

SESSION LAWS
of the
STATE OF MINNESOTA

**ENACTED AT THE EXTRA SESSION OF THE STATE
LEGISLATURE FROM THE TIME OF RECONVENING
ON OCTOBER 12, 1971 TO THE TIME OF
ADJOURNMENT ON OCTOBER 30, 1971**

†

EXTRA SESSION
CHAPTER 31—H.F.No.262

[Coded in Part]

An act relating to the organization, operation, and financing of state and local government; appropriating money therefor; amending Minnesota Statutes 1969, Chapters 6, 124, 275 and 298, by adding sections; and Sections 122.45, by adding a subdivision; 124.03, by adding a subdivision; 124.04; 124.09; 124.10, Subdivision 3; 124.11; 124.13; 124.17, as amended; 124.215, by adding a subdivision; 124.22, Subdivision 3, as amended; 124.28, Subdivision 3; 168.013, Subdivision 1, as amended; 270.075, Subdivision 1; 272.02, as amended; 272.03, Subdivision 1; 273.12, as amended; 273.13, Subdivisions 4, 7, 9, 13, 14, and 17, as amended, and by adding subdivisions; 273.134; 273.135, as amended; 273.41; 290.06, Subdivisions 1 and 2b, as amended, and 3b, and by adding a subdivision; 290.0601, Subdivisions 6, 8, and 9; 290.0607; 290.0608; 290.09, Subdivision 4, and by adding a subdivision; 290.18, Subdivision 2; 290.361, Subdivisions 2 and 4, as amended; 290.62; 290.92, by adding a subdivision; 290.983, Subdivision 1; 291.09, Subdivision 3; 291.11, Subdivision 1; 291.15; 291.18; 291.35; 294.28; 297.02, Subdivision 1, as amended; 297.03, Subdivision 5; 297.13, Subdivision 1; 297.22, Subdivision 1; 297A.01, Subdivision 3; 297A.02; 297A.03, Subdivision 2; 297A.14, as amended; 297A.25, Subdivision 1, as amended; 297A.51; 297A.57; 298.01, Subdivisions 1 and 2; 298.02, Subdivision 1; 298.25; 298.27; 298.28; 299.01; 298.32; 298.39; 298.396; 299.012, Subdivision 1; 340.47, Subdivisions 1 and 2; 340.60, Subdivision 2; 352.041, Subdivision 5; 353.28, Subdivision 8; 355.299; 393.01, Subdivision 4; 471.61, Subdivision 1, as amended, and 2a; 474.01, Subdivision 5; 474.02, Subdivisions 1 and 2; 474.04; 474.05, and 474.06; Laws 1969, Chapter 857, Section 2; Laws 1971, Chapters 736, Section 1; 853, Sections 2 and 3, and 918, by adding a section; repealing Minnesota Statutes 1969, Chapters 286 and 289; Sections 122.45, Subdivision 3; 124.211; 124.215, Subdivisions 1, as amended, and 2; 124.51; 273.13, Subdivision 5, as amended and 15; 273.69; 275.12; 275.123; 290.06, Subdivision 2; 290.0613; 297.221; 297A.51 to 297A.60; 298.011, as amended; 298.025; 298.41; 298.42; 298.43; 298.44; 298.45; 299.011, as amended; 290.06, Subdivisions 4 and 6, as amended; 290.0613; 290.361, Subdivisions 6 and 7, as amended; 340.47, Subdivisions 3, 4, 5, as amended, and 6; and Laws 1959, Chapter 462, Section 6, as amended; Laws 1961, Chapter 444; Laws 1965, Chapters 240; and 705, Section 1, Subdivisions 12, 13, 14, 15, 16, and 17, as amended; and Laws 1969, Chapter 699, Section 2.

Be it enacted by the Legislature of the State of Minnesota:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

ARTICLE I

Section 1. Minnesota Statutes 1969, Section 297A.01, Subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanatoriums, nursing homes or senior citizens homes, meals and lunches served at public and private schools, universities or colleges, or the occasional meal thereof by a charitable or church organization;

(d) The granting of the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service and intrastate toll service except such service provided by means of coin operated telephones, including Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause .

Sec. 2. Minnesota Statutes 1969, Section 297A.02, is amended to read:

297A.02 IMPOSITION OF TAX. Except as otherwise provided in this article, there is hereby imposed an excise tax of ~~three~~ four percent of the gross receipts of ~~any person~~ from sales at retail, as hereinbefore defined, made by any person in this state after ~~July 31, 1967~~ October 31, 1971 . ~~In no case shall the tax imposed hereby upon the seller exceed the amount of tax which he is authorized and required by law to collect from the purchaser.~~

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Notwithstanding the foregoing, the tax imposed hereby upon sales at retail through coin-operated vending machines shall be three percent of the gross receipts of such sales.

Sec. 3. Minnesota Statutes 1969, Section 297A.03, Subdivision 2, is amended to read:

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one half of one cent may be disregarded and amounts of tax if one half cent or more may be considered an additional cent. If the sales price of any sale at retail is ~~16~~ 12 cents or less, no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Sec. 4. Minnesota Statutes 1969, Section 297A.14, as amended by Laws 1971, Chapter 430, Section 1, is amended to read:

297A.14 USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES. For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of ~~three~~ four percent of the sales price of sales at retail of any of the aforementioned items made to such person after ~~July 31, 1967~~ October 31, 1971, unless the tax imposed by section 297A.02 was paid on said sales price.

Motor vehicles subject to tax under this section shall be taxed at the fair market value at the time of transport into Minnesota if such motor vehicles were acquired more than three months prior to its transport into this state.

Sec. 5. Minnesota Statutes 1969, Section 297A.25, Subdivision 1, as amended by Laws 1971, Chapter 123, Section 1; Laws 1971, Chapter 124, Section 1; and Laws 1971, Chapter 740, Section 2, is amended to read:

297A.25 EXEMPTIONS. Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish

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and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property, the ultimate destination of which is outside the state of Minnesota and which is not thereafter returned to a point within Minnesota except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of Minnesota Statutes 1965, Chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed

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by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocket-books, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and road building. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except paper or ink products) which is used or consumed ~~in or becomes an ingredient or component part of producing~~ any publication regularly issued at average intervals not exceeding three months, ~~and any such publication~~. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not ~~included within this exemption~~ exempt ;

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(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or ~~the~~ a state of ~~Minnesota~~ and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

~~—(l) The gross receipts from sales of tangible personal property to, and the storage, use or other consumption of such property by persons taxed on the gross earnings basis in lieu of ad valorem taxes under the provisions of Minnesota Statutes 1965, Chapters 294 and 295, and by persons taxed for ad valorem tax purposes under the in lieu provisions of Minnesota Statutes 1965, Chapter 298; provided, however, that the exclusion granted to persons taxed under the provisions of chapter 298, shall not apply to machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture, supplies, fixtures and other tangible items purchased for the purposes of administration, including, but not limited to, management, accounting, advertising, industrial and public relations functions;~~

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

~~—(m) The gross receipts from sales of tangible personal property to, and the storage, use, or other consumption of such property by persons taxed under the provisions of Minnesota Statutes 1965, Sections 270.071 to 270.079, inclusive;~~

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of Minnesota Statutes 1969, Sections 270.071 to 270.079, inclusive. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

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(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of Minnesota Statutes 1969, Chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

~~(n)~~ (p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes;

~~(o)~~ (q) The gross receipts from the sale of caskets and burial vaults;

~~(p)~~ (r) The gross receipts from the sale of cigarettes.

~~(q)~~ (s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

~~(q)~~ (t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 1 of Laws 1971, Chapter 740, if the aircraft is resold while the permit is in effect.

~~(r)~~ (u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of taxation filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

Sec. 6. The increase in tax levied by this article shall not apply to the gross receipts from sales at retail made pursuant to bona fide written contracts, nor to lump sum or fixed price construction contracts which unconditionally vest the rights and obligations of the parties thereto and which do not make provision for allocation of future taxes; provided that such contracts were

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enforceable prior to November 1, 1971; and further provided that (1) in the case of construction contracts the delivery of tangible personal property used in performing such construction contract is made on or prior to November 1, 1972, and (2) in the case of all other contracts subject to this section the delivery of tangible personal property subject thereto is made on or prior to December 15, 1971.

