

## FOURTEENTH DAY

St. Paul, Minnesota, Thursday, February 10, 2011

The Senate met at 11:00 a.m. and was called to order by the President.

**CALL OF THE SENATE**

Senator Michel 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. Hans Jorgenson.

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

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

|             |              |          |            |            |
|-------------|--------------|----------|------------|------------|
| Anderson    | Gazelka      | Kruse    | Nienow     | Sheran     |
| Bakk        | Gerlach      | Kubly    | Olson      | Sieben     |
| Benson      | Gimse        | Langseth | Ortman     | Skoe       |
| Berglin     | Goodwin      | Latz     | Pappas     | Sparks     |
| Bonoff      | Hall         | Lillie   | Parry      | Stumpf     |
| Brown       | Hann         | Limmer   | Pederson   | Thompson   |
| Carlson     | Harrington   | Lourey   | Pogemiller | Torres Ray |
| Chamberlain | Higgins      | Magnus   | Reinert    | Vandever   |
| Cohen       | Hoffman      | Marty    | Rest       | Wiger      |
| Dahms       | Howe         | Metzen   | Robling    | Wolf       |
| Daley       | Ingebrigtsen | Michel   | Rosen      |            |
| DeKruif     | Jungbauer    | Miller   | Saxhaug    |            |
| Dibble      | Kelash       | Nelson   | Scheid     |            |
| Fischbach   | Koch         | Newman   | Senjem     |            |

The President declared a quorum present.

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

**REPORTS OF COMMITTEES**

Senator Koch moved that the Committee Reports at the Desk be now adopted, with the exception of the report pertaining to the appointment. The motion prevailed.

**Senator Michel from the Committee on Jobs and Economic Growth, to which was referred**

**S.F. No. 114:** A bill for an act relating to unemployment insurance; modifying certain eligibility

and extension provisions; amending Minnesota Statutes 2010, section 268.085, subdivision 9.

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

Page 2, line 9, after the period, insert "This section expires when federal law no longer allows a three-year lookback period."

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

**Senator Olson from the Committee on Education, to which was referred**

**S.F. No. 170:** A bill for an act relating to education; requiring teacher candidates to pass basic skills exam; amending Minnesota Statutes 2010, section 122A.18, subdivision 2.

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

Page 1, after line 4, insert:

"Section 1. Minnesota Statutes 2010, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to ~~successfully complete~~ pass a skills examination in reading, writing, and mathematics as a requirement for ~~initial teacher licensure entrance into a board-approved teacher preparation program~~. Such rules must require college and universities offering a board-approved teacher preparation program to ~~provide~~ offer remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. Persons needing remedial assistance must be successfully remediated prior to entrance into a board-approved teacher preparation program.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring candidates for initial licenses to ~~successfully complete~~ pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to ~~successfully complete~~ pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based

reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents."

Page 1, lines 14, 17, and 19, strike "provide" and insert "offer"

Renumber the sections in sequence

Amend the title numbers accordingly

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

**Senator Robling from the Committee on Finance, to which was re-referred**

**S.F. No. 48:** A bill for an act relating to state lands; modifying stream easement acquisition provisions; modifying state park, state forest, and land exchange provisions; adding to and deleting from state parks and state forests; authorizing public and private sales, conveyances, and exchanges of certain state land; amending Minnesota Statutes 2010, sections 84.0272, subdivision 2; 85.012, subdivision 40; 89.021, by adding a subdivision; 89.032, subdivision 2; 94.342, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Senator Robling from the Committee on Finance, to which was re-referred**

**S.F. No. 42:** A bill for an act relating to environment; providing for permitting efficiency; modifying environmental review requirements; modifying the TMDL process; amending Minnesota Statutes 2010, sections 84.027, by adding a subdivision; 114D.15, subdivisions 10, 11, by adding a subdivision; 114D.20, subdivisions 2, 4; 114D.25, subdivision 1; 114D.35, subdivisions 1, 2; 115.07; 116.03, by adding a subdivision; 116.07, subdivisions 2, 7c; 116.0711, by adding a subdivision; 116D.04, subdivisions 2a, 3a, 10; 116D.045, subdivisions 1, 3.

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

Page 1, delete lines 10 and 11

Page 2, line 9, before "Within" insert "Beginning July 1, 2011,"

Page 4, line 23, before "Within" insert "Beginning July 1, 2011,"

Pages 7 to 10, delete sections 5 and 6

Page 14, line 29, delete "article" and insert "act"

Page 15, delete article 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "modifying the TMDL process;"

Amend the title numbers accordingly

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

**Senator Robling from the Committee on Finance, to which was re-referred**

**S.F. No. 39:** A bill for an act relating to natural resources; eliminating specific requirements for rulemaking on the Mississippi River Corridor Critical Area; amending Minnesota Statutes 2010, section 116G.15, subdivision 1; repealing Minnesota Statutes 2010, section 116G.15, subdivisions 2, 3, 4, 5, 6, 7.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred**

**S.F. No. 121:** A bill for an act relating to public safety; increasing penalties for injuring public safety dogs; amending Minnesota Statutes 2010, section 609.596.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 609.596, is amended to read:

**609.596 KILLING OR HARMING PUBLIC SAFETY DOG.**

Subdivision 1. **Felony.** It is a felony for any person to intentionally and without justification cause the death of or great or substantial bodily harm to a police dog, a search and rescue dog, or an arson dog when the dog is involved in law enforcement, fire, or correctional investigation or apprehension, search and rescue duties, or the dog is in the custody of or under the control of a peace officer, a trained handler, or an employee of a correctional facility. A person convicted under this subdivision may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$5,000, or both. ~~In lieu of a fine, the court may order the defendant to pay restitution to the owner to replace the police dog, search and rescue dog, or arson dog, in an amount not to exceed \$5,000.~~

Subd. 2. **Gross misdemeanor.** It is a gross misdemeanor for any person to intentionally and without justification cause ~~substantial or great~~ demonstrable bodily harm to a police dog, search and rescue dog, or an arson dog when the dog is involved in law enforcement, fire, or correctional investigation or apprehension, search and rescue duties, or the dog is in the custody of or under the control of a peace officer, a trained handler, or an employee of a correctional facility.

Subd. 2a. **Misdemeanor.** It is a misdemeanor for any person to intentionally and without justification assault a police dog, search and rescue dog, or an arson dog when the dog is involved in law enforcement, fire, or correctional investigation or apprehension, search and rescue duties, or the dog is in the custody of or under the control of a peace officer, a trained handler, or an employee of a correctional facility.

Subd. 2b. **Mandatory restitution.** The court shall order a person convicted of violating this section to pay restitution for the costs and expenses resulting from the crime. Costs and expenses include, but are not limited to, the purchase and training of a replacement dog and veterinary services for the injured dog. If the court finds that the convicted person is indigent, the court may reduce the amount of restitution to a reasonable level or order it paid in installments.

Subd. 3. **Definitions.** As used in this section:

- (1) "arson dog" means a dog that has been certified as an arson dog by a state fire or police agency or by an independent testing laboratory;
- (2) "correctional facility" has the meaning given in section 241.021, subdivision 1, paragraph (f);
- (3) "peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c); and

(4) "search and rescue dog" means a dog that is trained to locate lost or missing persons, victims of natural or other disasters, and human bodies.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date."

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

**Senator Gimse from the Committee on Transportation, to which was referred the following appointment:**

COMMISSIONER OF TRANSPORTATION  
Thomas K. Sorel

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

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

#### **SECOND READING OF SENATE BILLS**

S.F. Nos. 170, 48, 42, 39 and 121 were read the second time.

#### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time.

**Senators Howe, Nelson, Michel, Bakk and Bonoff introduced—**

**S.F. No. 283:** A bill for an act relating to taxation; insurance; providing a credit for investment in start-up and emerging Minnesota businesses; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116J; 297I.

Referred to the Committee on Jobs and Economic Growth.

**Senator Rest introduced—**

**S.F. No. 284:** A bill for an act relating to taxation; authorizing use of pooled tax increments for development of market rate housing at certain locations; amending Minnesota Statutes 2010, section 469.1763, subdivision 2.

Referred to the Committee on Taxes.

**Senators Torres Ray, Harrington, Sieben and Wiger introduced—**

**S.F. No. 285:** A bill for an act relating to education finance; removing five-year limit on service for limited English proficiency funding; amending Minnesota Statutes 2010, section 124D.59, subdivision 2.

Referred to the Committee on Education.

**Senators Harrington, Higgins and Marty introduced—**

**S.F. No. 286:** A bill for an act relating to human services; modifying the definition of income within the child care assistance program; amending Minnesota Statutes 2010, section 119B.011, subdivision 15.

Referred to the Committee on Health and Human Services.

**Senator Sparks introduced—**

**S.F. No. 287:** A bill for an act relating to capital improvements; appropriating money for the Turtle Creek flood mitigation project in the city of Austin; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senators Howe, Brown, Pederson and Sieben introduced—**

**S.F. No. 288:** A bill for an act relating to health; regulating dental laboratories; proposing coding for new law as Minnesota Statutes, chapter 150B.

Referred to the Committee on Health and Human Services.

**Senators Limmer, Kruse and Harrington introduced—**

**S.F. No. 289:** A bill for an act relating to education finance; streamlining the health and safety revenue program; amending Minnesota Statutes 2010, section 123B.57.

Referred to the Committee on Education.

**Senator Gazelka introduced—**

**S.F. No. 290:** A bill for an act relating to natural resources; appropriating money for the Camp Ripley/Veterans State Trail.

Referred to the Committee on Environment and Natural Resources.

**Senator Metzen introduced—**

**S.F. No. 291:** A bill for an act relating to capital improvements; appropriating money for capital improvements in the city of Inver Grove Heights; authorizing the issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Pederson introduced—**

**S.F. No. 292:** A bill for an act relating to capital investment; authorizing the sale and issuance of state bonds; appropriating money for expansion of the St. Cloud Civic Center.

Referred to the Committee on Capital Investment.

**Senator Jungbauer introduced—**

**S.F. No. 293:** A bill for an act relating to environment; eliminating greenhouse gas emissions control; amending Minnesota Statutes 2010, sections 3.8851, subdivision 3; 116J.437, subdivision 1; repealing Minnesota Statutes 2010, sections 216C.055; 216H.02; 216H.021; 216H.07.

Referred to the Committee on Environment and Natural Resources.

