED.] Notwithstanding any other law to the contrary, tax increments from any tax increment financing district in the city may be used to pay the principal of and interest on outstanding obligations, the proceeds of which were used to finance activities located outside the boundaries of the district. The amount authorized under this subdivision to be

spent outside the district is limited to an amount necessary to make payments on outstanding obligations after application of tax increments originally pledged to pay the outstanding obligations.

Subd. 4. [OUTSTANDING OBLIGATIONS; DEFINITION.] For the purposes of this section, "outstanding obligations" means any general obligation bonds issued before January 1, 1999, by the city of Columbia Heights or any development authority controlled by that city, that were secured in whole or in part with tax increments from any tax increment financing district in the city, and any bonds issued to refund those bonds.

Subd. 5. [LOCAL APPROVAL.] This section is effective upon approval by the governing body of the city of Columbia Heights and compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 28. [CITY OF DAWSON; TAX INCREMENT DISTRICT.]

Subdivision 1. [DISTRICT EXTENDED.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the Dawson economic development authority may collect tax increments from tax increment financing district No. 7 for a period of 20 years after receipt by the authority of the first increment.

Subd. 2. [EFFECTIVE DATE; APPLICABILITY.] Subdivision 1 is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3. Minnesota Statutes, section 469.1782, subdivision 1, does not apply to the district.

Sec. 29. [CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXTENSION OF TIME.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, upon approval of the governing body of the city of Fridley, the Fridley housing and redevelopment authority may, by resolution, extend the duration of tax increment financing district No. 6 located in the city of Fridley. The housing and redevelopment authority may not extend the duration beyond December 31, 2025. The provisions of Minnesota Statutes, sections 273.1399, subdivision 8, and 469.1782, subdivision 1, do not apply to this district if extended.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Fridley and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 30. [CITY OF GARRISON; LOCAL CONTRIBUTION RATIFIED.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Laws 1995, chapter 264, article 5, section 49, the provisions of Minnesota Statutes, section 273.1399, subdivision 6, paragraph (d), apply to tax increment financing district No. 1 in the city of Garrison, and the contribution of land made by the city with respect to that district prior to January 1, 1999, is considered an election to make a qualifying local contribution.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Garrison and compliance with the requirements of Minnesota Statutes, section 645.021.

Sec. 31. [ITASCA COUNTY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The governing body of the county of Itasca may create an economic development tax increment financing district, as provided in this section, on one or more parcels to contain an electric power plant and which are adjacent to a taconite mine direct reduction plant and steel mill. Except as otherwise provided in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, apply to the district.

Subd. 2. [SPECIAL RULES.] (a) The duration of the district established under this section is 25 years from the receipt of the first increment, notwithstanding Minnesota Statutes, section 469.176, subdivision 1b.

(b) Notwithstanding Minnesota Statutes, section 469.1763, tax increment from the district established under section 1 may be expended on improvements and activities in aid of the electric power plant and the direct reduction plant and steel mill and related administrative expenses, but may not otherwise be expended outside the district.

(c) Minnesota Statutes, section 469.1782, subdivision 1, does not apply to this section or the district established under this section.

(d) Minnesota Statutes, section 273.1399, does not apply to the district.

(e) The captured net tax capacity of the district established under this section includes any property taxed as personal property having a situs in the district.

Subd. 3. [DEVELOPMENT POWERS.] The county may exercise all of the powers of a housing and redevelopment authority under Minnesota Statutes, sections 469.001 to 469.047, and the powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.108, in connection with the development of the project described in this section.

Subd. 4. [EFFECTIVE DATE.] This section is effective upon approval by the Itasca county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 32. [CITY OF MEDFORD; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [SIZE OF COMMERCIAL FACILITIES.] Notwithstanding any other law to the contrary, the city of Medford may use revenues derived from tax increment from an economic development district located within the city to provide assistance to one or more separately owned commercial facilities, each consisting of 30,000 square feet or less. Except as otherwise provided in this section, the revenues derived from increments must be spent as required under Minnesota Statutes, section 469.176, section 4c.

Subd. 2. [EFFECTIVE DATE; APPLICABILITY.] This section is effective upon approval by the governing body of the city of Medford and compliance with Minnesota Statutes, section 645.021, subdivision 3, and applies to requests for certification of tax increment financing districts or additions of new area to tax increment financing districts after the day of final enactment.

Sec. 33. [CITY OF MINNEOTA; TAX INCREMENT FINANCING EXPENDITURES.]

Subdivision 1. [ACTIONS RATIFIED.] The expenditure of tax increments on administrative expenses and public utility or other improvements by the city of Minneota for its tax increment financing district, adopted by city resolution 4-15-85A, are ratified and deemed to be authorized by the tax increment financing plan for the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Minneota with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 34. [CITY OF MOUNTAIN IRON; ECONOMIC DEVELOPMENT TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The Mountain Iron housing and redevelopment authority in and for the city of Mountain Iron may establish one economic development tax increment financing district in the city of Mountain Iron for a commercial facility of unlimited size.

Subd. 2. [SPECIAL RULES.] The tax increment financing district authorized in subdivision 1 is subject to Minnesota Statutes, sections 469.174 to 469.179, with the exception listed in this section. Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, paragraph (c), revenues derived from tax increment from an economic development district may be used to provide improvements, loan subsidies, or assistance in any form for any separately owned commercial facility of any size located within the municipal jurisdiction of Mountain Iron, a small city as defined in Minnesota Statutes, section 469.174, subdivision 27.

Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.]

This section is effective upon approval by the governing body of the city of Mountain Iron under Minnesota Statutes, section 645.021, subdivision 2.

Sec. 35. [CITY OF NISSWA; EXTENDING DURATION OF TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, if the city of Nisswa does not receive sufficient funding from other sources to make improvements to its wastewater system as required by the pollution control agency, tax increment may be paid until December 31, 2014, for tax increment financing district No. 1-2 in the city of Nisswa. Tax increments received after April 4, 2000, must be used only for the cost of the wastewater system.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Nisswa and compliance with Minnesota Statutes, sections 469.1782 and 645.021, subdivision 3.

Sec. 36. [CITY OF ONAMIA; USE OF TAX INCREMENT FINANCING.]

Subdivision 1. [APPLICATION OF TIME LIMIT.] For tax increment financing district No. 1-1, established April 14, 1993, by the city of Onamia, Minnesota Statutes, section 469.1763, subdivision 3, applies to the qualified portion of the district by permitting a period of ten years for commencement of activities within the district. As used in this section, "qualified portion of the district" means only that portion of the district consisting of three parcels fronting on U.S. 169.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Onamia and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 37. [TAX INCREMENT DISTRICT POOLING; ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, and the provisions of the tax increment financing act in effect for districts established by the St. Cloud housing and redevelopment authority for which the request for certification was made after August 1, 1979, and before June 30, 1982, revenue derived from tax increments paid by properties in the districts may be expended through a development fund or otherwise to finance the redevelopment of commercial properties outside of tax increment financing districts which were destroyed or damaged in a natural gas explosion on December 11, 1998.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective upon compliance by the governing body of the St. Cloud housing and redevelopment authority with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 38. [CITY OF ST. PAUL; DELAY OF DEEMED COMMENCEMENT OF TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.176, or any other law to the contrary, the duration limit of the Williams Hill tax increment district in the city of St. Paul is determined as if the date of receipt of the first tax increment by the authority occurs when the aggregate of all tax increments received from the district reaches \$2,000.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective upon approval by the governing body of the city of St. Paul and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [CITY OF WOODBURY LEVY AUTHORITY.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding any other law to the contrary, the city of Woodbury may levy a tax not to exceed the amount provided in subdivision 2 on properties defined in subdivision 3. The levy is not subject to any current or future limitation on the amount or tax rate other than the limitation provided in subdivision 2.

Subd. 2. [ESTABLISHMENT OF TAXING DISTRICT.] If the governing body of the city of Woodbury elects not to impose the tax under this section on all commercial-industrial properties in the city, it may establish a district within which the tax will be imposed. A district established under this section must consist of an area within which is located business enterprises that the governing body finds will be served by the improvements described in subdivision 6. The governing body may exclude from the taxing district any area in which is located a business enterprise that, in the opinion of the governing body, has made a substantial contribution or a binding commitment to make a substantial contribution to the cost of the improvements described in subdivision 6.

Subd. 3. [LIMITATION.] The levy authorized in subdivision 1 must not exceed the product of:

(1) the positive difference, if any, between the areawide tax rate under Minnesota Statutes, section 473F.08, subdivision 5, and the local tax rate under Minnesota Statutes, section 473F.08, subdivision 4; and

(2) the portion of the net tax capacity of the properties defined in subdivision 4 that is not subject to the areawide tax rate under Minnesota Statutes, section 473F.08, subdivision 6.

Determination of the limitation under this subdivision shall be made for each unique taxing jurisdiction, as defined under Minnesota Statutes, section 273.1398, subdivision 1, within the city.

Subd. 4. [PROPERTIES SUBJECT TO TAX.] The properties subject to tax under this section are commercial-industrial properties as defined under Minnesota Statutes, section 473F.02, subdivision 3. The net tax capacity of commercial-industrial properties subject to tax under this section does not include that portion of the net tax capacity subject to the areawide tax rate under Minnesota Statutes, section 473F.08, subdivision 6.

Subd. 5. [RELATION TO TAX INCREMENT FINANCING AND FISCAL DISPARITIES.] The levy under this section is not included in computations under Minnesota Statutes, section 469.177 or Minnesota Statutes, chapter 473F.