Sec. 7. Minnesota Statutes 1969, Section 297A.51, is amended to read:

297A.51 DISTRIBUTION OF TAX PROCEEDS. One-fourth of the sum of the revenues transferred to the general fund pursuant to section 297.13, subdivision 1, plus the amount which the tax imposed by sections 297A.01 to 297A.44 raises annually shall be distributed to townships, cities, villages, boroughs, counties and school districts as provided in sections 297A.51 to 297A.60. This section shall not apply to any distributions made after the calendar year 1971.

Sec. 8. Except as otherwise provided herein, sections 1 to 7 are effective as to all sales made after October 31, 1971.

Sec. 9. Laws 1971, Chapter 853, Section 2, is amended to read:

Sec. 2. **[297B.02] TAX IMPOSED.** There is hereby imposed an excise tax at the rate ~~of three percent~~ provided in Minnesota Statutes, Chapter 297A on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

Sec. 10. Laws 1971, Chapter 853, Section 3, is amended to read:

Sec. 3. **[297B.03] EXEMPTIONS.** There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use of any motor vehicle by any person described in and subject to the conditions provided in Minnesota Statutes, Section 297A.25, Subdivision 1, Clauses (j), ~~(l)~~, ~~(m)~~, ~~(n)~~ and ~~(q)~~ (p) and (s).

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person moved his residence to the state of Minnesota.

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(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of Laws 1971, Chapter 115.

Sec. 11. The provisions of sections 9 and 10 shall be effective January 1, 1972.

ARTICLE II

Section 1. Minnesota Statutes 1969, Section 297.02, Subdivision 1, as amended by Laws 1971, Chapter 428, Section 1, is amended to read:

297.02 TAX ON CIGARETTES. Subdivision 1. **RATES.** A tax is hereby imposed upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor thereof, at the following rates, subject to the discount provided in section 297.03:

(1) On cigarettes weighing not more than three pounds per thousand, ~~six and one half~~ nine mills on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, ~~13~~ 18 mills on each such cigarette.

Sec. 2. Minnesota Statutes 1969, Section 297.03, Subdivision 5, is amended to read:

Subd. 5. **SALE OF STAMPS.** The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~2.75~~ 2.50 percent from the face amount of the stamps for the first ~~\$206,250~~ \$500,000 of such stamps purchased in any fiscal year; and at a discount of ~~two~~ 2.0 percent on the next ~~\$500,000~~ \$500,000 of such stamps purchased in any fiscal year; and at a discount of 1.50 percent for all additional stamps purchased in any fiscal year. He shall not sell stamps to any other person.

Sec. 3. Minnesota Statutes 1969, Section 297.13, Subdivision 1, is amended to read:

297.13 REVENUE, DISPOSAL. Subdivision 1. **CIGARETTE TAX APPORTIONMENT FUND.** ~~Eight and three-tenths~~ Notwithstanding any other provisions of law, for all periods beginning after the date of final enactment of this act, the provisions of this section shall be applicable. Five and one-half percent of the revenues received from taxes, penalties and interest under sections 297.01 to 297.13 shall be deposited by the commissioner of taxation in the ~~state treasury~~ general fund and credited to a special ~~fund~~ account to be known as the "natural resources ~~fund~~ account," which is hereby created. Expenditures shall be made from said

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fund account only as may be authorized by law to carry out the provisions of this act and in conformance with the provisions of chapter 16 ~~and any act amendatory thereof~~. Five and one-half percent shall be deposited in the general fund and credited to the "natural resources acceleration" account for the purposes provided in Laws 1969, Chapter 879, Section 4. Until January 1, 1972, an additional ~~8.3~~ 5.5 percent of the revenues received from taxes, penalties and interest under sections 297.01 to 297.13 shall be deposited by the commissioner of taxation in the general fund and said amount shall be considered for the purposes of section 297A.51 as if the tax were imposed by sections 297A.01 to 297A.44. The balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner in the ~~state treasury~~ general fund and credited ~~18~~ 11.9 percent to a special ~~fund~~ account to be known as the "Cigarette Tax Apportionment ~~Fund~~ Account," which ~~fund~~ account is hereby created, but in no event shall the amount credited to the ~~fund~~ account be less than that credited to such ~~fund~~ account in the fiscal year beginning July 1, 1968 and ending June 30, 1969, and the balance to the general fund. The revenues in the apportionment ~~fund~~ account shall be apportioned as provided in subdivision 2 to the several counties, cities, villages and boroughs in this state, and the term "village" as used herein shall include those towns which have village powers as defined in section 368.01. In computing the population of counties, cities, villages and boroughs the state auditor shall add increases in population disclosed by reason of any special census conducted under subdivision 7 to the population of the political subdivision conducting the census and to the population of the county in which the political subdivision is located. Each county, city, village, and borough shall receive from the apportionment ~~fund~~ account an amount bearing the same relation to the total amount to be apportioned as its population bears to the total population of all the counties, cities, villages and boroughs in this state; except, that for the purposes of sections 297.01 to 297.13, the population of a county shall be that part of its population exclusive of the population of the several cities, villages and boroughs within the county.

Sec. 4. Minnesota Statutes 1969, Section 297.22, Subdivision 1, is amended to read:

297.22 TAX. Subdivision 1. A tax is hereby imposed upon the use or storage by consumers of cigarettes in this state, and upon such consumers, at the following rates:

(1) On cigarettes weighing not more than three pounds per thousand, ~~six~~ nine mills on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, ~~12~~ 18 mills on each such cigarette.

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Sec. 5. The increased tax rates imposed by this article are in effect from and after its final enactment.

Sec. 6. Minnesota Statutes 1969, Section 297.221, is repealed.

ARTICLE III

Section 1. Minnesota Statutes 1969, Section 291.09, Subdivision 3, is amended to read:

Subd. 3. Where any inheritance tax return required by the preceding provisions of this section has not been filed within ~~18~~ 12 months after the decedent's death, the commissioner may make and file such return including a computation of the tax resulting from the transfers therein reported and at the time of such filing shall mail copies of such return to the representative, if any, and to each person from whom any portion of such tax is due. Such return may be objected to and a hearing held on such objections in the manner elsewhere provided in this section where the return is not made by the commissioner.

Sec. 2. Minnesota Statutes 1969, Section 291.11, Subdivision 1, is amended to read:

291.11 TIME EFFECTIVE. Subdivision 1. **UPON DEATH; TIME OF ASSESSMENT.** (a) All taxes imposed by this chapter shall take effect at and upon the death of the person from whom the transfer is made and shall be due and payable at the expiration of ~~18~~ 12 months from such death, except as otherwise provided in this chapter.

(b) (A) False return — in the case of a false or fraudulent return with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(B) No return — in the case of failure to file a return, the tax may be assessed at any time.

(C) Omissions — in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(c) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax

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may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(d) The estate tax prescribed in section 291.34, notwithstanding the period of limitations prescribed for determination of the inheritance tax in this chapter shall be determined by the commissioner not later than 90 days following the filing of the Minnesota estate tax return with the commissioner, together with a copy of the federal audit report or the closing letter accepting the federal return as originally filed.

Sec. 3. Minnesota Statutes 1969, Section 291.15, is amended to read:

291.15 INTEREST. If such tax is not paid within—~~18~~ 12 months from the accruing thereof, interest shall be charged and collected thereon at the rate of six percent per annum for not to exceed six years from the time the tax is due. In the event a person or corporation upon proper authorization makes a payment to be applied against the tax thereafter, no interest shall accrue on the amount so paid. All payments shall be applied first on interest and then upon principal.

In the event that the amount applied against the tax exceeds the tax as determined by the commissioner of taxation, the commissioner shall upon proper application order the refundment without interest. The state auditor shall cause such refund to be paid out of the proceeds of the tax imposed by Minnesota Statutes 1961, Chapter 291, as amended, and so much of said proceeds as are sufficient to make the refund are hereby appropriated.