**Senator Benson introduced—**

**S.F. No. 294:** A bill for an act relating to taxation; individual income and property tax refund; providing a checkoff for general fund contributions; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

**Senator Miller introduced—**

**S.F. No. 295:** A bill for an act relating to capital investment; appropriating money for a National Trout Learning Center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Wiger introduced—**

**S.F. No. 296:** A bill for an act relating to manufactured homes; establishing remedies and a lien for park owners when a home is abandoned; amending Minnesota Statutes 2010, section 327C.11, by adding a subdivision.

Referred to the Committee on Jobs and Economic Growth.

**Senators Limmer, Pederson, Cohen, Saxhaug and Carlson introduced—**

**S.F. No. 297:** A bill for an act relating to State Fire Code; prohibiting sprinkler requirements in single-family dwellings; amending Minnesota Statutes 2010, section 299F.011, by adding a subdivision.

Referred to the Committee on Judiciary and Public Safety.

**Senators DeKruif, Pederson and Nelson introduced—**

**S.F. No. 298:** A bill for an act relating to taxation; modifying the Minnesota rural preserve property tax program; amending Minnesota Statutes 2010, section 273.114, subdivisions 2, 5, 6; repealing Minnesota Statutes 2010, section 273.114, subdivision 1.

Referred to the Committee on Taxes.



**Senator Robling introduced–**

**S.F. No. 299:** A bill for an act relating to commerce; clarifying an exclusion to home solicitation sales regulation; amending Minnesota Statutes 2010, section 325G.06, subdivision 2.

Referred to the Committee on Commerce and Consumer Protection.

**Senators Bonoff and Rosen introduced–**

**S.F. No. 300:** A bill for an act relating to economic development; establishing a Minnesota science and technology program; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 116W.

Referred to the Committee on Jobs and Economic Growth.

**MOTIONS AND RESOLUTIONS**

Senator Ingebriigtsen moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Benson be shown as chief author to S.F. No. 89. The motion prevailed.

Senator Nienow moved that the name of Senator Vandever be added as a co-author to S.F. No. 147. The motion prevailed.

Senator Daley moved that the name of Senator Wiger be added as a co-author to S.F. No. 170. The motion prevailed.

**RECESS**

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

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

**CALL OF THE SENATE**

Senator Koch 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 Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 130, and repassed said bill in accordance with the report

of the Committee, so adopted.

House File No. 130 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted February 9, 2011

### CONFERENCE COMMITTEE REPORT ON H. F. NO. 130

A bill for an act relating to state government finance; making appropriation reductions for fiscal year 2011, policy changes, and appropriation reductions for fiscal years 2012 and 2013; making changes to tax aids and credits and reducing payments; amending Minnesota Statutes 2010, sections 256B.766; 270A.03, subdivision 7; 273.1384, subdivision 6, by adding a subdivision; 289A.02, subdivision 7; 289A.50, subdivision 1; 290.01, subdivisions 6, 19, 19a, 19c, 31; 290A.03, subdivisions 11, 13, 15; 290C.07; 477A.0124, by adding a subdivision; 477A.013, subdivision 9, by adding a subdivision; 477A.03; Laws 2010, First Special Session chapter 1, article 5, sections 4; 5; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 290.06, subdivision 23.

February 7, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

We, the undersigned conferees for H. F. No. 130 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 130 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### HIGHER EDUCATION

Section 1. Laws 2010, First Special Session chapter 1, article 5, section 4, is amended to read:

Sec. 4. **BOARD OF TRUSTEES OF THE  
MINNESOTA STATE COLLEGES AND  
UNIVERSITIES**

\$ -0- \$ (50,000,000)

\$2,079,000 of the reduction in 2011 is from the central offices and shared services unit appropriation. None of these reductions may be charged back or allocated to the campuses.

\$47,921,000 of the reduction in 2011 is from the operations and maintenance appropriation.

For fiscal years 2012 and 2013, the base for operations and maintenance is ~~\$580,802,000~~ \$532,881,000 each year.

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

Sec. 2. Laws 2010, First Special Session chapter 1, article 5, section 5, is amended to read:

**Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

|   |    |     |    |              |
|---|----|-----|----|--------------|
| Subdivision 1. <b>Total Appropriation</b> | \$ | -0- | \$ | (50,000,000) |
|---|----|-----|----|--------------|

The appropriation reductions for each purpose are shown in the following subdivisions.

|  |  |     |  |              |
|--|--|-----|--|--------------|
| Subd. 2. <b>Operations and Maintenance</b> |  | -0- |  | (44,606,000) |
|--|--|-----|--|--------------|

For fiscal years 2012 and 2013, the base for operations and maintenance is ~~\$578,370,000~~ \$533,764,000 each year.

**Subd. 3. Special Appropriations**

|  |  |     |  |             |
|--|--|-----|--|-------------|
| (a) <b>Agriculture and Extension Service</b> |  | -0- |  | (3,858,000) |
|--|--|-----|--|-------------|

|                            |  |     |  |           |
|----------------------------|--|-----|--|-----------|
| (b) <b>Health Sciences</b> |  | -0- |  | (389,000) |
|----------------------------|--|-----|--|-----------|

\$26,000 of the 2011 reduction is from the St. Cloud family practice residency program.

|                                    |  |     |  |           |
|------------------------------------|--|-----|--|-----------|
| (c) <b>Institute of Technology</b> |  | -0- |  | (102,000) |
|------------------------------------|--|-----|--|-----------|

|                           |  |     |  |           |
|---------------------------|--|-----|--|-----------|
| (d) <b>System Special</b> |  | -0- |  | (454,000) |
|---------------------------|--|-----|--|-----------|

|  |  |     |  |           |
|--|--|-----|--|-----------|
| (e) <b>University of Minnesota and Mayo Foundation Partnership</b> |  | -0- |  | (591,000) |
|--|--|-----|--|-----------|