Subd. 6. [USE OF PROCEEDS.] The proceeds of the tax levied under this section must be used only for the construction of a highway interchange at the intersection of I-494 and Tamarack Road and for road and bridge improvements on the portion of the roads connecting to and immediately adjacent to the interchange that are required as the result of the construction of the interchange.

Subd. 7. [SUNSET.] The tax under this section expires in the year immediately following the later of the year in which:

(1) the improvements described in subdivision 6 are paid for; or

(2) any bonds issued to pay for the cost of those improvements are defeased.

Subd. 8. [BONDS AUTHORIZED.] The city of Woodbury may issue general obligations to provide funding for the activities described in subdivision 6. The obligations must be issued under Minnesota Statutes, chapter 475, except that no referendum is required under Minnesota Statutes, section 475.58.

Subd. 9. [EFFECTIVE DATE.] Upon compliance by the governing body of the city of Woodbury with Minnesota Statutes, section 645.021, subdivision 3, this section is effective for taxes levied in 1999, payable in 2000, and thereafter.

Sec. 40. [COST ESTIMATES.]

Any waiver granted under Minnesota Statutes, section 469.169, subdivision 12, paragraph (b), must be reported within 60 days to the commissioner of finance and the chairs of the house and senate tax committees.

Sec. 41. [INSTRUCTION TO THE REVISOR.]

In the 2000 edition of Minnesota Statutes, the revisor of statutes shall change "Dakota county

housing and redevelopment authority" to "Dakota county community development agency" wherever it appears.

Sec. 42. [REPEALER.]

Laws 1997, chapter 231, article 1, section 19, subdivision 2, is repealed.

Sec. 43. [EFFECTIVE DATES.]

(a) Section 2 is effective for districts for which requests for certification were received on or after September 2, 1998.

(b) Sections 8, 9, 11, 12, 18, 20, 21, and 40 are effective the day following final enactment.

(c) Section 17 is effective upon approval by the governing body of the city of Inver Grove Heights, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(d) Sections 22 to 25 are effective as to each of the cities of Bloomington, Minneapolis, Richfield, or Eagan upon approval by the governing body of the respective city and compliance by its chief clerical officer with Minnesota Statutes, section 645.021, subdivision 3; and with regard to section 23, upon similar compliance with Minnesota Statutes, section 469.1782, subdivision 2.

ARTICLE 12

TAX DELINQUENCY AND FORFEITURE PROCEDURES

Section 1. Minnesota Statutes 1998, section 92.51, is amended to read:

92.51 [TAXATION; REDEMPTION; SPECIAL CERTIFICATE.]

State lands sold by the director become taxable. A description of the tract sold, with the name of the purchaser, must be transmitted to the proper county auditor. The auditor must extend the land for taxation like other land. Only the interest in the land vested by the land sale certificate in its holder may be sold for delinquent taxes. ~~Upon production to the county treasurer of the tax certificate given upon tax sale, in case the lands have not been redeemed, the tax purchaser has the right to pay the principal and interest then in default upon the land sale certificate as its assignee. To redeem from a tax sale, the person redeeming must pay the county treasurer, for the holder and owner of the tax sale certificate, in addition to all sums required to be paid in other cases, all amounts paid by the holder and owner for interest and principal upon the land sale certificate, with interest at 12 percent per year. When the director receives the tax certificate with the county auditor's certificate of the expiration of the time for redemption, and the county treasurer's receipt for all delinquent interest and penalty on the land sale certificate, the director shall issue the holder and owner of the tax certificate a special certificate with the same terms and the same effect as the original land sale certificate.~~

Sec. 2. Minnesota Statutes 1998, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as hereinafter provided in this section. Taxes upon property which, for the previous year's assessment, was classified as mineral property, employment property, or commercial or industrial property ~~shall~~ are only be eligible to be composed into any confession of judgment under this section as provided in subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b under section 273.1319 may not be composed into a confession of judgment under this subdivision. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified as homestead, agricultural, or timberland in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 3. Minnesota Statutes 1998, section 279.37, subdivision 1a, is amended to read:

Subd. 1a. [CLASS 3A PROPERTY.] (a) The delinquent taxes upon a parcel of property which was classified class 3a, for the previous year's assessment and had a total market value of less than \$200,000 or less for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as herein provided in paragraphs (b) to (d).

~~(a)~~ (b) Current year taxes and penalty due at the time the confession of judgment is entered must be paid.

(c) The down payment shall must include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be is payable in four equal annual installments; and

~~(b)~~ (d) The amounts entered in judgment shall bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 4. Minnesota Statutes 1998, section 279.37, subdivision 2, is amended to read:

Subd. 2. [INSTALLMENT PAYMENTS.] The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county wherein in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount hereinbefore provided, as determined by the county auditor, and shall thereby waive. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and shall thereby waive also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered, and shall tender therewith. With the offer, the owner shall tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and shall tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree therein to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed, which. The offer shall must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate situate located in county, Minnesota, to-wit:

..... Upon which that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty) do hereby. By signing this document I offer to confess judgment in the sum of \$..... and hereby waive all irregularities in the tax proceedings affecting such these taxes and any defense or objection which I may have thereto to them, and direct judgment to be entered for the amount hereby confessed amount stated above, less minus the sum of \$....., hereby tendered to be paid with this document, being which is one-tenth of the amount of said the taxes, costs, penalty, and interest; stated above. I agree to pay the balance of said the judgment in nine equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid from time to time, said. I agree to pay the installments and interest to be paid on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest such the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13.

Dated this,"

Sec. 5. Minnesota Statutes 1998, section 281.23, subdivision 2, is amended to read:

Subd. 2. ~~[MAY COVER PARCELS BID IN AT SAME TAX SALE FORM.] All parcels of land bid in at the same tax judgment sale and having the same period of redemption shall be covered by a single posted notice, but a separate notice may be posted for any parcel which may be omitted. Such~~ The notice of expiration of redemption must contain the tax parcel identification numbers and legal descriptions of parcels subject to notice of expiration of redemption provisions prescribed under subdivision 1. The notice must also indicate the names of taxpayers and fee owners of record in the office of the county auditor at the time the notice is prepared and names of those parties who have filed their addresses according to section 276.041 and the amount of payment necessary to redeem as of the date of the notice. At the option of the county auditor, the current filed addresses of affected persons may be included on the notice. The notice shall be sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of, State of Minnesota.

To all persons interested having an interest in the lands hereinafter described in this notice:

You are hereby notified that the parcels of land hereinafter described, situated in this notice and located in the county of, state of Minnesota, were bid in for the state on the day of, at the tax judgment sale of land for delinquent taxes for the year; that the legal descriptions and tax parcel identification numbers of such parcels and names of the taxpayers and fee owners and in addition those parties who have filed their addresses pursuant to section 276.041, and the amount necessary to redeem as of the date hereof and, at the election of the county auditor, the current filed addresses of any such persons, are as follows: are subject to forfeiture to the state of Minnesota because of nonpayment of delinquent property taxes, special assessments, penalties, interest, and costs levied on those parcels. The time for redemption from forfeiture expires if a redemption is not made by the later of (1) 60 days after service of this notice on all persons having an interest in the lands of record at the office of the county recorder or registrar of titles or (2) the second Monday in May. The redemption must be made in my office.

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041

Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date Hereof of Notice
-------------------	-------------------	--

.....
.....

That the time for redemption of such lands from such sale will expire 60 days after service of notice and the filing of proof thereof in my office, as provided by law. The redemption must be made in my office.

FAILURE TO REDEEM SUCH THE LANDS PRIOR TO THE EXPIRATION OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND FORFEITURE OF SAID LAND TO THE STATE OF MINNESOTA.

Inquiries as to ~~the~~ these proceedings ~~set forth above~~ can be made to the County Auditor for the County of, whose address is set forth below.

Witness my hand and official seal this day of,

.....
County Auditor

(OFFICIAL SEAL)

.....
(Address)
.....
(Telephone)."

~~Sueh~~ The notice ~~shall~~ must be posted by the auditor in the auditor's office, subject to public inspection, and ~~shall~~ must remain so posted until at least one week after the date of the last publication of notice, as ~~hereinafter~~ provided in this section. Proof of ~~sueh~~ posting shall must be made by the certificate of the auditor, filed in the auditor's office.

Sec. 6. Minnesota Statutes 1998, section 281.23, subdivision 4, is amended to read:

Subd. 4. [PROOF OF PUBLICATION.] An affidavit establishing proof of publication of ~~sueh~~ the notice affidavit, as provided by law, ~~shall~~ must be filed in the office of the county auditor. A single published notice ~~shall be sufficient for all~~ may include parcels of land bid in at the same different tax judgment sale sales, ~~having the same period~~ but included parcels must have a common year for expiration of redemption, and ~~covered by a notice or notices kept posted during the time of the publication, as hereinbefore provided.~~

Sec. 7. Minnesota Statutes 1998, section 281.23, subdivision 6, is amended to read:

Subd. 6. [SERVICE OF NOTICE.] (a) ~~Forthwith~~ Immediately after the commencement of ~~sueh~~ publication or mailing the county auditor shall deliver to the sheriff of the county or any other person not less than 18 years of age a sufficient number of copies of ~~sueh~~ the notice of expiration of redemption for service ~~upon~~ on the persons in possession of all parcels of such land as are actually occupied, and documentation if the certified mail notice was returned as undeliverable or the notice was not mailed to the address associated with the property. Within 30 days after receipt ~~thereof of the notice~~, the sheriff or other person serving the notice shall ~~make such investigation~~ investigate as may be necessary to ascertain whether or not the parcels covered by ~~sueh~~ the notice are actually occupied parcels, and shall serve a copy of ~~sueh~~ the notice of expiration of redemption upon the person in possession of each parcel found to be an occupied parcel, in the manner prescribed for serving summons in a civil action. If the sheriff or another person serving the notice has made at least two attempts to serve the notice of expiration of redemption, one between the weekday hours of 8:00 a.m. and 5:00 p.m. and the other on a different day and different time period, the sheriff or another person serving the notice may accomplish this service by posting a copy of the notice of expiration of redemption on a conspicuous location on the parcel. The sheriff or other person serving the notice shall make prompt return to the auditor as to all notices so served and as to all parcels found vacant and unoccupied and parcels served by posting. ~~Sueh~~ The return ~~shall~~ must be made ~~upon~~ on a copy of ~~sueh~~ the notice and shall be is prima facie evidence of the facts ~~therein~~ stated in it.