Sec. 4. Minnesota Statutes 1969, Section 291.18, is amended to read:

291.18 OVERPAYMENT OF TAX; REFUNDS; APPROPRIATION. When any tax imposed by this chapter shall have been paid or collected, in excess of the amount legally due, the person or corporation paying the same shall be entitled to a refundment of the amount of such taxes overpaid, together with interest thereon at the rate of four percent per annum from the date of payment, or from the date beginning—~~18~~ 12 months after death of the decedent, whichever date occurs later, in the manner provided by section 291.32; provided that all applications for such refundment shall be made within two years from the date of final determination or adjustment of any part of such tax by the taxpayer and the commissioner, the probate court or the tax court, as the case may be.

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There is hereby appropriated to the persons entitled to such refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Sec. 5. Minnesota Statutes 1969, Section 291.35, is amended to read:

291.35 TIME OF PAYMENT. The tax imposed by sections 291.34 to 291.40 shall become due and payable at the expiration of 18 12 months after the death of the person from whom the transfer is made, and executors, administrators, trustees, grantees, donees, beneficiaries, and surviving joint owners shall be and remain liable for the tax until it is paid. If the tax is not paid when due interest at the rate of six percent per annum shall be charged and collected from the time the same became payable.

Sec. 6. This article shall be applicable for deaths occurring on and after August 1, 1971.

ARTICLE IV

Section 1. Minnesota Statutes 1969, Section 298.01, Subdivisions 1 and 2, are amended to read:

298.01 MINING OR PRODUCING ORES. Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to ~~11 15.5~~ percent ~~for the year 1947, and for each year thereafter~~ of the valuation of all ores except taconite, semi-taconite and iron sulphides mined or produced after December 31, 1971. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on May 1 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Subd. 2. ~~There is hereby imposed an additional tax on all persons and companies~~ Every person engaged in the business of producing or mining iron ore or other ores ~~equal to one percent of the valuation of all ores mined or produced to be assessed, paid and collected as a part of the occupation tax levied by subdivision 1.~~ taconite, semi-taconite and iron sulphides in this state shall pay to the state an occupation tax equal to 15 percent of the valuation of all taconite, semi-taconite and iron sulphides mined or produced after December 31, 1970. The tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on May 1 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 2. Minnesota Statutes 1969, Section 298.02, Subdivision 1, is amended to read:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

298.02 LOW GRADE ORE. Subdivision 1. **CREDIT.** For the purpose of increasing employment and the utilization of low-grade, underground, and high labor cost ores any taxpayer on whom a tax is imposed by reason of the provisions of section 298.01, subdivision subdivisions 1 and 2, shall be allowed a credit against the occupation tax as computed in said subdivision because of the mining or production of ore from any mine, in an amount calculated as follows:

(a) In the case of underground mines or that tonnage of merchantable ore produced in open pit mines in the year in question which tonnage has resulted from beneficiation at an ore beneficiation plant within the state by jigging, heavy media, cyclone process, roasting, drying by artificial heat, sintering, magnetic separation, flotation, agglomeration or any process requiring fine grinding, ten percent of that part of the cost of labor employed by said mine or in the beneficiation of all ore mined or produced in said calendar year in excess of 70 cents and not in excess of 90 cents per ton of the merchantable ore produced during the year at said mine, and 15 percent of that part of the cost of such labor in excess of 90 cents per ton; in the case of any other tonnage produced at said mine or in the case of other mines, ten percent of the amount by which the average cost per ton of labor employed at said mine, or in the beneficiation of such ore at or near the mine, exceeds 80 cents, but does not exceed \$1.05, plus 15 percent of the amount by which such average labor cost per ton exceeds \$1.05, multiplied by the number of tons of ore produced at said mine, not exceeding 100,000 tons, but this 100,000 tons or less shall be first reduced by any tonnage described in the first part of this subparagraph; provided, however, that in no event shall the credit allowed hereunder be in excess of ~~75~~ three fourths of eleven percent, as applied to underground and taconite or semi-taconite operations, and ~~60~~ six-tenths of eleven percent as applied to all other operations, of the ~~total of the tax computed~~ valuation of the ore used in computing the tax under the provisions of section 298.01, ~~subdivision 1~~. The expression "merchantable ore produced" as used herein means ores which as mined or as mined and beneficiated, are ready for shipment as a merchantable product. The provisions of this subparagraph (a) shall be applicable to all ores mined or produced subsequent to December 31, 1956.

(b) The aggregate amount of all credits allowed under this subdivision to all mines shall not exceed six and two-tenths percent of the aggregate amount of occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of such credits, provided, that after December 31, 1954, labor credits to underground mines or taconite or semi-taconite operations shall not be

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subject to such percentage limitation and both the occupation taxes of such underground mines or taconite or semi-taconite operations and the labor credits allowed thereto, shall be excluded in calculating such percentage limitations. At the time of his final determination of occupation tax pursuant to section 298.09, subdivision 3, the commissioner shall reduce the credit otherwise allowable to each mine hereunder by such equal percentage as will bring the total within such limitation. If an equal percentage reduction is made in the labor credits of mines pursuant to this subparagraph (b) at the time of certification to the state auditor as set forth in section 298.10, the same percentage will be used where changes are made pursuant to section 298.09, subdivision 4, subsequent to June 1. Also if no reduction is made at the time of certification to the state auditor on or before June 1, pursuant to this subdivision and section 298.10, no reduction will be made subsequent to June 1, due to changes made pursuant to section 298.09, subdivision 4. This subparagraph (b) shall apply to occupation tax calculations in calendar years subsequent to December 31, 1952.

Sec. 3. Minnesota Statutes 1969, Section 299.01, is amended to read:

299.01 TAX ON ROYALTIES. Subdivision 1. There shall be levied and collected upon all royalty received during ~~the year ending December 31, 1947, and upon all royalty received during each calendar year thereafter,~~ for permission to explore, mine, take out and remove ore other than taconite, semi-taconite and iron sulphides from land in this state, a tax of ~~11~~ 15.5 percent after December 31, 1971.

Subd. 2. There is hereby imposed ~~as an additional~~ a tax upon all royalty received for the permission to explore, mine, take out and remove ~~ore taconite, semi-taconite and iron sulphides~~ from land in this state, a tax of ~~one~~ 15 percent to be levied and collected ~~as a part of~~ in the same manner as the tax levied by subdivision 1.

Sec. 4. Minnesota Statutes 1969, Section 299.012, Subdivision 1, is amended to read:

299.012 TAX CREDIT UPON PRODUCTION OF HIGH LABOR COST ORES AND TACONITES. Subdivision 1. For the purpose of increasing the utilization of low grade, underground, and high labor cost ores and taconites, the royalty tax levied by virtue of Minnesota Statutes, Section 299.01, ~~Subdivision 1, Subdivisions 1 and 2,~~ on royalty received because of the production of ores in any calendar year from land forming part of any mine which was in production during said year, shall be reduced by a credit in an amount which will make the net effective tax rate

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thereon equal to the net effective rate of the occupation tax imposed pursuant to Minnesota Statutes, Section 298.01, ~~Subdivision 1~~, because of the production of ores during such calendar year from the mine of which such land forms a part, after the application of the credits against such occupation tax allowed under Minnesota Statutes, Section 298.02, ~~Subdivision 1~~; provided, if such mine produced ore in such calendar year, but the ore produced had no valuation for occupation tax purposes because of the allowable deductions equalling or exceeding the value of the ore produced, the credit allowed hereunder shall be 75 three fourths of eleven percent, as applied to underground, taconite, and semi-taconite operations, and ~~60 six-tenths of eleven~~ percent as applied to all other operations, of the ~~total of the tax computed under the provisions of Minnesota Statutes, Section 299.01, Subdivision 1~~ royalty received. Any person making payments of royalty taxes in advance of the final determination of such taxes, may assume for the purposes of Minnesota Statutes, Section 299.08, that the net rate of the tax for the calendar year in question shall be the last full year's net effective occupation tax rate known at the time of the first payment of royalty tax during the current calendar year.