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

**ARTICLE 2**

**HUMAN SERVICES**

Section 1. Minnesota Statutes 2010, section 256B.766, is amended to read:

**256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, ~~shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments~~ shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

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

**Sec. 2. DEPARTMENT OF HUMAN SERVICES**

|   | <b><u>APPROPRIATIONS</u></b>         |                               |
|---|--------------------------------------|-------------------------------|
|   | <b><u>Available for the Year</u></b> |                               |
|   | <b><u>Ending June 30</u></b>         |                               |
|   | <b><u>2012</u></b>                   | <b><u>2013</u></b>            |
| Subdivision 1. <b><u>Total Appropriation.</u></b> | <b><u>\$ (19,659,000)</u></b>        | <b><u>\$ (19,659,000)</u></b> |

The appropriation reductions for each purpose are shown in the following subdivisions. The appropriation reductions shown are to previously established general fund bases for the following programs.

**Subd. 2. Children and Economic Assistance Grants**

|  |                            |                            |
|--|----------------------------|----------------------------|
| (a) <b><u>Children and Community Services Grants</u></b> | <b><u>(13,659,000)</u></b> | <b><u>(13,659,000)</u></b> |
| (b) <b><u>General Assistance Grants</u></b>              | <b><u>(5,267,000)</u></b>  | <b><u>(5,267,000)</u></b>  |

**Emergency General Assistance.** This reduction is to reduce the general fund base for emergency general assistance in fiscal years 2012 and 2013.

(c) Minnesota Supplemental Aid Grants (733,000) (733,000)

**Emergency Minnesota Supplemental Aid.**

This reduction is to reduce the general fund base for emergency Minnesota supplemental aid in fiscal years 2012 and 2013.

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

**ARTICLE 3**

**2011 REDUCTIONS**

Section 1. **FISCAL YEAR 2011 REDUCTIONS.**

(a) By March 31, 2011, the commissioner of management and budget must allocate a reduction of \$100,000,000 for the fiscal year ending June 30, 2011, to general fund appropriations made to executive branch agencies as defined in Minnesota Statutes, section 16A.011, subdivision 12a. Reductions in fiscal year 2011 appropriations cancel to the general fund. Executive branch agencies must cooperate with the commissioner of management and budget in developing and implementing these reductions.

(b) The commissioner may not reduce appropriations for:

(1) general education programs under Minnesota Statutes, section 126C.10, and special education programs under Minnesota Statutes, sections 125A.76 and 125A.79;

(2) enlistment incentives provided by the adjutant general;

(3) the state soldiers' assistance program under Minnesota Statutes, section 197.03;

(4) the county veterans service office grant program under Minnesota Statutes, section 197.608;

(5) the higher education grant program under Minnesota Statutes, section 136A.121;

(6) flood and tornado disaster relief in Laws 2010, Second Special Session chapter 1, article 1, section 3, and article 2, section 3, for use by the commissioner of public safety;

(7) local government flood relief grants in Laws 2010, Second Special Session chapter 1, article 1, section 5;

(8) the job skills partnership program under Minnesota Statutes, chapter 116L;

(9) the vocational rehabilitation program under Minnesota Statutes, chapter 268A; and

(10) the facilities division of the Department of Corrections.

The commissioner may not further reduce appropriations to the Board of Trustees of the Minnesota State Colleges and Universities or to the Board of Regents of the University of Minnesota below the reduction in Laws 2010, First Special Session chapter 1, article 5, sections 4 and 5. In allocating the reductions the commissioner must consider appropriation amounts carried forward from fiscal 2010 into fiscal year 2011. The commissioner must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee

regarding the amount of reductions in spending by each agency and program under this section.

(c) Reductions in this section apply to fiscal year 2011 only.

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

**Sec. 2. REDUCTIONS, LEGISLATURE, CONSTITUTIONAL OFFICERS.**

Subdivision 1. **Reductions.** Appropriations for fiscal year 2011 made in Laws 2009, chapter 101, article 1, are reduced by the amount listed in this section. Reductions in this section apply to fiscal year 2011 only.

Subd. 2. **Senate.** \$72,000.

Subd. 3. **House of representatives.** \$96,000.

Subd. 4. **State auditor.** \$41,000.

Subd. 5. **Attorney general.** \$500,000.

Subd. 6. **Secretary of state.** \$127,000.

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

**ARTICLE 4**

**TAX AIDS AND CREDITS**

Section 1. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

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

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

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

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

Sec. 2. Minnesota Statutes 2010, section 273.1384, subdivision 6, is amended to read:

Subd. 6. **Credit reduction; towns.** In 2011 and each year thereafter, the market value credit reimbursement amount for each ~~taxing jurisdiction town~~ determined under this section is reduced by the dollar amount of the reduction in market value credit reimbursements for that ~~taxing jurisdiction town~~ in 2010 due to the reductions under section 477A.0133. No ~~taxing jurisdiction's town's~~ market value credit reimbursements are reduced to less than zero under this subdivision. The commissioner of revenue shall pay the annual market value credit reimbursement amounts, after reduction under this subdivision, to the affected ~~taxing jurisdictions~~ towns as provided in this section.