If the notice is served by the sheriff, the sheriff shall receive from the county, in addition to other compensation prescribed by law, ~~sueh~~ fees and mileage for service on persons in possession as are prescribed by law for such service in other cases, and shall also receive ~~sueh~~ compensation for making investigation and return as to vacant and unoccupied lands as the county board may fix, subject to appeal to the district court as in case of other claims against the county. As to either service upon persons in possession or return as to vacant lands, the sheriff shall charge mileage only for one trip if the occupants of more than two tracts are served simultaneously, and in such case mileage ~~shall~~ must be prorated and charged equitably against all such owners.

(b) The secretary of state shall receive sheriff's service for all out-of-state interests.

Sec. 8. Minnesota Statutes 1998, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION AS CONSERVATION OR NONCONSERVATION.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes shall ~~must~~ be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. The classification, furthermore, must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board ~~may consider~~ considers necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within ~~90~~ 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within ~~90~~ 60 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for ~~one year~~ six months. A municipality or governmental subdivision pay maintenance costs incurred by the county during the six-month period while the property is withheld from public sale, provided the property is not offered for public sale after the six-month period. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 9. Minnesota Statutes 1998, section 282.01, subdivision 4, is amended to read:

Subd. 4. [SALE: METHOD, REQUIREMENTS, EFFECTS.] The sale shall ~~must~~ be conducted by the county auditor at the county seat of the county in which the parcels lie, ~~provided except that, in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county, and.~~ The parcels shall ~~must~~ be sold for cash only and at not less than the appraised value, unless the county board ~~of the county shall have~~ has adopted a resolution providing for their sale on terms, in which event the resolution shall ~~control~~ controls with respect ~~thereto~~ to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, thereupon and the balance shall must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. No Standing timber or timber products shall must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser; provided, that in case any. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in

excess of the appraised value shall must be allocated between the land and the timber in proportion to ~~the their~~ respective appraised values thereof, ~~and no~~. In that case, standing timber or timber products shall must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value thereof of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

Sec. 10. Minnesota Statutes 1998, section 282.01, subdivision 7, is amended to read:

Subd. 7. [COUNTY SALES; NOTICE, PURCHASE PRICE, DISPOSITION.] The sale ~~herein provided for shall~~ must commence at ~~such the~~ time as determined by the county board of the county ~~wherein such~~ in which the parcels lie, ~~shall direct~~ are located. The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a less sum less than the appraised value, until all of the parcels of land shall have been offered, ~~and thereafter~~. Then the county auditor shall sell any remaining parcels to anyone offering to pay the appraised value thereof, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person shall ~~not be allowed to~~ may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all delinquent taxes and, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, ~~together with penalties, interest, and costs that accrued or would have accrued if the parcel had not forfeited to the state and any special assessments for improvements certified as of the date of sale~~. Said ~~The sale shall~~ must continue until all ~~such the~~ parcels are sold or until the county board ~~shall order~~ orders a reappraisal or ~~shall withdraw~~ withdraws any or all ~~such of the~~ parcels from sale. ~~Such~~ The list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values of ~~such~~. The added lands must be: (1) parcels of land as ~~shall that~~ have become forfeited and classified as nonconservation since the commencement of any prior sale ~~or such~~; (2) parcels as ~~shall that~~ have been reappraised, ~~or such~~; (3) parcels as ~~shall that~~ have been reclassified as nonconservation; or ~~such~~ (4) other parcels as ~~that~~ are subject to sale but were omitted from the existing list for any reason. The descriptions and appraised values must be published in the same manner as hereinafter provided for the publication of the original list, ~~provided that any~~. Parcels added to ~~such the~~ list shall must first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels of ~~such lands as that~~ are offered and not immediately sold shall, continue to be held in trust by the state for the taxing districts interested in each of ~~said the~~ parcels, under the supervision of the county board, ~~and such~~. Those parcels may be used for public purposes until sold, as directed by the county board ~~may direct~~.

Sec. 11. Minnesota Statutes 1998, section 282.04, subdivision 2, is amended to read:

Subd. 2. [RIGHTS BEFORE SALE; IMPROVEMENTS, INSURANCE, DEMOLITION.] ~~Until after~~ Before the sale of a parcel of forfeited land the county auditor may, with the approval of the county board of commissioners, provide for the repair and improvement of any building or structure located upon ~~such the~~ parcel, and may provide for maintenance of tax-forfeited lands, if it is determined by the county board that such repairs ~~or~~, improvements, or maintenance are necessary for the operation, use, preservation and safety ~~thereof; and, of the building or structure~~. If so authorized by the county board, the county auditor may ~~insure any such the building or structure~~ against loss or damage resulting from fire or windstorm, may purchase workers' compensation insurance to insure the county against claims for injury to the persons ~~therein~~ employed in the building or structure by the county, and may insure the county, its officers and employees against claims for injuries to persons or property because of the management, use or

operation of ~~such~~ the building or structure. ~~Such~~ The county auditor may, with the approval of the county board, provide for the demolition of ~~any such~~ the building or structure, which has been determined by the county board to be within the purview of section 299F.10, and for the sale of salvaged materials ~~therefrom~~ from the building or structure. ~~Such~~ The county auditor, with the approval of the county board, may provide for the sale of abandoned personal property under either chapter 345 or 566, as appropriate. The net proceeds from any sale of ~~such~~ the personal property, salvaged materials, of timber or other products, or leases made under this law ~~shall~~ must be deposited in the forfeited tax sale fund and ~~shall~~ must be distributed in the same manner as if the parcel had been sold.

~~Such~~ The county auditor, with the approval of the county board, may provide for the demolition of any structure ~~or structures~~ on tax-forfeited lands, if in the opinion of the county board, the county auditor, and the land commissioner, if there be is one, the sale of ~~such~~ the land with ~~such~~ the structure ~~or structures~~ thereon on it, or the continued existence of ~~such~~ the structure ~~or structures~~ by reason of age, dilapidated condition or excessive size as compared with nearby structures, will result in a material lessening of net tax capacities of real estate in the vicinity of ~~such~~ the tax-forfeited lands, or if the demolition of ~~such~~ the structure or structures will aid in disposing of ~~such~~ the tax-forfeited property.

Before the sale of a parcel of forfeited land located in an urban area, the county auditor may with the approval of the county board provide for the grading thereof of the land by filling or the removal of any surplus material ~~therefrom~~, and where from it. If the physical condition of forfeited lands is such that a reasonable grading thereof of the lands is necessary for the protection and preservation of the property of any adjoining owner, ~~such~~ the adjoining property owner or owners may ~~make application~~ apply to the county board to have ~~such~~ the grading done. If, after considering said the application, the county board believes that ~~such~~ the grading will enhance the value of ~~such~~ the forfeited lands commensurate with the cost involved, it may approve ~~the same~~ it, and ~~any such~~ the work ~~shall~~ must be performed under the supervision of the county or city engineer, as the case may be, and the expense thereof paid from the forfeited tax sale fund.

Sec. 12. Minnesota Statutes 1998, section 282.08, is amended to read:

282.08 [APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.]

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of ~~any~~ products ~~therefrom~~ from the forfeited land, ~~shall~~ must be apportioned by the county auditor to the taxing districts interested ~~therein~~ in the land, as follows:

(1) ~~Such~~ the portion as ~~may~~ be required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of ~~such~~ the parcel to the state, but not exceeding the amount certified by the clerk of the municipality, ~~shall~~ must be apportioned to the municipal subdivision entitled ~~thereto~~ to it;

(2) ~~Such~~ the portion as ~~may~~ be required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of ~~such~~ the parcel to the state, but not exceeding the amount of expenses certified by the pollution control agency or the commissioner of agriculture, ~~shall~~ must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) ~~Such~~ the portion of the remainder as ~~may~~ be required to discharge any special assessment chargeable against ~~such~~ the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, ~~shall~~ must be apportioned to the municipal subdivision entitled ~~thereto~~ to it; and

(4) any balance ~~shall~~ must be apportioned as follows:

~~(a) Any~~ (i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for timber development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It ~~shall~~ must be expended only on projects approved by the commissioner of natural resources.

~~(b) Any~~ (ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

~~(c) If the board does not avail itself of the authority under paragraph (a) or (b)~~ (iii) Any balance remaining shall must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, and if the board avails itself of the authority under paragraph (a) or (b) the balance remaining shall be apportioned among the county, town or city, and school district in the proportions in this paragraph above stated, provided, however, that in unorganized territory that portion which should would have accrued to the township shall must be administered by the county board of commissioners.

Sec. 13. Minnesota Statutes 1998, section 282.09, is amended to read:

282.09 [FORFEITED TAX SALE FUND.]