Sec. 5. Minnesota Statutes 1969, Sections 298.011, as amended by Extra Session Laws 1971, Chapter 2, Section 8; 298.025; and 299.011, as amended by Extra Session Laws 1971, Chapter 2, Section 9; are repealed.

Iron ore exclusive of taconite, semi-taconite and iron sulphides mined or produced prior to January 1, 1972 is not affected by the provisions of this article. The provisions of Minnesota Statutes 1969, Chapters 298 and 299 shall apply to iron ore exclusive of taconite, semi-taconite and iron sulphides mined or produced prior to January 1, 1972.

ARTICLE V

Section 1. Minnesota Statutes 1969, Section 168.013, Subdivision 1, as amended by Laws 1971, Chapter 754, Section 2, is amended to read:

168.013 RATE OF TAX. Subdivision 1. **COMPUTATION.** Motor vehicles, except as set forth in section 168.012, using the public streets or highways in the state, shall be taxed in lieu of all other taxes thereon, except wheelage taxes, so-called, which may be imposed by any borough, city or village, as provided by law, and except gross earnings taxes paid by companies subject or made subject thereto, and shall be privileged to use the public streets and highways, on the basis and at the rate for each calendar year as follows:

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1. On passenger automobiles, ambulances, and hearses, except as otherwise provided, the tax ~~during each the first three years of life shall be based on the manufacturer's shipping weight and graduated according to the following schedule:~~

Manufacturer's Shipping Weight	Tax
Under 801 lbs.	\$ 5.00
801 to 2000 lbs., incl.	15.20
2001 to 2200 lbs., incl.	16.80
2201 to 2400 lbs., incl.	18.40
2401 to 2600 lbs., incl.	20.00
2601 to 2800 lbs., incl.	21.60
2801 to 3000 lbs., incl.	23.20
3001 to 3200 lbs., incl.	24.80
3201 to 3400 lbs., incl.	26.40
3401 to 3600 lbs., incl.	28.00
3601 to 3800 lbs., incl.	33.30
3801 to 4000 lbs., incl.	39.00
4001 to 4200 lbs., incl.	45.10
4201 to 4400 lbs., incl.	51.60
4401 to 4600 lbs., incl.	58.50
4601 to 4800 lbs., incl.	65.80
4801 to 5000 lbs., incl.	73.50
5001 lbs. and over	75.00

~~On passenger automobiles, ambulances, and hearses weighing 801 pounds or more, during each the fourth, fifth and sixth years of vehicle life the tax shall be 75 percent of the foregoing scheduled tax but in no event less than \$15 per vehicle, during each the seventh, eighth and ninth years of vehicle life the tax shall be 50 percent of the foregoing scheduled tax but in no event less than \$12.50 per vehicle, and during each succeeding year of vehicle life the tax shall be 25 percent of the foregoing scheduled tax but in no event less than \$10 per vehicle during the tenth to nineteenth years of vehicle life inclusive, and in no event less than~~

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~~\$7.50 per vehicle during the twentieth and succeeding years of vehicle life. For those vehicles weighing less than 801 pounds there shall be no reduction, shall be \$10 plus an additional tax equal to 1.25 percent of the base value. Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge as reflected on the price listing affixed to the vehicle in conformity with 15 U.S.C. 1231 to 1233 (Public Law 85-506) or otherwise suggested by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.~~

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

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

<u>FROM</u>	<u>TO</u>
<u>\$ 0</u>	<u>\$199.99</u>
<u>200</u>	<u>399.99</u>

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

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

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

The annual additional tax computed upon the base value as provided herein, during the first year of vehicle life shall be computed upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 75 percent of such value; for the fourth year, 60 percent of such value; for the fifth

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year, 45 percent of such value; for the sixth year, 35 percent of such value; for the seventh year, 30 percent of such value; for the eighth year, 20 percent of such value; for the ninth year, 15 percent of such value; for the tenth year, 10 percent of such value; for the eleventh and each succeeding year, the sum of \$2.

Notwithstanding the provisions of subdivision 15 of this section, the registrar is authorized to adjust the tax on passenger automobiles, ambulances, hearses, and station wagons to the nearest even dollar.

2. On trailers of not more than two wheels with a gross weight of load and vehicle not exceeding 3,000 pounds, not for hire and used only by the owner and not employed in the transportation of passengers or property for hire, the tax shall be \$1 per annum, or fraction thereof, payable biennially on or before March 1 of each even-numbered year.

3. On motorcycles, motor scooters, and motorized bicycles with two wheels, \$3; motorcycles, motor scooters, and motorized bicycles with sidecar or three wheels, \$5 .

4a. On farm trucks, excluding trailers, the tax during each the first three years of vehicle life shall be based on the unloaded weight of the vehicle, fully equipped, at the rate of 60 cents per hundred weight, computed by the registrar in increments of 200 lbs., but in no event less than \$20. During each the fourth, fifth and sixth years of vehicle life the tax shall be 80 percent of the first year rate, but in no event less than \$16. During each the seventh, eighth and ninth years of vehicle life the tax shall be 60 percent of the first year rate, but in no event less than \$12. During each the tenth and succeeding years of vehicle life the tax shall be 40 percent of the first year rate, but in no event less than \$10 per vehicle, fully equipped. The registrar may require that each applicant for registration of a farm truck file with the application a scale ticket certified by the weighmaster of any public scale, or, if no public scale be available, certified by the proprietor of any scale tested and sealed under state authority, showing the unloaded weight of the vehicle, fully equipped.

4b. On farm trailers not listed for registration under paragraph 2, the tax shall be \$3 for the first five tons, or fraction thereof, of the load and trailer included, and \$2 per ton for each additional ton.

5. On all trucks and tractors except those in this chapter classified as farm trucks, and urban trucks, and on all truck-tractor and semi-trailer combinations except those classified as urban combinations, the tax during each of the first three years of vehicle life on vehicles having a gross weight of 27,000 pounds or

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less, and during each of the first six years of vehicle life on those vehicles having a gross weight in excess of 27,000 pounds, shall be graduated according to the following Schedule:

(a) Gross Weight of Vehicle	Tax
1 to 7,000 lbs., incl.	\$ 25.00
7,001 to 9,000 lbs., incl.	30.00
9,001 to 11,000 lbs., incl.	40.00
11,001 to 13,000 lbs., incl.	50.00
13,001 to 15,000 lbs., incl.	60.00
15,001 to 17,000 lbs., incl.	70.00
17,001 to 19,000 lbs., incl.	80.00
19,001 to 21,000 lbs., incl.	90.00
21,001 to 23,000 lbs., incl.	105.00
23,001 to 25,000 lbs., incl.	120.00
25,001 to 27,000 lbs., incl.	145.00
27,001 to 29,000 lbs., incl.	205.00
29,001 to 31,000 lbs., incl.	241.50
31,001 to 33,000 lbs., incl.	278.00
33,001 to 35,000 lbs., incl.	314.00
35,001 to 37,000 lbs., incl.	352.00
37,001 to 39,000 lbs., incl.	386.50
39,001 to 41,000 lbs., incl.	422.50
41,001 to 43,000 lbs., incl.	459.00
43,001 to 45,000 lbs., incl.	495.00
45,001 to 47,000 lbs., incl.	531.50
47,001 to 49,000 lbs., incl.	577.50
49,001 to 51,000 lbs., incl.	604.00
51,001 to 53,000 lbs., incl.	640.00

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53,001 to 55,000 lbs., incl.	\$ 676.00
55,001 to 57,000 lbs., incl.	712.50
57,001 to 59,000 lbs., incl.	748.50
59,001 to 61,000 lbs., incl.	785.00
61,001 to 63,000 lbs., incl.	821.00
63,001 to 65,000 lbs., incl.	856.50
65,001 to 67,000 lbs., incl.	893.50
67,001 to 69,000 lbs., incl.	930.00
69,001 to 71,000 lbs., incl.	966.00
71,001 to 73,000 lbs., incl.	1,002.00
73,001 to 75,000 lbs., incl.	1,038.50

For each vehicle with a gross weight of more than 75,000 pounds the tax shall be \$1,038.50 plus \$34.50 for each ton or fraction thereof in excess of 75,000 pounds.