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

Sec. 3. Minnesota Statutes 2010, section 273.1384, is amended by adding a subdivision to read:

Subd. 7. **Credit reductions and limitation; counties and cities.** (a) In 2011 and 2012, the market value credit reimbursement payment to each county and city authorized under subdivision 4 may not exceed the reimbursement payment received by the county or city for taxes payable in 2010.

(b) In 2013 and each year thereafter, the market value credit reimbursement amount for each city and county determined under this section is reduced by the dollar amount of the reduction in market value credit reimbursements for that city or county in 2010 due to the reductions under section 477A.0133. No taxing jurisdiction's market value credit reimbursements are reduced to less than zero under this subdivision. The commissioner of revenue shall pay the annual market value credit reimbursement amounts, after reduction under this subdivision, to the affected city or county as provided in this section.

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

Sec. 4. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

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

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes a claim for refund.

(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding, estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered

an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also considered an overpayment.~~ The requirements of section 270C.33 do not apply to the refunding of such an overpayment shown on the original return filed by a taxpayer.

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

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

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

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

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

Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

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

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

Sec. 6. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means ~~19~~ <sup>15</sup> percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

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

Sec. 7. Minnesota Statutes 2010, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct



any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~49~~ 15 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

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

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

Sec. 8. Minnesota Statutes 2010, section 290C.07, is amended to read:

**290C.07 CALCULATION OF INCENTIVE PAYMENT.**

An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment. The payment shall equal ~~the greater of:~~

~~(1) the difference between the property tax that would be paid on the land using the previous year's statewide average total township tax rate and a class rate of one percent, if the land were valued at (i) the average statewide managed forest land market value per acre calculated under section 290C.06, and (ii) the average statewide managed forest land current use value per acre calculated under section 290C.02, subdivision 5; or~~

~~(2) two thirds of the property tax amount determined by using the previous year's statewide average total township tax rate, the estimated market value per acre as calculated in section 290C.06, and a class rate of one percent, provided that the payment shall be no less than \$7 \$7.75 per acre for each acre enrolled in the sustainable forest incentive program.~~

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

Sec. 9. Minnesota Statutes 2010, section 477A.0124, is amended by adding a subdivision to read:

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

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

Sec. 10. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in ~~2011~~ 2013 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in ~~2010~~ 2011 under this section ~~minus the amount of its aid reduction under section 477A.0134~~. For aids payable in 2012 2014 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

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

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

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

Sec. 11. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

Subd. 11. **Aid payments in 2011 and 2012.** Notwithstanding aids calculated or certified for 2011 under subdivision 9, for 2011 and 2012, each city shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, and reduced by the amount of payments made under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9. In 2011 only, a city that qualifies for the aid base

adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011. In 2012, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011, minus the aid base adjustment provided under section 477A.011, subdivision 36, paragraph (aa).

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

Sec. 12. Minnesota Statutes 2010, section 477A.03, is amended to read:

**477A.03 APPROPRIATION.**

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

Subd. 2a. **Cities.** For aids payable in ~~2011~~ 2013 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$527,100,646.

Subd. 2b. **Counties.** (a) For aids payable in ~~2011~~ 2013 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$96,395,000. Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2011~~ 2013 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$101,309,575. The commissioner of management and budget shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of management and budget and the commissioner of education for the preparation of local impact notes.

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

Sec. 13. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

In administering sections 6 and 7 for claims for refunds submitted using 19 percent of gross rent as rent constituting property taxes under prior law, the commissioner shall recalculate and pay the refund amounts using 15 percent of gross rent. The commissioner shall notify the claimant that the recalculation was mandated by action of the 2011 Legislature.

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

Sec. 14. **REPEALER.**

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

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

**EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for refund claims based on contributions made after June 30, 2011.

## ARTICLE 5

### FEDERAL UPDATE

Section 1. Minnesota Statutes 2010, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, for taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~March 18, 2010~~ September 27, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 17, 2010.

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

Sec. 2. Minnesota Statutes 2010, 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 the federal effective dates of changes to the Internal Revenue Code and 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 ~~March 18, 2010~~ September 27, 2010, shall be in effect for taxable years beginning after December 31, 1996. The provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable cash contributions for the relief of victims of the Haitian earthquake, are effective at the same time it became effective for federal purposes and apply to the subtraction under subdivision 19b, clause (6).

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year. For taxable years beginning after December 31, 2009, and before January 1, 2011, the provisions of the act of December 17, 2010, Public Law 111-312, are effective at the same time they became effective for federal purposes.

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

Sec. 3. Minnesota Statutes 2010, section 290.01, subdivision 19a, is amended to read:

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

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

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

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

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

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of

Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

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

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

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

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

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

(8) for taxable years beginning before January 1, 2011, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(12) the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code.

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

Sec. 4. Minnesota Statutes 2010, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

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

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) for taxable years beginning before January 1, 2011, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(18) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(20) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;



- (iii) royalty, patent, technical, and copyright fees;
- (iv) licensing fees; and
- (v) other similar expenses and costs.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(21) except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

- (i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;
- (ii) income from factoring transactions or discounting transactions;
- (iii) royalty, patent, technical, and copyright fees;
- (iv) licensing fees; and
- (v) other similar income.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(22) the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation;

(23) the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States;

(24) the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable

income; and

(25) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, for taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~March 18, 2010~~ September 27, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 17, 2010. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

**EFFECTIVE DATE.** This section is effective the day following final enactment except that the changes incorporated by federal changes are effective at the same time as the changes were effective for federal purposes.