Subdivision 1. [MONEY PLACED IN FUND; FEES AND DISBURSEMENTS.] The county auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund, and all disbursements and costs shall must be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as fixed by law. The amount of compensation of a land commissioner and assistants, if a land commissioner is appointed, shall must be in the amount determined by the county board. The county auditor shall must receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding \$300, as fixed by the county board. The amount of compensation of any other clerical help that may be needed by the county auditor or land commissioner shall must be in the amount determined by the county board. All compensation provided for herein shall be in this subdivision is in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall must be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof of fees. On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section 282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund. When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such the disbursements shall must be charged to the account of the taxing districts interested in such parcels forfeited tax sale fund. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Subd. 2. [EXPENDITURES.] In all counties, ~~from said "Forfeited Tax Sale Fund,"~~ the authorities ~~duly charged with the execution of~~ responsible for carrying out the duties imposed by sections 282.01 to 282.13, at their discretion, may expend moneys ~~in repairing~~ from the forfeited tax sale fund to repair any sewer or water main either inside or outside of any curb line situated along any property forfeited to the state for nonpayment of taxes, to acquire and maintain equipment used exclusively for the maintenance and improvement of tax-forfeited lands, and to cut down, otherwise destroy or eradicate noxious weeds on all tax-forfeited lands. In any year, the money to be expended for the cutting down, destruction or eradication of noxious weeds shall not exceed in amount more than ten percent of the net proceeds of said "Forfeited Tax Sale Fund" during the preceding calendar year, or \$10,000, whichever is the lesser sum, and to maintain tax-forfeited lands.

Sec. 14. Minnesota Statutes 1998, section 282.241, is amended to read:

282.241 [REPURCHASE AFTER FORFEITURE.]

The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn ~~such~~ the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, ~~such~~ repurchase ~~shall be~~ is permitted during one year only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that ~~thereby~~ by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that ~~permitting~~ such the repurchase will promote the use of ~~such~~ the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase ~~shall be~~ is subject to any easement, lease, or other encumbrance granted by the state ~~prior thereto~~ before the repurchase, and if ~~said~~ the land is located within a restricted area established by any county under Laws 1939, chapter 340, ~~such~~ the repurchase ~~shall~~ must not be permitted unless ~~said~~ the resolution ~~with respect thereto~~ approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

Sec. 15. Minnesota Statutes 1998, section 282.261, subdivision 4, is amended to read:

Subd. 4. [SERVICE FEE.] The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase ~~contract approved application~~ received after July 1, 1985. The fee shall must be paid at the time of repurchase application and shall must be credited to the county general revenue fund.

Sec. 16. Minnesota Statutes 1998, section 282.261, is amended by adding a subdivision to read:

Subd. 5. [COUNTY MAY IMPOSE CONDITIONS OF REPURCHASE.] The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, telegraph, electric power, or telecommunications.

Sec. 17. Minnesota Statutes 1998, section 283.10, is amended to read:

283.10 [APPLICATION MUST BE MADE WITHIN TWO YEARS.]

No such refundment shall refund may be granted unless an application therefor shall be duly for refund is approved and presented to the commissioner of revenue within two years from the date of such tax certificate or the state assignment certificate.

Sec. 18. Minnesota Statutes 1998, section 375.192, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE, CONDITIONS.] Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. Except as provided in sections 469.1812 to 469.1815, no reduction or abatement may be granted on the basis of providing an incentive for economic development or redevelopment. Except as provided in section 375.194, the county board ~~is authorized to~~ may consider and grant reductions or abatements on applications only as they relate to taxes payable in

the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. ~~Before taking action~~ On any reduction or abatement ~~where~~ when the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give ~~20 days'~~ notice within 20 days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. ~~If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.~~

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 19. Minnesota Statutes 1998, section 383C.482, subdivision 1, is amended to read:

Subdivision 1. [AUDITOR TO SEARCH RECORDS; CERTIFICATES.] The St. Louis county auditor, upon written application of any person, shall ~~make search of~~ the records of the auditor's office and the county treasurer's office, and ascertain the amount of current tax against any lot or parcel of land described in the application and the existence of all tax liens and tax sales ~~as to such the lot or parcel of land, and certify the result of such the search under the seal of office, giving the description of the lot or parcel of land, the amount of the current tax, if any, and all tax liens and tax sales shown by such records, and the amount thereof of liens and tax sales, the year of tax covered by such the lien, and the date of tax sale, and the name of the purchaser at such tax sale.~~ For the purpose of ascertaining the current tax against ~~such~~ a lot or parcel of land, the county auditor has the right of access to the records of current taxes in the office of the county treasurer.

Sec. 20. [REPEALER.]

Minnesota Statutes 1998, sections 92.22; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; and 284.06, are repealed.

Sec. 21. [EFFECTIVE DATE.]

This act is effective September 1, 1999, except that sections 11 to 14 are effective beginning January 1, 2000.

ARTICLE 13

TACONITE TAXATION

Section 1. Minnesota Statutes 1998, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1997 and 1998~~ 1999, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1999~~ 2000 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth such production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth such production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 2. Minnesota Statutes 1998, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 15.4 cents per ton for distributions in ~~1996, 1998, 1999, and 2000~~ and ~~20.4 cents per ton for distributions in 1997~~ shall, and 2001 must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 3. Minnesota Statutes 1998, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. [TACONITE ENVIRONMENTAL FUND.] Five cents per ton for distributions in 1998, 1999, and 2000 shall, and 2001 must be paid to the taconite environmental fund for use under section 298.2961. No distribution may be made under this paragraph in any year in which total industry production falls below 30,000,000 tons.

Sec. 4. Minnesota Statutes 1998, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] (a) The board may recommend that up to \$7,500,000 from the corpus of the trust may be used for loans, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for additional grants for the purposes set forth in paragraph (a). This amount must be reserved until it is used for the grants or until June 30, 1999, whichever is earlier.

(c) Additionally, the board may recommend that up to \$5,500,000 from the corpus of the trust may be used for additional grants for the purposes set forth in paragraph (a).

(d) The board may require that it receive an equity percentage in any project to which it contributes under this section.

(e) ~~The authority to make loans and grants under this subdivision terminates June 30, 1999.~~

ARTICLE 14 WATER AND SANITARY SEWER DISTRICTS

Section 1. [CEDAR LAKE AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 1 to 19, the definitions in this section apply.

Subd. 2. [DISTRICT.] "Cedar lake area water and sanitary sewer district" and "district" mean the area over which the Cedar lake area water and sanitary sewer board has jurisdiction, which includes the area within the city of New Prague and Helena and Cedar Lake townships in Scott county. The district shall precisely describe the area over which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 5. The territory may not be larger than the area encompassed by the Cedar Lake improvement district, but it may be smaller and the area may include a route along public rights-of-way from Cedar Lake to the city of New Prague along which the sewer main is laid.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Cedar lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means Scott county, the city of New Prague, and Helena and Cedar Lake Townships in Scott county.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, section 475.51.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, section 116.02.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any town or home rule charter or statutory city.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance the acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established in Helena and Cedar Lake townships and the city of New Prague in Scott county, to be known as the Cedar lake area water and sanitary sewer district. The water and sewer district is under the control and management of the Cedar lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in sections 1 to 19.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as provided in this subdivision. Each of the town boards of the townships shall meet to appoint two residents to the water and sanitary sewer board. The township appointees must live on Cedar lake and must be served by the system. One member must be selected by the city of New Prague.

Two members must be selected by the Scott county board of commissioners. Each member has one vote. The first terms are as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 1 to 19 are effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed \$1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, the board must meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members is a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 1 to 19, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board expires on January 1, 2001, and the terms of successor chairs expire on January

1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select persons who may, but need not be, members of the board, to act as its secretary and treasurer. The two offices may be combined. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 5. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 6. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 1 to 19.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and applies to any property or interest in the property owned by any local governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the

contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of Scott county and in conformance with all planning and zoning ordinances of Scott county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. In no case shall the comprehensive plan provide for more than 325 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each comprehensive plan of the district must be approved by the metropolitan council prior to implementation. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Cedar lake area water and sanitary sewer board, in order to implement the powers granted under sections 1 to 19 to establish, maintain, and administer the Cedar lake area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 1 to 19 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Cedar lake area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the

collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 1 to 19, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

(a) The board shall prepare and adopt, on or before October 1 in 2000 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 1 to 19 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13, or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 1 to 19 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 1 to 19 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board must hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing must not be held on a project unless the project is within the area covered by the comprehensive plan adopted by the board under section 5, except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable

means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section. The board must set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing in this subdivision prevents the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended under the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the

receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. An election is not required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 118A.04. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 1 to 19, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 1 to 19, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 1 to 19 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state. The properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement.

Sec. 19. [RELATION TO EXISTING LAWS.]

Sections 1 to 19 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 1 to 19. The powers conferred on the board under sections 1 to 19 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. [BANNING JUNCTION AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] For the purposes of sections 20 to 38, the terms defined in this section have the meanings given them.