(b) The following depreciation allowance is made for vehicles having a gross weight of 27,000 pounds or less:

(1) During each of the fourth, fifth, and sixth years of vehicle life, the tax shall be 80 percent of the tax provided above but in no event less than \$20 per vehicle.

(2) During each of the seventh, eighth, and ninth years of vehicle life the tax shall be 60 percent of the tax provided above but in no event less than \$16 per vehicle.

(3) During the tenth and succeeding years of vehicle life the tax shall be 40 percent of the tax provided above but in no event less than \$12 per vehicle.

(c) The following depreciation allowance is made for vehicles having a gross weight of over 27,000 pounds:

(1) During the seventh and each subsequent year of vehicle life, the tax shall be 70 percent of the tax provided above.

(d) Each vehicle taxed under subparagraph 5 of this section having a gross weight in excess of 27,000 pounds, and used for the transportation of livestock or unprocessed and raw farm products shall be taxed at 90 percent of the foregoing gross weight tax schedule less depreciation allowance, provided the gross receipts derived from such use equal or exceed 60 percent of the owner's

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total gross receipts from the operation of such vehicle during the 12 month period immediately preceding the date set by law for the reregistration of such vehicle. The owner shall furnish such information as the registrar may require, including sworn statements of fact, and the registrar shall thereupon determine whether such owner comes within the provisions of this paragraph.

If an owner has not used such vehicle for the transportation of livestock or unprocessed and raw farm products so as to be able to report gross receipts for the 12 month period as herein set forth, he may, nevertheless, apply for registration hereunder and pay the reduced tax and the registrar shall, after consideration of the established facts, determine whether such owner is entitled to have such registration approved.

If an owner fails to operate under the conditions and limitations herein set forth, he shall immediately notify the registrar of such fact and pay the difference between the scheduled gross weight tax less depreciation allowance and the reduced tax proportionate to the number of months remaining in the year, $\frac{1}{12}$ of the difference for each month or fraction thereof, beginning with the month in which such operations were discontinued or changed.

If an owner first uses such vehicle for the transportation of livestock and unprocessed and raw farm products after the tax becomes due without reduction, no adjustment or refund of tax shall be made during that calendar year for reasons of transporting livestock and unprocessed and raw farm products.

(e) All truck-tractors except those herein defined as urban trucks shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of such truck-tractor and any semi-trailer which the applicant proposes to combine with the truck-tractor. In addition, to such gross weight tax imposed on the truck-tractor, each semi-trailer, except those herein defined as urban trucks, shall be taxed an annual flat fee of \$10.

(f) Urban trucks include only all trucks and all truck-tractors and semi-trailers used exclusively in transporting property within the corporate limits of any city, village or borough or contiguous cities and villages. For the purposes of this clause a land area ceded to the United States of America under General Laws 1889, Chapter 57, is a village. The name of the city, village or borough in which the vehicle is licensed and the net unloaded weight, fully equipped, of the truck or combination shall be stenciled in a conspicuous place on each side of the cab of the truck-tractor so licensed and the vehicle shall not be operated outside the corporate limits of such city, village, or borough or contiguous cities

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and villages; except that the registrar may, by special permit, authorize the permanent removal of such vehicle from a city, village or borough to another. The license plates issued therefor shall be plainly marked "URBAN." Such urban trucks and combinations shall be taxed on the basis of the net unloaded weight, fully equipped, of the truck or combination during each of the first three years of vehicle life at the rate of 80 cents per hundred weight, computed by the registrar in increments of 200 pounds, but in no event less than \$25. During each of the fourth, fifth and sixth years of vehicle life, the tax shall be 80 percent of the foregoing scheduled tax but in no event less than \$20 per vehicle. During each of the seventh, eighth and ninth years of vehicle life, the tax shall be 60 percent of the foregoing scheduled tax but in no event less than \$16 per vehicle. During the tenth and succeeding years of vehicle life, the tax shall be 40 percent of the foregoing scheduled tax but in no event less than \$12 per vehicle. The registrar may require that each applicant for registration of an urban truck or combination file with the application a scale ticket certified by the weighmaster of any public scale, or, if no public scale be available, certified by the proprietor of any scale tested and sealed under state authority, showing the unloaded weight of the vehicle, fully equipped. Such tax shall be the full tax for the truck-tractor and semi-trailer and additional semi-trailers shall be taxed an annual flat fee of \$10.

6. On all intercity buses, the tax during each the first two years of vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs.	\$125
6,000 to 8,000 lbs., incl.	125
8,001 to 10,000 lbs., incl.	125
10,001 to 12,000 lbs., incl.	150
12,001 to 14,000 lbs., incl.	190
14,001 to 16,000 lbs., incl.	210
16,001 to 18,000 lbs., incl.	225
18,001 to 20,000 lbs., incl.	260
20,001 to 22,000 lbs., incl.	300
22,001 to 24,000 lbs., incl.	350
24,001 to 26,000 lbs., incl.	400

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26,001 to 28,000 lbs., incl.	\$ 450
28,001 to 30,000 lbs., incl.	500
30,001 and over	550

During each of the third and fourth years of vehicle life, the tax shall be 75 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax shall be 37½ percent of the foregoing scheduled tax; and during the seventh and each succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax; provided that the annual tax paid in any year of its life for an intercity bus shall be not less than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a vehicle of 25 passenger and less seating capacity.

On all intracity buses operated by an auto transportation company in the business of transporting persons for compensation as a common carrier and operating principally within the limits of cities having populations in excess of 200,000 inhabitants, the tax during each year of the vehicle life of each such bus shall be \$40; on all of such intracity buses operated principally in cities, villages or boroughs, having a population of less than 200,000 and more than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$10; and on all of such intracity buses operating principally in cities, villages or boroughs having a population of less than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$2.

On all other buses the tax during each of the first three years of the vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule: Where the gross weight of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where the gross weight of the vehicle is more than 8,000 pounds and not more than 20,000 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than 20,000 pounds and not more than 24,000 pounds, the tax shall be \$90 plus an additional tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the gross weight of the vehicle is more than 24,000 pounds and not more than 28,000 pounds, the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion in

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excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major portion in excess of 28,000 pounds.

During each of the fourth, fifth and sixth years of vehicle life, the tax shall be 80 percent of the foregoing scheduled tax but in no event less than \$20 per vehicle.

During each of the seventh, eighth and ninth years of vehicle life, the tax shall be 60 percent of the foregoing scheduled tax but in no event less than \$16 per vehicle.

During the tenth and succeeding years of vehicle life, the tax shall be 40 percent of the foregoing scheduled tax but in no event less than \$12 per vehicle.

7. Except farm trailers described in paragraph 4b, two-wheel trailers described in paragraph 2, and semi-trailers described in paragraph 7a, trailers shall be taxed on the basis of \$4 per ton or fraction thereof of the carrying capacity of such trailer, but in any event not less than \$4 per vehicle. The maximum load at any time carried on any trailer shall be deemed prima facie the carrying capacity thereof.

(a) A semi-trailer used to transport raw and unfinished forest products shall be taxed at the rate of \$4 per ton or fraction thereof of the difference in weight between the total gross weight of the combination and the selected registered gross weight of the truck-tractor or converted truck, but in no case for less than nine tons for a single axle semi-trailer and in no case for less than 14 tons for a tandem axle semi-trailer.

8. On recreational vehicles the tax during the first three years of vehicle life shall be graduated according to the following schedule:

Gross Weight (In Pounds)	Fee
0 - 1,500	\$5.00
1,501 - 3,000	16.00
3,001 - 4,500	20.00
4,501 - 6,000	25.00
6,001 - 9,000	30.00
9,001 - 12,000	40.00

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12,001 -15,000	\$60.00
15,001 -18,000	80.00
18,001 -21,000	100.00
21,001 -24,000	120.00

For each vehicle with a gross weight of more than 24,000 pounds, the tax shall be \$120 plus \$20 for each ton or fraction thereof in excess of 24,000 pounds.