Sec. 6. Minnesota Statutes 2010, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** For taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~March 18, 2010~~ September 27, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 17, 2010.

**EFFECTIVE DATE.** This section is effective for property tax refunds based on property taxes payable on or after December 31, 2010, and rent paid on or after December 31, 2009.

Sec. 7. **CORRECTED FORM W-2 NOT REQUIRED.**

Employers who have prepared and distributed form W-2, wage and tax statement, for tax year 2010, that reported to employees the amount of health coverage provided to adult children under age 27 includable in net income under prior law, are not required to prepare and distribute corrected tax year 2010 form W-2.

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

Delete the title and insert:

"A bill for an act relating to state government finance; making appropriation reductions for fiscal year 2011, policy changes, and appropriation reductions for fiscal years 2012 and 2013; making changes to tax aids and credits and reducing payments; conforming to certain changes in the Internal Revenue Code; amending Minnesota Statutes 2010, sections 256B.766; 270A.03, subdivision 7; 273.1384, subdivision 6, by adding a subdivision; 289A.02, subdivision 7; 289A.50, subdivision 1; 290.01, subdivisions 6, 19, 19a, 19c, 31; 290A.03, subdivisions 11, 13, 15; 290C.07; 477A.0124, by adding a subdivision; 477A.013, subdivision 9, by adding a subdivision; 477A.03; Laws 2010, First Special Session chapter 1, article 5, sections 4; 5; repealing Minnesota Statutes 2010, sections

10A.322, subdivision 4; 13.4967, subdivision 2; 290.06, subdivision 23."

We request the adoption of this report and repassage of the bill.

House Conferees: Mary Liz Holberg, Greg Davids, Jim Abeler, Bob Dettmer, Bob Gunther

Senate Conferees: Claire A. Robling, Mike Parry, David W. Hann, Julianne E. Ortman, Michelle L. Fischbach

Senator Robling moved that the foregoing recommendations and Conference Committee Report on H.F. No. 130 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Reinert moved that the recommendations and Conference Committee Report on H.F. No. 130 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Senator Bakk imposed a call of the Senate for the balance of the proceedings on H.F. No. 130. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 28 and nays 37, as follows:

Those who voted in the affirmative were:

|          |            |            |         |            |
|----------|------------|------------|---------|------------|
| Anderson | Goodwin    | Latz       | Rest    | Sparks     |
| Bakk     | Harrington | Lourey     | Saxhaug | Stumpf     |
| Berglin  | Higgins    | Marty      | Scheid  | Torres Ray |
| Bonoff   | Kelash     | Pappas     | Sheran  | Wiger      |
| Cohen    | Kubly      | Pogemiller | Sieben  |            |
| Dibble   | Langseth   | Reinert    | Skoe    |            |

Those who voted in the negative were:

|             |              |           |          |            |
|-------------|--------------|-----------|----------|------------|
| Benson      | Gazelka      | Jungbauer | Nelson   | Rosen      |
| Brown       | Gerlach      | Koch      | Newman   | Senjem     |
| Carlson     | Gimse        | Kruse     | Nienow   | Thompson   |
| Chamberlain | Hall         | Lillie    | Olson    | Vanderveer |
| Dahms       | Hann         | Limmer    | Ortman   | Wolf       |
| Daley       | Hoffman      | Magnus    | Parry    |            |
| DeKruif     | Howe         | Michel    | Pederson |            |
| Fischbach   | Ingebrigtsen | Miller    | Robling  |            |

The motion did not prevail.

The question recurred on the adoption of the Robling motion.

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

|             |           |         |              |           |
|-------------|-----------|---------|--------------|-----------|
| Benson      | Dahms     | Gazelka | Hann         | Jungbauer |
| Brown       | Daley     | Gerlach | Hoffman      | Koch      |
| Carlson     | DeKruif   | Gimse   | Howe         | Kruse     |
| Chamberlain | Fischbach | Hall    | Ingebrigtsen | Lillie    |

|        |        |          |          |      |
|--------|--------|----------|----------|------|
| Limmer | Nelson | Ortman   | Rosen    | Wolf |
| Magnus | Newman | Parry    | Senjem   |      |
| Michel | Nienow | Pederson | Thompson |      |
| Miller | Olson  | Robling  | Vandever |      |

Those who voted in the negative were:

|          |            |            |         |            |
|----------|------------|------------|---------|------------|
| Anderson | Goodwin    | Latz       | Rest    | Sparks     |
| Bakk     | Harrington | Lourey     | Saxhaug | Stumpf     |
| Berglin  | Higgins    | Marty      | Scheid  | Torres Ray |
| Bonoff   | Kelash     | Pappas     | Sheran  | Wiger      |
| Cohen    | Kubly      | Pogemiller | Sieben  |            |
| Dibble   | Langseth   | Reinert    | Skoe    |            |