Subd. 2. [DISTRICT.] "Banning Junction area water and sanitary sewer district" and "district" mean the area over which the Banning Junction area water and sanitary sewer board has jurisdiction, including the town of Finlayson and the city of Finlayson in Pine county and Banning state park, but only that part of the township described in the comprehensive plan adopted by the board pursuant to section 24.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Banning Junction area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means the town of Finlayson, the department of natural resources, and the city of Finlayson.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, chapter 475.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, chapter 116.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any home rule charter or statutory city or town.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 32, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance the acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 21. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established for the town of Finlayson, for the Banning state park, under the jurisdiction of the Minnesota department of natural resources, and for the city of Finlayson in Pine county, to be known as the Banning Junction area water and sanitary sewer district. The water and sewer district is under the control and management of the Banning Junction area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in sections 20 to 38.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of five members selected as follows: the town board shall meet to appoint three members, one of whom shall be an elected township officer, and two of whom shall be persons served by the system, the city shall appoint one member, and the department of natural resources shall appoint one member to the water and sanitary sewer board and each board member shall have one vote. The first terms must be as follows: one for one year, two for two years, and two for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 20 to 38 become effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks, city administrator, and by the commissioner of natural resources. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair,

must be paid a per diem compensation of \$35 for meetings and for other services as are specifically authorized by the board, not to exceed \$1,000 in any one year. The chair must be paid a per diem compensation of \$45 for meetings and for other services specifically authorized by the board, not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 22. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 20 to 38, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 2001, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [EXECUTIVE DIRECTOR.] The board may appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:

- (1) to see that all resolutions, rules, regulations, or orders of the board are enforced;
- (2) to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;
- (3) to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption the measures the executive director deems necessary to

enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;

(4) to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information the board may request;

(5) to recommend to the board for adoption rules and regulations the executive director deems necessary for the efficient operation of the district disposal system; and

(6) to perform other duties prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 23. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 20 to 38.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and shall apply to any property or interest in the property owned by any local governmental unit. No property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 24. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 25. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Banning Junction area water and sanitary sewer board, in order to implement the powers granted under sections 20 to 38 to establish, maintain, and administer the Banning Junction area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 20 to 38 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 26. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Banning Junction area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 27. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 20 to 38, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 28. [BUDGET.]

The board shall prepare and adopt, on or before October 1 in 1999 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 20 to 38 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

- (1) costs of operation, administration, and maintenance of the district disposal system;
- (2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 32, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 32 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 29. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be

paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 20 to 38 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 30. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 20 to 38 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 29, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 31. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 29 as current costs, the board shall hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 24 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer

or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 24.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 32. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms

and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 33. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and must set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 34. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by

Minnesota Statutes, section 118A.04. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 20 to 38, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 35. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 29, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 20 to 38, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 36. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 37. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 20 to 38 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 38. [RELATION TO EXISTING LAWS.]

The provisions of sections 20 to 38 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 20 to 38. The powers conferred on the board under sections 20 to 38 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 39. [EFFECTIVE DATE; REVERSE REFERENDUM.]

Prior to approval by resolution by each of the local governing bodies of the city of New Prague, and Helena and Cedar Lake townships, under Minnesota Statutes, section 645.021, subdivision 2, each city or township shall publish a notice of its intention to establish the district in a newspaper of general circulation in the city or township, together with a date for a public hearing. The hearing must be held at least two weeks but not more than four weeks after the publication of the resolution. Following the public hearing, the city or township may determine to take no further action or adopt a resolution confirming its intention to establish the district. That resolution must also be published in a newspaper of general circulation in the district. If within 30 days after publication of the resolution, a petition signed by at least five percent of the registered voters in the city or township requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters in the city or township at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. If the majority of the votes are cast in the affirmative or if no reverse referenda are held, sections 1 to 19 are effective the day after a certificate of approval under Minnesota Statutes, section 645.021, subdivision 3, is filed by the last of the four local governmental units subject to sections 1 to 19.

Prior to approval by resolution by each of the local governing bodies of the city and town of Finlayson, under Minnesota Statutes, section 645.021, subdivision 2, the city or town shall publish a notice of its intention to establish the district in a newspaper of general circulation in the city or town, together with a date for a public hearing. The hearing must be held at least two weeks but not more than four weeks after the publication of the resolution. Following the public hearing, the city or town may determine to take no further action or adopt a resolution confirming its intention to establish the district. That resolution must also be published in a newspaper of general circulation in the district. If within 30 days after publication of the resolution, a petition signed by at least five percent of the registered voters in the city or town requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters in the city or town at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. If the majority of the votes are cast in the affirmative or if no reverse referenda are held, sections 20 to 38 are effective as to the city and the town of Finlayson separately the day after the certificate of approval of the governing body of each is filed as provided in Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

AUTOMATIC REBATE IN ENACTED BUDGET

Section 1. [16A.1522] [REBATE REQUIREMENTS.]

Subdivision 1. [FORECAST.] If, on the basis of a forecast of general fund revenues and expenditures in November of an even-numbered year or February of an odd-numbered year, the commissioner projects a positive unrestricted budgetary general fund balance at the close of the biennium that exceeds one-half of one percent of total general fund biennial revenues, the commissioner shall designate the entire balance as available for rebate to the taxpayers of this state. In forecasting, projecting, or designating the unrestricted budgetary general fund balance or general fund biennial revenue under this section, the commissioner shall not include any balance or revenue attributable to settlement payments received after July 1, 1998, as defined in Section IIB of the settlement document, filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District).

Subd. 2. [PLAN.] If the commissioner designates an amount for rebate in either forecast, the governor shall present a plan to the legislature for rebating that amount. The plan must provide for payments to begin no later than August 15 of the odd-numbered year. By April 15 of each odd-numbered year, the legislature shall enact, modify, or reject the plan presented by the governor.

Subd. 3. [CERTIFICATION.] By July 15 of each odd-numbered year, based on a preliminary analysis of the general fund balance at the end of the fiscal year June 30, the commissioner of finance shall certify to the commissioner of revenue the amount available for rebate.

Subd. 4. [TRANSFER TO TAX RELIEF ACCOUNT.] Any positive unrestricted budgetary general fund balance on June 30 of an odd-numbered year is appropriated to the commissioner for transfer to the tax relief account.

Subd. 5. [APPROPRIATION.] A sum sufficient to pay any rebate due under the plan enacted under subdivision 2 is appropriated from the general fund to the commissioner of revenue.

Sec. 2. [ABOLISHING TAX REFORM AND REDUCTION ACCOUNT.]

The tax reform and reduction account created in Laws 1998, chapter 389, article 9, section 2, subdivision 2, clause (2), is abolished. The balance in the account shall revert to the unrestricted general fund balance.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1999. Section 2 is effective the day following final enactment.

ARTICLE 16

MISCELLANEOUS

Section 1. Minnesota Statutes 1998, section 256.969, is amended by adding a subdivision to read:

Subd. 9c. [COUNTY BILLING.] Hospitals that have a medical assistance disproportionate population adjustment greater than eight percent shall be eligible for a special payment for uncompensated care. These hospitals may bill a county of residence for services provided to a resident of that county provided that:

(1) the patient is a resident of a county other than the county in which the hospital is located; and

(2) the hospital has made a preliminary determination at the time service is delivered that:

(i) the patient is not eligible for any public health care program or it cannot be determined whether the person is eligible for any public health care program;

(ii) the person is uninsured or it cannot be determined if the person is uninsured; and

(iii) the person has insufficient resources to pay the cost of services delivered by the hospital.

Counties that are billed under this program must pay eligible hospitals at the rates established under the medical assistance program. If the county can establish eligibility for a public health care program after the service has been delivered, the hospital shall refund any amount received from the county and shall bill the program for which eligibility has been established. Annually, each eligible hospital shall sum the amount collected from each county. If this sum is less than \$10,000, the hospital shall refund this sum to the county.

Sec. 2. [256B.053] [COUNTY BILLING BY CLINICS.]

Clinics that: (1) serve the primary health care needs of low-income population groups; (2) use a sliding fee scale based on ability to pay and do not limit access to care because of financial

limitations of the client; and (3) are nonprofit under chapter 317, or are federally qualified health centers, shall be eligible for a special payment for uncompensated care. The clinics may bill a county of residence for services provided to a resident of that county provided that:

- (1) the patient is a resident of a county other than the county in which the clinic is located; and
- (2) the clinic has made a preliminary determination at the time service is delivered that:
 - (i) the patient is not eligible for any public health care program or it cannot be determined whether the person is eligible for any public health care program;
 - (ii) the person is uninsured or it cannot be determined if the person is uninsured; and
 - (iii) the person has insufficient resources to pay the cost of services delivered by the clinic.

Counties that are billed under this program shall pay eligible clinics at the rates established under the medical assistance program. If the county can establish eligibility for a public health care program after service has been delivered, the clinic shall refund any amount received from the county and shall bill the program for which eligibility has been established. Annually, each eligible clinic shall sum the amount collected from each county. If this sum is less than \$10,000, the clinic shall refund this sum to the county.

Sec. 3. Minnesota Statutes 1998, section 270.65, is amended to read:

270.65 [DATE OF ASSESSMENT; DEFINITION.]

For purposes of taxes administered by the commissioner, the term "date of assessment" means the date a return was filed or the date a return should have been filed, whichever is later; or, in the case of taxes determined by the commissioner, "date of assessment" means the date of the order assessing taxes; or, in the case of an amended return filed by the taxpayer, the assessment date is the date the return was filed with the commissioner; or, in the case of a check from a taxpayer that is dishonored and results in an erroneous refund being given to the taxpayer, remittance of the check is deemed to be an assessment and the "date of assessment" is the date the check was received by the commissioner.

Sec. 4. Minnesota Statutes 1998, section 270.78, is amended to read:

270.78 [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

(a) In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause. The penalty bears interest at the rate specified in section 270.75 from the due date of the payment of the tax to the date of payment of the penalty.

(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.

Sec. 5. Minnesota Statutes 1998, section 270A.03, subdivision 2, is amended to read:

Subd. 2. [CLAIMANT AGENCY.] "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city presenting a claim for a municipal hospital or a public library, a hospital district, a private nonprofit hospital that leases its building from the county in which it is located, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any

public agency established by general or special law that is responsible for the administration of a low-income housing program.