On recreational vehicles weighing 1,501 pounds or more, during each the fourth, fifth and sixth years of vehicle life, the tax shall be 75 percent of the foregoing scheduled tax; during each the seventh, eighth and ninth years of vehicle life the tax shall be 50 percent of the foregoing scheduled tax and during each succeeding year of vehicle life the tax shall be 25 percent of the foregoing scheduled tax provided however the tax shall not in any case be less than \$12 per vehicle on those having a gross weight of 6,000 pounds or less and not less than \$20 per vehicle on those with a gross weight in excess of 6,000 pounds. On recreational vehicles with a gross weight of less than 1,501 pounds there shall be no reduction.

A trailer of the kind described in paragraph 2, that is pulled by a recreational vehicle shall be taxed and registered in accordance with that paragraph.

The annual tax on a slip-in camper as defined in section 168.011, subdivision 25, shall be as provided for recreational vehicles unless such owner elects to register such slip-in camper as a truck. If the owner elects to register such slip-in camper as a truck, the annual tax shall be either the tax imposed for recreational vehicles or the tax imposed for trucks on the basis of gross weight in clause (5) of this subdivision, whichever is higher. Notwithstanding any law to the contrary, converted buses and converted vans taxed pursuant to this paragraph, and a trailer of the kind described in paragraph 2 that is pulled by a vehicle, shall be exempt from any wheelage tax now or hereafter imposed by any political subdivision or political subdivisions.

Sec. 2. Laws 1971, Chapter 853, Section 3, is amended to read:

Sec. 3. [297B.03] EXEMPTIONS. There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(1) Purchase or use of any motor vehicle by any person described in and subject to the conditions provided in Minnesota Statutes, Section 297A.25, Subdivision 1, Clauses (j), ~~(l)~~, ~~(m)~~, ~~(n)~~ and ~~(q)~~ (p) and (s) .

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person moved his residence to the state of Minnesota.

Sec. 3. The sum of \$125,000 is appropriated from the Highway Users Distribution Fund for the purpose of carrying out the terms of this article. Such appropriation is available from and after the final enactment of this act.

Sec. 4. [168.013] Subd. 14a. COLLECTION OF FIVE PERCENT INCREASE. The tax provisions include the five percent surtax imposed under subdivision 14 of section 168.013 for passenger automobiles, ambulances and hearses, and the five percent increase in taxes provided for in said subdivision 14 shall not be added to the taxes imposed on such vehicles under the provisions of this act.

Sec. 5. Except as provided for in section 2, this article is in effect for taxes due on January 1, 1973 and thereafter.

ARTICLE VI

Section 1. Minnesota Statutes 1969, Section 290.06, Subdivision 1, as amended by Extra Session Laws 1971, Chapter 2, Section 1, is amended to read:

290.06 RATES OF TAX; CREDITS AGAINST TAX. Subdivision 1. **COMPUTATION, CORPORATIONS.** The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of ~~eight and one-half~~ 12 percent. The amount of tax payable by a corporation required to file a return shall not be less than \$10.

~~The provisions of this subdivision shall be applicable to all taxable years commencing after December 31, 1966, and prior to January 1, 1974.~~

Sec. 2. Minnesota Statutes 1969, Section 290.06, Subdivisions 4 and 6, as amended by Extra Session Laws 1971, Chapter 2, Sections 3 and 4, are repealed.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 1969, Section 290.361, Subdivision 2, as amended by Extra Session Laws 1971, Chapter 2, Section 5, is amended to read:

Subd. 2. **COMPUTATION OF TAXABLE NET INCOME.** The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) the rate shall be ~~ten and one-half~~ 13.64 percent ~~until July 1, 1973 and 12 percent thereafter~~; (b) the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933; (c) property consisting of investments in bonds, stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and (d) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this act, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality.

~~The provisions of this subdivision shall be applicable to taxable years beginning after December 31, 1966, and prior to January 1, 1974.~~

Sec. 4. Minnesota Statutes 1969, Section 290.361, Subdivision 4, as amended by Laws 1971, Chapter 759, Section 1, is amended to read:

Subd. 4. **TAXATION; BANKS; DISPOSITION OF TAX.** (a) The revenues derived from the excise tax on banks shall be paid into the state treasury and credited to the general fund, from which shall be paid all refunds of taxes erroneously collected from banks as certified by the commissioner. Forty-five percent of the balance of such tax so collected shall be transmitted, on the last days of May and November of each year, to the respective counties in which are located the banks paying the tax. The county auditor shall apportion and distribute 45 percent of the respective amounts paid by each bank in his county, ~~less 45 percent of the~~ refunds paid to that bank, in the same manner and on the same basis as he distributes taxes on personal property in the taxing district in which that bank is located, provided that the governing body of any political subdivision receiving such apportionment may place all such amounts to the credit of its general fund.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

There is hereby appropriated to the persons or banks entitled to such refunds, from the general fund, an amount sufficient to make the refunds.

(b) For purposes of the apportionment and distribution required to be made to the county auditor under clause (a) of this subdivision, the tax so collected shall be deemed to have been paid to the commissioner on the last date prescribed by law for the filing of the excise tax return, or date when such excise tax was received by the commissioner, whichever date occurs later.

(c) There is hereby annually appropriated from the general fund to the taxing districts entitled to such payments as are authorized under this section, sufficient moneys to make such payments.

Sec. 5. Minnesota Statutes 1969, Section 290.361, Subdivisions 6 and 7, as amended by Extra Session Laws 1971, Chapter 2, Sections 6 and 7, are repealed.

Sec. 6. Minnesota Statutes 1969, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. **TAXES.** Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in Minnesota Statutes, Section 290.077, Subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; ~~and (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under section 290.0603; and (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18.~~ Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Sec. 7. Minnesota Statutes 1969, Section 290.18, Subdivision 2, is amended to read:

Subd. 2. **FEDERAL INCOME TAX PAYMENTS AND REFUNDS.** (a) The adjusted gross income shall, except in so far as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17, the following deductions:

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allowable federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10(9) and 290.18.

The deduction enumerated in this subdivision shall be allowed to the extent provided in subdivision 1 and as provided in clauses (b) and (c).

(b) In the case of corporations, national and state banks for taxable years beginning prior to July 1, 1971 and ending subsequent thereto, federal income taxes allowable as a deduction shall be that part of the federal income tax determined by multiplying the federal income tax liability for such taxable year as reflected on the return filed with the Internal Revenue Service by a fraction, the numerator of which is the number of months in the taxable year prior to July 1, 1971 and the denominator which is the number of months in the entire taxable year; provided that if the taxable period is other than a full year the denominator of the fraction shall be the total number of months for which the federal return is filed.

(c) The amount of any additional federal income taxes for 1971 and prior years, where such additional federal income taxes would have been allowed as a deduction from gross income under clause (b) of this section or under prior law, shall be allowed as a deduction in the year in which such additional federal income taxes are paid.

(d) The amount of any overpayment of federal income taxes, whether allowed as a refund or allowed as a credit to any liability, where such overpayment has previously been allowed as a deduction from gross income under this article or under prior law, shall be added to gross income in the year in which received or credited.

Sec. 8. The provisions of this article shall be applicable for federal income taxes attributable to periods after June 30, 1971 as determined in accordance with clauses (b) and (c). The provisions of this article are not applicable to individuals, estates and trusts.

Sec. 9. The provisions of this article shall be applicable for all income taxable under Minnesota Statutes, Chapter 290, after June 30, 1971, and shall be applied as provided in section 290.33.