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 130 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

|             |              |           |          |          |
|-------------|--------------|-----------|----------|----------|
| Benson      | Gazelka      | Jungbauer | Nelson   | Rosen    |
| Brown       | Gerlach      | Koch      | Newman   | Senjem   |
| Carlson     | Gimse        | Kruse     | Nienow   | Thompson |
| Chamberlain | Hall         | Lillie    | Olson    | Vandever |
| Dahms       | Hann         | Limmer    | Ortman   | Wolf     |
| Daley       | Hoffman      | Magnus    | Parry    |          |
| DeKruif     | Howe         | Michel    | Pederson |          |
| Fischbach   | Ingebrigtsen | Miller    | Robling  |          |

Those who voted in the negative were:

|          |            |            |         |            |
|----------|------------|------------|---------|------------|
| Anderson | Goodwin    | Latz       | Rest    | Sparks     |
| Bakk     | Harrington | Lourey     | Saxhaug | Stumpf     |
| Berglin  | Higgins    | Marty      | Scheid  | Torres Ray |
| Bonoff   | Kelash     | Pappas     | Sheran  | Wiger      |
| Cohen    | Kubly      | Pogemiller | Sieben  |            |
| Dibble   | Langseth   | Reinert    | Skoe    |            |

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated S.F. No. 56 a Special Order to be heard immediately.

### SPECIAL ORDER

**S.F. No. 56:** A bill for an act relating to education; providing school district budget relief; amending Minnesota Statutes 2010, section 126C.44; repealing Minnesota Statutes 2010, sections 122A.61; 123B.05.

Senator Stumpf moved to amend S.F. No. 56 as follows:

Page 2, after line 20, insert:

**"Sec. 2. RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2012 and 2013 only, a school district or charter school may use revenue reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5."

Page 4, delete section 3 and insert:

**"Sec. 4. REPEALER.**

Minnesota Statutes 2010, section 123B.05, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

|          |            |          |         |            |
|----------|------------|----------|---------|------------|
| Anderson | Gerlach    | Langseth | Rest    | Sparks     |
| Bakk     | Goodwin    | Latz     | Saxhaug | Stumpf     |
| Berglin  | Harrington | Lourey   | Scheid  | Torres Ray |
| Bonoff   | Higgins    | Marty    | Sheran  | Wiger      |
| Cohen    | Kelash     | Pappas   | Sieben  |            |
| Dibble   | Kubly      | Reinert  | Skoe    |            |

Those who voted in the negative were:

|             |              |        |          |            |
|-------------|--------------|--------|----------|------------|
| Benson      | Gazelka      | Koch   | Newman   | Senjem     |
| Brown       | Gimse        | Kruse  | Nienow   | Thompson   |
| Carlson     | Hall         | Lillie | Olson    | Vanderveer |
| Chamberlain | Hann         | Limmer | Ortman   | Wolf       |
| Dahms       | Hoffman      | Magnus | Parry    |            |
| Daley       | Howe         | Michel | Pederson |            |
| DeKruif     | Ingebrigtsen | Miller | Robling  |            |
| Fischbach   | Jungbauer    | Nelson | Rosen    |            |

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

Senator Berglin moved to amend S.F. No. 56 as follows:

Page 3, after line 3, insert:

"(c) This subdivision does not apply to any special education paraprofessional who earns less than \$19,800 per year, or any school lunch service employee who earns less than \$12 per hour or less than \$11,000 per year."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

|          |            |         |         |            |
|----------|------------|---------|---------|------------|
| Anderson | Goodwin    | Latz    | Saxhaug | Stumpf     |
| Bakk     | Harrington | Lourey  | Scheid  | Torres Ray |
| Berglin  | Higgins    | Marty   | Sheran  | Wiger      |
| Bonoff   | Kelash     | Pappas  | Sieben  |            |
| Cohen    | Kubly      | Reinert | Skoe    |            |
| Dibble   | Langseth   | Rest    | Sparks  |            |

Those who voted in the negative were:

|             |              |           |          |          |
|-------------|--------------|-----------|----------|----------|
| Benson      | Gazelka      | Jungbauer | Nelson   | Rosen    |
| Brown       | Gerlach      | Koch      | Newman   | Senjem   |
| Carlson     | Gimse        | Kruse     | Nienow   | Thompson |
| Chamberlain | Hall         | Lillie    | Olson    | Vandever |
| Dahms       | Hann         | Limmer    | Ortman   | Wolf     |
| Daley       | Hoffman      | Magnus    | Parry    |          |
| DeKruif     | Howe         | Michel    | Pederson |          |
| Fischbach   | Ingebrigtsen | Miller    | Robling  |          |

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

Senator Bakk moved to amend S.F. No. 56 as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2010, section 43A.17, subdivision 9, is amended to read:

Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, ~~excluding a school district,~~ may not exceed 110 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) must be adjusted annually in January. The limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which must be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which must not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation

expenses paid during the initial year of employment.

The value of other forms of compensation is the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation must be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all contracts entered into after March 1, 2011."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Hann questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Bakk appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

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

Those who voted in the affirmative were:

|             |              |           |          |            |
|-------------|--------------|-----------|----------|------------|
| Benson      | Gazelka      | Jungbauer | Miller   | Robling    |
| Brown       | Gerlach      | Koch      | Nelson   | Rosen      |
| Carlson     | Gimse        | Kruse     | Newman   | Scheid     |
| Chamberlain | Hall         | Kubly     | Nienow   | Senjem     |
| Dahms       | Hann         | Lillie    | Olson    | Thompson   |
| Daley       | Hoffman      | Limmer    | Ortman   | Torres Ray |
| DeKruif     | Howe         | Magnus    | Parry    | Vandever   |
| Fischbach   | Ingebrigtsen | Michel    | Pederson | Wolf       |

Those who voted in the negative were:

|          |        |            |          |        |
|----------|--------|------------|----------|--------|
| Anderson | Bonoff | Goodwin    | Kelash   | Lourey |
| Bakk     | Cohen  | Harrington | Langseth | Marty  |
| Berglin  | Dibble | Higgins    | Latz     | Pappas |

Reinert  
Rest

Saxhaug  
Sheran

Sieben  
Skoe

Sparks  
Stumpf

Wiger

So the decision of the President was sustained.