Sec. 6. Minnesota Statutes 1998, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund. The notice shall also advise the debtor of the right to contest the validity of the claim, other than a claim based upon child support under section 518.171, 518.54, 518.551, or chapter 518C at a hearing, subject to the restrictions in this paragraph. The debtor must assert this right by written request to the claimant agency, which request the claimant agency must receive within 45 days of the date of the notice. This right does not apply to (1) issues relating to the validity of the claim that have been previously raised at a hearing under this section or section 270A.09; (2) issues relating to the validity of the claim that were not timely raised by the debtor under section 270A.08, subdivision 2; ~~or~~ (3) issues relating to the validity of the claim that have been previously raised at a hearing conducted under rules promulgated by the United States Department of Housing and Urban Development or any public agency that is responsible for the administration of a low-income housing program, or that were not timely raised by the debtor under those rules; or (4) issues relating to the validity of the claim for which a hearing is discretionary under section 270A.09.

Sec. 7. Minnesota Statutes 1998, section 270A.08, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS OF NOTICE.] (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) Except as provided in paragraph (c), the notice will also advise the debtor that the debt can be setoff against a refund unless the time period allowed by law for collecting the debt has expired, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

(c) If the claimant agency is a public agency that is responsible for the administration of a low-income housing program, the notice will also advise the debtor that the debt can be set off against a refund unless the time period allowed by law for collecting the debt has expired. If the public agency has provided the debtor with the opportunity to contest the issues relating to the validity of the claim at a hearing under rules promulgated by the United States Department of Housing and Urban Development or the public agency, the notice will advise the debtor of that fact and advise the debtor that no further hearing may be requested by the debtor to contest the validity of the claim.

Sec. 8. Minnesota Statutes 1998, section 289A.31, subdivision 2, is amended to read:

Subd. 2. [JOINT INCOME TAX RETURNS.] (a) If a joint income tax return is made by a husband and wife, the liability for the tax is joint and several. A spouse who is ~~relieved of~~ qualifies

for relief from a liability attributable to a ~~substantial~~ an underpayment under section 6013(e) ~~6015(b)~~ of the Internal Revenue Code is also relieved of the state income tax liability on the ~~substantial~~ underpayment.

(b) In the case of individuals who were a husband and wife prior to the dissolution of their marriage or their legal separation, or prior to the death of one of the individuals, for tax liabilities reported on a joint or combined return, the liability of each person is limited to the proportion of the tax due on the return that equals that person's proportion of the total tax due if the husband and wife filed separate returns for the taxable year. This provision is effective only when the commissioner receives written notice of the marriage dissolution, legal separation, or death of a spouse from the husband or wife. No refund may be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days before receipt by the commissioner of the written notice.

Sec. 9. Minnesota Statutes 1998, section 289A.40, subdivision 1a, is amended to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; REASONABLE CAUSE SUSPENSION DURING PERIOD OF DISABILITY.] ~~If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1 meets the requirements for suspending the running of the time period to file a claim for refund under section 6511(h) of the Internal Revenue Code, the time period in subdivision 1 for the taxpayer to file a claim for an individual income tax refund is suspended.~~

Sec. 10. Minnesota Statutes 1998, section 289A.50, subdivision 7, is amended to read:

Subd. 7. [REMEDIES.] (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 289A.65, or an appeal with the tax court, within 60 days after issuance of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the date of the denial of the claim by the commissioner.

(c) No action in the district court or the tax court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the tax court at any time after the expiration of six months of the time the claim was filed, ~~but within four years of the date that the claim was filed.~~

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey county.

Sec. 11. Minnesota Statutes 1998, section 289A.55, subdivision 9, is amended to read:

Subd. 9. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 289A.60, subdivision 1, 2, 3, 4, 5, ~~or 6,~~ or 21 bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

Sec. 12. [414.12] [DIRECTOR'S POWERS.]

Notwithstanding anything to the contrary in sections 414.01 to 414.11, the director of the office of strategic and long-range planning, upon consultation with affected parties and considering the procedures and principles established in sections 414.01 to 414.11, and Laws 1997, chapter 202, article 4, sections 1 to 13, may require alternative dispute resolution processes, including those provided in chapter 14, in the execution of the office's duties under this chapter.

Sec. 13. Minnesota Statutes 1998, section 475.58, is amended by adding a subdivision to read:

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

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

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

Sec. 14. Laws 1997, First Special Session chapter 3, section 27, is amended to read:

Sec. 27. [TAXPAYER'S PERSONAL INFORMATION; DISCLOSURE.]

(a) An owner of property in Washington or Ramsey county that is subject to property taxation must be informed in a clear and conspicuous manner in writing on a form sent to property taxpayers that the property owner's name, address, and other information may be used, rented, or sold for business purposes, including surveys, marketing, and solicitation.

(b) If the property owner so requests on the form provided, then any such list generated by the county and sold for business purposes must exclude the owner's name and address if the business purpose is conducting surveys, marketing, or solicitation.

(c) This section expires August 1, ~~1999~~ 2001.

Sec. 15. [CHISAGO COUNTY AGGREGATE REMOVAL TAX.]

Subdivision 1. [AUTHORIZATION.] This section applies to Chisago county and to its local approval of an aggregate removal tax under Minnesota Statutes, section 298.75. Notwithstanding the time limitations of Minnesota Statutes, section 645.021, subdivision 3, the aggregate removal tax shall be deemed approved if the chief clerical officer of Chisago county files the certificate of approval of the tax before the first day of the 2000 regular session of the legislature.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 16. [MINNESOTA MINERALS 21ST CENTURY FUND; CONTINGENT APPROPRIATION.]

Subdivision 1. [ALLOCATION.] If, on the basis of a forecast of general fund revenues and expenditures after November 1, 1999, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money as follows:

(1) first, to the budget reserve until the total amount in that account equals \$622,000,000; then

(2) second, to the Minnesota minerals 21st century fund, if a bill styled as H.F. No. 2390 is

enacted in 1999 and creates such a fund, until the amount allocated under this clause equals \$20,000,000.

Subd. 2. [MATCHING REQUIREMENT.] If a bill styled as H.F. No. 2390 is enacted in 1999 and it provides for creation of the Minnesota minerals 21st century fund, the commissioner of the iron range resources and rehabilitation board shall, upon the recommendation of the board, match the funds allocated under subdivision 1 to the extent they are used for a loan or equity investment meeting the requirements of the provision creating the Minnesota minerals 21st century fund within H.F. No. 2390. Notwithstanding Minnesota Statutes, section 645.33, this subdivision supersedes any contrary provisions of H.F. No. 2390 that is enacted in 1999.

Sec. 17. [EFFECTIVE DATES.]

Section 3 is effective for checks received on or after the day following final enactment.

Sections 4 and 11 are effective for payments due on or after the day following final enactment.

Sections 5, 6, and 7 are effective for claims for setoff submitted to the commissioner of revenue by claimant agencies after June 30, 1999.

Section 8, paragraph (a), is effective at the same time that section 6015(b) of the Internal Revenue Code is effective for federal tax purposes. Section 8, paragraph (b), is effective for claims for innocent spouse relief, requests for allocation of joint income tax liability, and taxes filed or paid on or after the day following final enactment.

Section 9 is effective for disabilities existing on or after the date of enactment for which claims for refund have not expired under the time limit in Minnesota Statutes, section 289A.40, subdivision 1. Claims based upon reasonable cause must be filed prior to the expiration of the repealed ten-year period or within one year after the date of enactment, whichever is earlier.

Section 10 is effective for refund claims filed on or after the day following final enactment.

Section 12 is effective the day following final enactment.

Section 14 applies to Washington county only and is effective upon approval by the governing body of Washington county, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 17

BUSINESS SUBSIDIES

Section 1. [116J.993] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 116J.993 to 116J.996, the terms defined in this section have the meanings given them.

Subd. 2. [BENEFIT DATE.] "Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:

(1) when the improvements are finished for the entire project; or

(2) when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.

Subd. 3. [BUSINESS SUBSIDY.] "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(2) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(3) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(4) assistance provided for the sole purpose of renovating or bringing up to code old or decaying building stock and when the assistance is matched by the business using private sources;

(5) assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(6) assistance for housing;

(7) assistance for pollution control or abatement;

(8) assistance for energy conservation;

(9) tax reductions resulting from conformity with federal tax law;

(10) workers' compensation and unemployment compensation;

(11) benefits derived from regulation;

(12) indirect benefits derived from assistance to educational institutions;

(13) funds from bonds allocated under chapter 474A;

(14) assistance for a collaboration between a Minnesota higher education institution and a business;

(15) a business subsidy of less than \$25,000; and

(16) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 80 percent or more of the assessed value at the time of purchase.

Subd. 4. [GRANTOR.] "Grantor" means any state or local government agency with the authority to grant a business subsidy.

Subd. 5. [LOCAL GOVERNMENT AGENCY.] "Local government agency" includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by or authorized by a local government with authority to provide business subsidies. "Local government agency" does not include the St. Paul port authority or a seaway port authority.

Subd. 6. [RECIPIENT.] "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with a ratio of highest to lowest paid employee, determined on the basis of full-time equivalent positions, exceeding ten to one are included in this definition.

Subd. 7. [STATE GOVERNMENT AGENCY.] "State government agency" means any state agency that has the authority to award business subsidies. State government agency includes the St. Paul port authority and a seaway port authority.

Sec. 2. [116J.994] [REGULATING LOCAL AND STATE BUSINESS SUBSIDIES.]

Subdivision 1. [PUBLIC PURPOSE.] A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

Subd. 2. [DEVELOPING A SET OF CRITERIA.] A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria must include a policy regarding the wages to be paid for the jobs created. The commissioner of trade and economic development may assist local government agencies in developing criteria.

Subd. 3. [SUBSIDY AGREEMENT.] (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. If a business subsidy is not structured as a forgivable loan, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body.

Subd. 4. [WAGE AND JOB GOALS.] The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and (2) wage goals for the jobs created or retained.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Subd. 5. [PUBLIC NOTICE AND HEARING.] (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$100,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice pursuant to this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor must be published in a local newspaper of

general circulation. The public notice must identify the location at which information about the business subsidy, including a copy of the subsidy agreement, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor must be held in St. Paul.