ARTICLE VII

Section 1. Minnesota Statutes 1969, Section 340.47, Subdivision 1, is amended to read:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

340.47 EXCISE TAX. Subdivision 1. **ON INTOXICATING LIQUORS.** There shall be levied and collected on all intoxicating liquors manufactured, imported, sold or in possession of any person in this state, except as herein provided by sections 340.50 and 340.601, and except the natural fermentation of fruit juices in the home for family use the following excise tax:

(1) On all unfortified wines, the sum of ~~20~~ 27 cents per gallon;

(2) On all fortified wines from 14 to 21 percent of alcohol by volume, the sum of ~~60~~ 79 cents per gallon;

(3) On all fortified wines from 21 to 24 percent of alcohol by volume, the sum of ~~\$1.20~~ \$1.58 per gallon;

(4) On all fortified wines containing more than 24 percent of alcohol by volume, the sum of ~~\$2.50~~ \$3.08 per gallon;

(5) On all natural and artificial sparkling wines containing alcohol, the sum of ~~\$2.50~~ \$3.08 per gallon;

(6) On all other distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, the sum of ~~\$2.50~~ \$4.53 per gallon, but not including ethyl alcohol; provided, that in computing the tax on any package of spirits a proportional tax at a like rate on all fractional parts of a gallon shall be paid except that all fractional parts of a gallon less than one-sixteenth shall be taxed at the same rate as shall be taxed for one-sixteenth of a gallon; provided, however, that the contents of miniatures containing two fluid ounces or less shall be taxed ~~6~~ 12 cents.

Sec. 2. Minnesota Statutes 1969, Section 340.60, Subdivision 2, is amended to read:

Subd. 2. **ALLOCATION OF PERCENTAGE OF TAXES COLLECTED.** ~~Thirty Seventeen~~ percent of the proceeds of the taxes collected under section 340.47, subdivision 1, shall be ~~set aside deposited in the general fund~~ and credited to a separate account and apportioned as provided in subdivision 3 to the several counties, cities, villages, and boroughs. In computing the population of counties, cities, villages and boroughs the state auditor shall add increases in population disclosed by reason of any special census conducted under subdivision 7 to the population of the political subdivision conducting the census and to the population of the county in which the political subdivision is located. Each county, city, village, and borough shall receive from the apportion-

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ment account an amount bearing the same relation to the total amount to be apportioned as its population bears to the total population of all the counties, cities, villages, and boroughs of the state; provided that for the purpose of Laws 1947, Chapter 601, the population of the county shall be that part of its population exclusive of the population of the several cities, villages and boroughs in said county. Each county shall apportion the amount received by it to the various towns of the county in proportion to their population, except that the county shall retain for its use any portion attributable to the population of unorganized territory within the county; provided, however, that in counties having an assessed valuation of over \$10,000,000 and less than \$14,000,000 exclusive of money and credits, and having over 23,000 and less than 25,000 inhabitants according to the 1950 federal census and having over 25 and less than 40 full and fractional congressional townships, the county shall credit such amount to the road and bridge fund for unorganized territory.

Sec. 3. Minnesota Statutes 1969, Section 340.47, Subdivision 2, is amended to read:

Subd. 2. **ON FERMENTED MALT BEVERAGES.** An excise tax is hereby assessed, imposed, and levied upon the sale, either directly or indirectly of fermented malt beverages other than for shipment in interstate or foreign commerce. Such tax shall not be imposed or collected upon fermented malt beverages given away by a brewery for consumption only upon the brewery premises, for which no charge of any kind is made or collected; nor shall fermented malt liquors distributed to brewery employees for consumption only upon the brewery premises pursuant to a contract of employment be subject to such tax. Such tax shall be levied and collected at the rate of ~~\$1.60~~ \$2.00 per barrel of 31 gallons, containing not more than 3.2 percent of alcohol by weight, and a tax of ~~\$3.20~~ \$4.00 per barrel of 31 gallons containing more than 3.2 percent of alcohol by weight, and at a proportional rate for fractional parts thereof. All the receipts from these taxes shall be paid into the general fund by the liquor control commissioner.

Sec. 4. Minnesota Statutes 1969, Section 340.47, Subdivisions 3; 4; 5, as amended by Extra Session Laws 1971, Chapter 2, Section 10; and 6, are repealed.

ARTICLE VIII

Section 1. Minnesota Statutes 1969, Section 290.0601, Subdivision 6, is amended to read:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Subd. 6. **CLAIMANT.** Claimant means a person who has filed a claim under sections 290.0601 to 290.0617, has attained the age of 65 during the calendar year for which the claim is filed, and was ~~both domiciled in this state and 65 years of age or over during the entire calendar year preceding the year in which he files for which the claim for relief under sections 290.0601 to 290.0617 was filed~~. In the case of claim for rent constituting property taxes accrued the claimant shall have rented property during any part of the entire preceding calendar year in for which he files claim for relief under sections 290.0601 to 290.0617 and shall have occupied the same residence quarters for at least six months of such preceding calendar year. When two or more individuals of a household are able to meet the qualifications for a claimant and are husband and wife, they may determine between them as to who which of the two the claimant shall be. If they are unable to agree the matter shall be referred to the commissioner of taxation and his decision shall be final. When a homestead is occupied by two or more individuals and more than one such individual is able to qualify as a claimant, and some or all such qualified individuals are not related as determined under subdivision 3, each such individual individual may determine between them as to who the be a claimant shall be, provided he meets the requirements therefor. Each such claimant shall use only the rent constituting property taxes or property taxes accrued paid by him. ~~If they are unable to agree, the matter shall be referred to the commissioner of taxation and his decision shall be final.~~

Sec. 2. Minnesota Statutes 1969, Section 290.0601, Subdivision 8, is amended to read:

Subd. 8. **GROSS RENT.** Gross rent means rental paid solely for the right of occupancy (at arms-length) of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. In any case in which the landlord and tenant have not dealt with each other at arms-length and the department of taxation is satisfied that the gross rent charged was excessive, the department of taxation may adjust such gross rent to a reasonable amount for purposes of this subdivision.

If the landlord does not supply the charges for any utilities, services, furniture, furnishings or personal property appliances furnished by him, or if the charges appear to be incorrect the commissioner of taxation may apply a percentage determined from samples of similar gross rents paid solely for the right of occupancy.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 1969, Section 290.0601, Subdivision 9, is amended to read:

Subd. 9. **PROPERTY TAXES ACCRUED.** Property taxes accrued means the net property tax after deducting the credit allowed by Minnesota Statutes 1967, Section 273.13, Subdivisions 6 and 7, (exclusive of special assessments, delinquent interest and charges for service) levied on a claimant's homestead in 1967 or any calendar year thereafter pursuant to Minnesota Statutes 1965, Chapters 272 and 273. When a homestead is owned by two or more persons or entities as joint tenants or tenants in common and one or more persons or entities is not a member of claimant's household, "property taxes accrued" is that part of property taxes levied on such homestead as reflects the ownership percentage of the claimant and his household. For purposes of this paragraph property taxes are "levied" when the tax roll is delivered to the local treasurer for collection. The local treasurer will include with the tax bill a statement that if the owner of the property is 65 years of age or over, he may be eligible for the credit allowed by sections 290.0601 to 290.0617. When a claimant and his household own their homestead part of the preceding calendar year and rent the same or a different homestead for part of the same year "property taxes accrued" means only taxes levied on the homestead when both owned and occupied as such by claimant and his household at the time of the levy, multiplied by the percentage of 12 months that such property was owned and occupied by such household as its homestead during the preceding year. When a household owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall relate only to that property occupied by the household as a homestead on the levy date. ~~Whenever a homestead is an integral part of a larger unit such as a farm, or a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value except that the claimant may use the total property taxes accrued for the larger unit, but not exceeding 80 acres of land, as described in section 273.13, subdivision 6, except as the limitations of section 290.0608 apply.~~ For the purpose of sections 290.0601 to 290.0617, the "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.