Senator Wiger moved to amend S.F. No. 56 as follows:

Page 1, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson  
Bakk  
Berglin  
Bonoff  
Cohen  
Dibble

Goodwin  
Harrington  
Higgins  
Kelash  
Kubly  
Langseth

Latz  
Limmer  
Lourey  
Marty  
Pappas  
Reinert

Rest  
Saxhaug  
Scheid  
Sheran  
Sieben  
Skoe

Sparks  
Stumpf  
Torres Ray  
Wiger

Those who voted in the negative were:

Benson  
Brown  
Carlson  
Chamberlain  
Dahms  
Daley  
DeKruif  
Fischbach

Gazelka  
Gerlach  
Gimse  
Hall  
Hann  
Hoffman  
Howe  
Ingebrigtsen

Jungbauer  
Koch  
Kruse  
Lillie  
Magnus  
Michel  
Miller  
Nelson

Newman  
Nienow  
Olson  
Ortman  
Parry  
Pederson  
Robling  
Rosen

Senjem  
Thompson  
Vandever  
Wolf

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

Senator Scheid moved to amend S.F. No. 56 as follows:

Page 3, after line 3, insert:

"Subd. 2. **Savings use.** Any savings from this section must be used to maintain or reduce class size in kindergarten through grade 12. School districts are encouraged to focus savings in the elementary grades.

Subd. 3. **Prohibition.** From the effective date of this section through June 30, 2013, a school district or charter school must not increase the number of supervisory personnel under Minnesota Statutes, section 122A.15, subdivision 2, employed or contracted for employment with a school district or charter school."

Renumber the subdivisions in sequence and correct the internal references

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:



|          |            |         |         |            |
|----------|------------|---------|---------|------------|
| Anderson | Goodwin    | Latz    | Saxhaug | Stumpf     |
| Bakk     | Harrington | Lourey  | Scheid  | Torres Ray |
| Berglin  | Higgins    | Marty   | Sheran  | Wiger      |
| Bonoff   | Kelash     | Pappas  | Sieben  |            |
| Cohen    | Kubly      | Reinert | Skoe    |            |
| Dibble   | Langseth   | Rest    | Sparks  |            |

Those who voted in the negative were:

|             |              |           |          |          |
|-------------|--------------|-----------|----------|----------|
| Benson      | Gazelka      | Jungbauer | Nelson   | Rosen    |
| Brown       | Gerlach      | Koch      | Newman   | Senjem   |
| Carlson     | Gimse        | Kruse     | Nienow   | Thompson |
| Chamberlain | Hall         | Lillie    | Olson    | Vandever |
| Dahms       | Hann         | Limmer    | Ortman   | Wolf     |
| Daley       | Hoffman      | Magnus    | Parry    |          |
| DeKruif     | Howe         | Michel    | Pederson |          |
| Fischbach   | Ingebrigtsen | Miller    | Robling  |          |

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

S.F. No. 56 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 36 and nays 29, as follows:

Those who voted in the affirmative were:

|             |              |           |          |          |
|-------------|--------------|-----------|----------|----------|
| Benson      | Gazelka      | Jungbauer | Nelson   | Senjem   |
| Brown       | Gerlach      | Koch      | Nienow   | Thompson |
| Carlson     | Gimse        | Kruse     | Olson    | Vandever |
| Chamberlain | Hall         | Lillie    | Ortman   | Wolf     |
| Dahms       | Hann         | Limmer    | Parry    |          |
| Daley       | Hoffman      | Magnus    | Pederson |          |
| DeKruif     | Howe         | Michel    | Robling  |          |
| Fischbach   | Ingebrigtsen | Miller    | Rosen    |          |

Those who voted in the negative were:

|          |            |            |         |            |
|----------|------------|------------|---------|------------|
| Anderson | Goodwin    | Latz       | Reinert | Skoe       |
| Bakk     | Harrington | Lourey     | Rest    | Sparks     |
| Berglin  | Higgins    | Marty      | Saxhaug | Stumpf     |
| Bonoff   | Kelash     | Newman     | Scheid  | Torres Ray |
| Cohen    | Kubly      | Pappas     | Sheran  | Wiger      |
| Dibble   | Langseth   | Pogemiller | Sieben  |            |

So the bill passed and its title was agreed to.

### MEMBERS EXCUSED

Senator Tomassoni was excused from the Session of today. Senator Saxhaug was excused from the Session of today from 11:15 a.m. to 12:30 p.m. Senator Metzen was excused from the Session of today at 12:00 noon. Senator Pogemiller was excused from the Session of today from 2:45 to 3:15 p.m.

### ADJOURNMENT

Senator Koch moved that the Senate do now adjourn until 11:00 a.m., Monday, February 14, 2011. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