Subd. 6. [FAILURE TO MEET GOALS.] The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at the implicit price deflator defined under section 275.70, subdivision 2. The grantor, after a public hearing, may extend for up to one year the period for meeting the goals provided in a subsidy agreement.

A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Subd. 7. [REPORTS BY RECIPIENTS TO GRANTORS.] (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the commissioner and the local government agency that provided the business subsidy. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(8) the name and address of the parent corporation of the recipient, if any;

(9) a list of all financial assistance by all grantors for the project; and

(10) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year and within 30 days after the deadline for meeting the job and wage goals. A local government agency must, by April 1

of each year, report in a form approved by the commissioner a summary of the business subsidy reports submitted that year. The local government agency must include a list of recipients that did not complete the report and of recipients that have not met their job and wage goals within two years and what steps are being taken to bring them into compliance or to recoup the subsidy. The commissioner, by July 1 of each year, must provide to the legislature a summary of the reports submitted to the department.

(c) Financial assistance that is excluded from the definition of "business subsidy" by subdivision 3, clauses (3), (4), and (7), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the subsidy is tax increment financing;

(2) progress towards meeting goals stated in the subsidy agreement and the public purpose of the assistance;

(3) the hourly wage of each job created with separate bands of wages;

(4) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked day of the warning, the recipient fails to provide a report, then a penalty of \$100 per day, payable to the grantor, applies until the report is filed.

Subd. 8. [GOVERNMENT REPORTS.] (a) The commissioner of trade and economic development must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies.

(b) State and local government agencies, regardless of whether they awarded any business subsidies, must file the report required by this subdivision by April 1 of each year with the commissioner. If the commissioner has not received the report by that date, the commissioner shall issue a warning to the government agency. If the commissioner has not received a report by June 1 of the same year, then the government agency may not grant any business subsidies until it files the report.

(c) The commissioner of trade and economic development must provide information on reporting requirements to state and local government agencies.

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The department of trade and economic development must publish a compilation and summary of the results of the reports for the previous calendar year by July 1 of each year. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

Among the information in the summary and compilation report, the commissioner must include:

(1) total amount of subsidies awarded in each development region of the state;

(2) distribution of business subsidy amounts by size of the business subsidy;

(3) distribution of business subsidy amounts by time category, such as monthly or quarterly;

- (4) distribution of subsidies by type and by public purpose;
- (5) percent of all business subsidies that reached their goals;
- (6) percent of business subsidies that did not reach their goals by two years from the benefit date;
- (7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;
- (8) percent of subsidies that did not meet their goals and that did not receive repayment;
- (9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years;
- (10) number of part-time and full-time jobs within separate bands of wages; and
- (11) benefits paid within separate bands of wages.

Sec. 3. [116J.995] [ECONOMIC GRANTS.]

An appropriation rider in an appropriation to the department of trade and economic development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created, wages paid, and the tax revenue increases due to the grant.

Sec. 4. [REPEALER.]

Minnesota Statutes 1998, section 116J.991, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1999, except that, for direct appropriations, it is effective only for appropriations authorized after August 1, 1999. Section 3 is effective for appropriations authorized after August 1, 1999."

Delete the title and insert:

"A bill for an act relating to taxation; providing for payment of a sales tax rebate; reducing certain income tax rates and expanding certain income tax brackets; providing for apportionment of certain income; modifying the determination and administration of income, property, sales, fuel, waste management, health care provider, and other taxes; conforming with changes in federal income tax provisions; authorizing the cities of Proctor and New Ulm to impose sales and use taxes; reducing the motor vehicle registration tax; providing programs and funding for workforce development programs; providing certain property tax exemptions and modifying classifications; reducing the class rates on agricultural property; authorizing issuance of bonds for acquisition of conservation rights, by regional rail authorities, for capital investments related to transit, for projects in certain municipalities, and for youth ice facilities; authorizing and modifying payment of certain aids to local units of government; authorizing levies by certain political subdivisions; providing for state funding of district courts; modifying provisions relating to tax increment financing and local economic development; authorizing exceptions to general law for certain tax increment financing districts; authorizing establishment of certain local economic development agencies and water and sanitary sewer districts; authorizing the metropolitan airports commission to impose a tax on airport sales, and providing for the use of the proceeds; modifying tax delinquency and forfeiture provisions; adjusting the rate of the taconite production tax and providing for use of the proceeds; requiring tax rebates when there is a budget surplus; authorizing the director of the office of strategic and long-range planning to require certain processes in relation to the Minnesota municipal board; authorizing Chisago county to impose an aggregate removal tax; providing for certain transfers of funds; appropriating money; regulating state and local business subsidies; amending Minnesota Statutes 1998, sections 16D.09; 60A.19,

subdivision 6; 92.51; 97A.065, subdivision 2; 116L.03, subdivisions 1 and 2; 168.013, subdivision 1a; 204B.135, by adding a subdivision; 256.969, by adding a subdivision; 268.022; 270.07, subdivision 1; 270.65; 270.78; 270A.03, subdivision 2; 270A.07, subdivision 2; 270A.08, subdivision 2; 272.02, subdivision 1; 272.026; 272.027; 272.03, subdivision 6; 272.67, by adding a subdivision; 273.11, subdivision 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 14, and by adding a subdivision; 273.13, subdivisions 23, 24, and 31; 273.1382, subdivision 1; 273.1398, subdivisions 1a, 2, and by adding a subdivision; 273.1399, subdivision 1; 275.066; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 289A.02, subdivision 7; 289A.31, subdivision 2; 289A.40, subdivision 1a; 289A.50, subdivision 7; 289A.55, subdivision 9; 289A.56, subdivision 4; 290.01, subdivisions 7, 19, 19b, 31, and by adding a subdivision; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.091, subdivision 2; 290.17, subdivisions 3, 4, and 6; 290A.03, subdivision 15; 291.005, subdivision 1; 295.50, subdivisions 4 and 9b; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 295.57, by adding a subdivision; 296A.16, by adding subdivisions; 297A.48, by adding a subdivision; 297H.05; 298.22, subdivision 7; 298.24, subdivision 1; 298.28, subdivisions 9a and 9b; 298.296, subdivision 4; 299D.03, subdivision 5; 357.021, subdivision 1a; 373.40, subdivision 1; 375.18, subdivision 12; 375.192, subdivision 2; 383C.482, subdivision 1; 383D.41, subdivisions 1, 2, 3, and by adding subdivisions; 398A.04, subdivisions 1, 8, and 9; 398A.07, subdivision 2; 428A.11, subdivision 6, and by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; 428A.19; 465.82, by adding a subdivision; 469.169, subdivision 12; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, and by adding subdivisions; 473.39, by adding subdivisions; 473.898, subdivision 3; 475.52, subdivisions 1, 3, and 4; 475.58, by adding a subdivision; 477A.011, subdivision 36; 477A.03, subdivision 2; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1993, chapter 375, article 14, section 22, subdivision 1; Laws 1997, chapter 231, article 1, section 19; Laws 1997, chapter 231, articles 1, section 19, subdivisions 1 and 3; and 2, section 68; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 11, section 29; proposing coding for new law in Minnesota Statutes, chapters 16A; 103F; 116J; 116L; 256B; 375; 414; and 415; repealing Minnesota Statutes 1998, sections 92.22; 116J.991; 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; 268.98; 273.1383; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 428A.21; and 477A.05; Laws 1997, chapter 231, article 1, section 19, subdivision 2."

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

Senator Langseth from the Committee on Education Finance, to which was referred

S.F. No. 2242: A bill for an act relating to education; prekindergarten through grade 12; providing for general education, special programs, lifelong learning, facilities and technology, education excellence, other programs, education policy, libraries, and state agencies; repealing, modifying, and expanding certain education provisions; providing for rulemaking; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 41D.02, subdivision 2; 120A.05, by adding subdivisions; 120A.22, subdivisions 1 and 5; 120A.24, subdivision 1; 120A.40; 120B.11, subdivision 5; 120B.30, subdivision 1; 120B.35; 121A.06; 121A.11, subdivision 1; 121A.15; 121A.23, subdivision 1; 121A.26; 121A.27; 121A.28; 121A.29, subdivision 1; 121A.32, subdivision 1; 121A.34; 121A.41, subdivision 10; 121A.43; 121A.55; 121A.61, subdivision 1; 121A.69, subdivision 3; 122A.09, subdivisions 4 and 6; 122A.15; 122A.18, by adding subdivisions; 122A.19, subdivision 4; 122A.20, subdivisions 1 and 2; 122A.21; 122A.22; 122A.26, by adding a subdivision; 122A.28; 122A.40, subdivisions 3, 5, 7, 8, 10, 16, and 19; 122A.41, subdivisions 4 and 15; 122A.51; 122A.58, subdivision 1; 122A.60, subdivisions 1 and 3; 122A.68, subdivisions 1 and 7; 122A.69; 122A.70, subdivision 2; 122A.91; 122A.92; 123A.05, subdivisions 2, 3, and by adding a subdivision; 123A.06, subdivisions 1 and 2; 123A.48, subdivision 10; 123B.02, subdivisions 1, 2, and 3; 123B.04, subdivisions 2 and 5; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.195; 123B.36, subdivision 1; 123B.43; 123B.445; 123B.49, subdivisions 1 and 4; 123B.51, subdivisions 1 and 5; 123B.53; 123B.54;

123B.57, subdivision 1; 123B.58, subdivisions 3 and 4; 123B.59; 123B.61; 123B.63, subdivisions 3 and 4; 123B.73, subdivision 1; 123B.75, by adding a subdivision; 123B.77, subdivision 4; 123B.83, subdivisions 1 and 4; 123B.90, subdivisions 1, 2, and 3; 123B.91, subdivision 1; 123B.92, subdivisions 2, 4, and 9; 124D.02, subdivision 1; 124D.03, subdivision 3, and by adding a subdivision; 124D.081, subdivisions 3 and 8; 124D.09, subdivisions 5, 6, 7, and 12; 124D.10, subdivisions 1, 3, 4, 5, 6, 11, 15, and 19; 124D.11, subdivisions 1, 4, 6, and by adding a subdivision; 124D.115, subdivision 3; 124D.118, subdivisions 2 and 3; 124D.135, subdivision 3; 124D.20, subdivision 5; 124D.22, subdivision 3; 124D.28, subdivision 1; 124D.29, by adding a subdivision; 124D.30, subdivision 3; 124D.34, subdivision 4; 124D.35; 124D.37; 124D.40, subdivision 2; 124D.41; 124D.42, subdivision 7; 124D.453, subdivisions 3 and 5; 124D.454, subdivision 5; 124D.46, subdivision 1; 124D.47, subdivision 2; 124D.49, subdivision 3; 124D.52, by adding a subdivision; 124D.65, subdivisions 1, 4, 5, and 6; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.70; 124D.74, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.88, subdivisions 2 and 3; 124D.89, subdivision 1; 124D.892; 124D.894; 124D.90; 124D.94, subdivisions 2, 3, and 4; 125A.023; 125A.027; 125A.03; 125A.07; 125A.08; 125A.09, subdivisions 1, 4, 6, and 11; 125A.10; 125A.15; 125A.18; 125A.21, subdivision 2; 125A.24; 125A.30; 125A.33; 125A.44; 125A.50, subdivisions 2 and 5; 125A.51; 125A.52, subdivision 1; 125A.62; 125A.64; 125A.65, subdivisions 3, 5, 6, 7, 8, and 10; 125A.68, subdivision 1; 125A.69, subdivisions 1 and 3; 125A.70, subdivision 2; 125A.71, subdivision 3; 125A.72; 125A.73; 125A.744, subdivision 3; 125A.75, subdivisions 3 and 8; 125A.76, subdivisions 1, 2, 4, and 5; 125A.79, subdivisions 1, 2, 4, and by adding subdivisions; 125B.05; 125B.20; 126C.05, subdivisions 1, 3, 5, 6, and 7; 126C.10, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14, 18, 19, 20, 21, and by adding subdivisions; 126C.12, subdivisions 1 and 4; 126C.13, subdivisions 1 and 2; 126C.15, subdivisions 1 and 2; 126C.17, subdivisions 1, 2, 4, 5, 6, and 9; 126C.22, subdivision 2; 126C.31; 126C.40, subdivisions 1, 2, 3, 4, and 6; 126C.41, subdivision 2; 126C.42, subdivisions 1 and 2; 126C.44; 126C.46; 126C.48, subdivision 8; 126C.55, by adding a subdivision; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2, 9, and 15; 127A.05, subdivisions 1, 3, and 4; 127A.06; 127A.41, subdivisions 5 and 7; 127A.42, subdivisions 2, 5, and 6; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 5, and by adding a subdivision; 127A.47, subdivisions 1, 2, 7, and 8; 127A.49, subdivisions 2 and 3; 127A.51; 127A.60, subdivision 1; 127A.66, subdivision 2; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20, subdivisions 1 and 2; 129C.10, subdivision 3, and by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 169.01, subdivision 6; 169.03, subdivision 6; 171.3215, subdivisions 2 and 4; 181.101; 209.07, by adding a subdivision; 241.021, subdivision 1; 245A.04, by adding a subdivision; 272.02, subdivision 8; and 626.556, subdivision 10b, and by adding a subdivision; Laws 1992, chapter 499, article 7, section 31, as amended; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; Laws 1997, First Special Session chapter 4, article 2, sections 48 and 51, subdivision 29, as amended; Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 6; Laws 1997, First Special Session chapter 4, article 5, section 22; Laws 1997, First Special Session chapter 4, article 8, section 4; Laws 1997, First Special Session chapter 4, article 9, sections 6, 7, subdivision 2, and 13; Laws 1998, chapter 398, article 2, section 53; Laws 1998, chapter 398, article 9, section 7; and Laws 1998, chapter 404, section 5, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 121A; 122A; 123A; 123B; 124D; 125A; 126C; 127A; and 128C; repealing Minnesota Statutes 1998, sections 119A.04, subdivision 5; 120A.41; 120B.05; 120B.10; 120B.11, subdivisions 3, 4, and 7; 120B.24; 121A.03, subdivision 3; 121A.11, subdivision 2; 121A.16; 121A.23, subdivision 2; 121A.32, subdivisions 2, 4, and 5; 121A.41, subdivision 3; 122A.162; 122A.19, subdivisions 2 and 4; 122A.32; 122A.33; 122A.40, subdivision 6; 122A.42; 122A.43, subdivisions 1, 2, 3, 4, and 6; 122A.45; 122A.49; 122A.52; 122A.53; 122A.54; 122A.55; 122A.56; 122A.57; 122A.71; 122A.72; 122A.75; 123A.06, subdivisions 1 and 3; 123A.07; 123A.15, subdivision 1; 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.02, subdivisions 5, 6, 9, 10, 11, 13, and 16; 123B.04, subdivision 4; 123B.11; 123B.147, subdivisions 1 and 3; 123B.15; 123B.16; 123B.17; 123B.18; 123B.19; 123B.40; 123B.49, subdivisions 2 and 3; 123B.51, subdivisions 2, 3, and 4; 123B.57, subdivisions 4, 5, and 7; 123B.58; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.64; 123B.66; 123B.67; 123B.68; 123B.69; 123B.744; 123B.84; 123B.87; 123B.88, subdivisions 11, 12, 13, 18, 20, 21,

and 22; 123B.89; 123B.92, subdivisions 6, 7, 8, and 10; 123B.93; 123B.95, subdivision 3; 124D.02, subdivisions 2, 3, and 4; 124D.03, subdivisions 5, 7, 9, and 10; 124D.06; 124D.07; 124D.081, subdivisions 1 and 7; 124D.09, subdivisions 2, 8, 25, and 26; 124D.10, subdivision 13; 124D.112; 124D.113; 124D.115, subdivisions 1 and 2; 124D.116; 124D.118, subdivision 1; 124D.12; 124D.121; 124D.122; 124D.123; 124D.124; 124D.125; 124D.126; 124D.127; 124D.128, subdivisions 1, 2, 3, 4, 5, 6, and 7; 124D.31; 124D.34, subdivision 5; 124D.43; 124D.453, subdivision 1; 124D.46, subdivision 3; 124D.47, subdivision 1; 124D.50, subdivisions 1, 2, and 3; 124D.60, subdivision 3; 124D.65, subdivisions 1, 2, 3, 8, 9, and 10; 124D.67; 124D.68, subdivision 1; 124D.72; 124D.81, subdivision 7; 124D.88, subdivision 1; 124D.895; 124D.90, subdivision 5; 124D.91; 124D.92; 124D.93; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 125B.02; 125B.07, subdivisions 1, 3, and 5; 125B.09; 125B.11; 126C.05, subdivision 4; 126C.06; 127A.05, subdivision 5; 127A.41, subdivisions 4, 8, and 9; 127A.42, subdivision 8; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; and 127A.66, subdivision 1; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 10; and Laws 1998, chapter 398, article 2, sections 53 and 57; Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; 3500.4300; and 3525.2470.

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

Page 59, delete section 82

Page 137, line 17, delete "\$432,465,000" and insert "\$432,451,000"

Page 137, line 19, delete "\$43,247,000" and insert "\$39,330,000"

Page 137, line 20, delete "\$389,218,000" and insert "\$393,151,000"

Page 197, line 33, delete "\$17,250,000" and insert "\$16,037,000"

Page 207, line 23, delete "\$18,003,000" and insert "\$18,552,000"

Page 207, line 24, delete "\$20,149,000" and insert "\$20,880,000"

Page 207, line 26, delete "\$16,155,000" and insert "\$16,674,000"

Page 207, line 27, delete "\$1,794,000" and insert "\$1,852,000"

Page 207, line 28, delete "\$18,355,000" and insert "\$19,028,000"

Renumber the sections in sequence

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

SECOND READING OF SENATE BILLS

S.F. No. 1276 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Kelly, R.C. moved that S.F. No. 284, No. 11 on General Orders, be stricken and returned to its author. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately.

S.F. No. 1639 and H.F. No. 1051.

SPECIAL ORDER

S.F. No. 1639: A bill for an act relating to offender rehabilitation; exempting the licensing of certain taxicab drivers from the requirements of chapter 364; amending Minnesota Statutes 1998, section 364.09.

Senator Neuville moved to amend S.F. No. 1639 as follows:

Page 1, line 22, delete "five" and insert "ten"

The motion prevailed. So the amendment was adopted.

S.F. No. 1639 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

SPECIAL ORDER

H.F. No. 1051: A bill for an act relating to employment; requiring the commissioner of economic security to collect certain information about employment and training programs.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

RECESS

Senator Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

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

APPOINTMENTS

Senator Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 15: Senators Pogemiller; Scheid; Johnson, D.E.; Robertson and Laidig.

H.F. No. 1079: Senators Solon, Larson and Metzen.

S.F. No. 841: Senators Scheid, Hottinger and Oliver.

Senator Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senator Ourada was excused from the Session of today. Senators Frederickson and Solon were excused from the Session of today at 2:00 p.m.

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Friday, April 30, 1999. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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