Sec. 4. Minnesota Statutes 1969, Section 290.0607, is amended to read:

290.0607 **LIMITS.** The amount of any claim pursuant to sections 290.0601 to 290.0617 shall be determined in accordance with the following schedule:

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Amount of Property Tax		If Your Total Household Income Is:								
		At Least:			But Less Than:					
		\$ 0	\$1000	\$1500	\$2000	\$2500	\$3000	\$3500	\$4000	\$4500
At Least	Not More Than	\$1000	\$1500	\$2000	\$2500	\$3000	\$3500	\$4000	\$4500	\$5000
\$	\$ 25	\$ 22	\$ 20	\$ 15	\$ 13	\$ 11	\$ 8	\$ 6	\$ 4	\$ 2
25	50	45	40	30	26	22	17	12	8	5
50	75	68	60	46	39	32	26	19	12	8
75	100	90	80	61	52	43	34	25	16	10
100	125	112	100	76	65	54	42	31	20	12
125	150	135	120	92	78	64	51	38	24	15
150	175	158	140	107	91	75	60	44	28	18
175	200	180	160	122	104	86	68	50	32	20
200	225	202	180	137	117	97	76	56	36	22
225	250	225	200	152	130	108	85	62	40	25
250	275	248	220	168	143	118	94	69	44	28
275	300	270	240	183	156	129	102	75	48	30
300	325	292	260	198	169	140	110	81	52	32
325	350	315	280	214	182	150	119	88	55	35
350	375	338	300	229	195	161	128	94	60	38
375	400	360	320	244	208	172	136	100	64	40
400	425	382	340	259	221	183	144	106	68	42
425	450	405	360	274	234	194	153	112	72	45
450	475	428	380	290	247	204	162	119	76	48
475	500	450	400	305	260	215	170	125	80	50
500	525	472	420	320	273	226	178	131	84	52
525	550	495	440	336	286	236	187	138	88	55
550	575	518	460	351	299	247	196	144	92	58
575	600	540	480	366	315	258	204	150	96	60
600	625	562	500	381	325	269	212	156	100	62
625	650	585	520	396	338	280	221	162	104	65
650	675	608	540	412	351	290	230	169	108	68
675	700	630	560	427	364	301	238	175	112	70
700	725	652	580	442	377	312	246	181	116	72
725	750	675	600	458	390	322	255	188	120	75
750	775	698	620	473	403	333	264	194	124	78
775	800	720	640	488	416	344	272	200	128	80

In no event shall the claim allowed pursuant to the above schedule exceed the amount of property tax accrued.

Sec. 5. Minnesota Statutes 1969, Section 290.0608, is amended to read:

290.0608 MAXIMUM PROPERTY TAX. In any case in which property taxes accrued or rent constituting property taxes accrued, or both, in any one year in respect of any one household exceeds ~~\$600~~ \$800, the amount thereof shall, for purposes of sections 290.0601 to 290.0617, be deemed to have been ~~\$600~~ \$800.

Sec. 6. Minnesota Statutes 1969, Section 290.983, Subdivision 1, is amended to read:

290.983 AMOUNT OF CREDIT; OFFSET AGAINST TAX. Subdivision 1. The credit allowed by section 290.981 shall be ~~3~~ 7 1/2 percent of the total amount paid by the claimant during the

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taxable year as rent for the occupancy of real property used as the place of residence of his household. The credit shall not exceed ~~\$45~~ \$90 in any taxable year. For purposes of sections 290.981 to 290.992 "rent" does not include payments attributable to heat, light, or other utilities.

Sec. 7. The provisions of this article shall be effective for all years beginning after December 31, 1970.

Sec. 8. Minnesota Statutes 1969, Section 290.0613, is repealed.

ARTICLE IX

Section 1. Minnesota Statutes 1969, Section 273.13, Subdivision 17, as amended by Laws 1971, Chapter 427, Section 12, is amended to read:

Subd. 17. **TITLE II PROPERTY OF NATIONAL HOUSING ACT.** A structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act and financed by direct federal loan or federally insured loan pursuant to that act and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

ARTICLE X

Section 1. Minnesota Statutes 1969, Section 270.075, Subdivision 1, is amended to read:

270.075 TAX LEVY. Subdivision 1. The commissioner shall determine the rate of tax to be levied and collected against the assessed valuation as determined pursuant to section 270.074, subdivision 2, which shall be the average rate of taxes, general, municipal, and local, levied throughout the state for the preceding year. The levy shall be completed on or before the first Monday in October of each year. Provided, however, that for taxes levied in 1972 the rate shall not exceed 33 1/3 percent of the average rate of taxes, general, municipal, and local, levied throughout the state for the preceding year.

ARTICLE XI

Section 1. Minnesota Statutes 1969, Section 290.09, is amended by adding a subdivision to read:

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Subd. 28. A "real estate investment trust," as defined in section 856 of the Internal Revenue Code of 1954, as amended through December 31, 1970, and to which sections 856 to 858 of the Code apply for the taxable year, may deduct its dividends paid to the extent permitted by section 857(b)(2)(C) of the Code, and its capital gains dividends paid as defined and limited by section 857(b)(3)(C) of the Code. Such a trust and its shareholders and beneficiaries shall be subject to all of the provisions of sections 857 and 858 of the Code which are applicable under Minnesota Statutes, Chapter 290, in determining their respective taxable net incomes, provided that the excess amount determined and subjected to tax under section 857(b)(3)(A) of the Code shall be included in gross income subject to the deduction provided by Minnesota Statutes, Section 290.16, Subdivision 4.

Sec. 2. Section 1 applies to taxable years commencing after December 31, 1970.

ARTICLE XII

Section 1. Minnesota Statutes 1969, Chapters 286, 289, and Sections 298.41 to 298.45 are repealed.

Sec. 2. No tax shall be levied under the chapters and sections repealed by this article after December 31, 1971. Taxes levied prior thereto are payable in accordance with the provisions of such repealed provisions.

ARTICLE XIII

Section 1. Subdivision 1. PURPOSE. A tax study commission to examine Minnesota's total tax structure, its equity and distribution as they relate to the revenue needs and sources of the state and the political subdivisions of the state, and the state as a whole is hereby created. The commission shall be known as the "Tax Study Commission." It shall focus major attention on, but not be limited to:

(a) the distribution of property or in lieu taxes from large industrial units such as power plants, taconite plants, or other commercial facilities, with an emphasis on the causes and effects of intercommunity disparities;

(b) alternate sources of tax revenue which should be made available to local units of government, including value added tax and the formulae for distribution thereof;

(c) the classification of real and personal property for ad valorem tax purposes;

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(d) the nature and extent of levy controls which should be placed upon the property taxing power of local units of government.

Subd. 2. INCOME TAX AND SALES TAXES. The commission shall also examine the income tax and sales taxes as they relate to real estate taxes with the purpose of determining more equitable individual and corporate tax burdens.

Subd. 3. MEMBERSHIP. The commission shall consist of no more than 15 members: five members of the house of representatives appointed by the speaker; five members of the senate appointed by the senate committee on committees; and five members shall be chosen by the governor from within or without the state. Any vacancy shall be filled by the appointing authority.

Subd. 4. REPORT OF COMMISSION. The commission shall report its findings and a definite comprehensive plan for legislative and administrative action to the governor and legislature no later than January 15, 1973.

Subd. 5. MEETINGS, POWERS, OFFICERS. The commission may hold meetings and hearings at such times and places as it may designate to accomplish the purposes set forth in this section, and may subpoena witnesses and records. It shall select a chairman, a vice chairman, and such other officers from its membership as it deems necessary.

Subd. 6. EXPENSES, EMPLOYEES. Members of the commission shall be compensated and shall be allowed and paid their actual traveling and other expenses necessarily incurred in the performance of their duties. The commission may hire employees, rent office space, purchase supplies, contract with consultants, and do all things necessary and convenient in carrying out the purposes of this section. The commission shall use the available facilities and personnel of the legislature and the revisor of statutes unless the commission by resolution determines a special need exists for the use of other facilities or personnel. Reimbursement for expense incurred shall be made pursuant to the rules governing state employees.

Subd. 7. ACCEPTANCE OF GIFTS AND GRANTS. The commission may, in the name and on behalf of the state of Minnesota, accept and dispose of gifts, grants, or loans of money or other property from the United States or any other source for the purpose of conducting investigations prescribed under subdivision 1.

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Subd. 8. APPROPRIATION. There is hereby appropriated from the general fund the sum of \$50,000, or so much as may be necessary, to pay the expenses incurred by the commission.

ARTICLE XIV

Section 1. Subdivision 1. PURPOSE. A liquor study commission to examine Minnesota's total liquor trade structure, is hereby created. The commission shall be known as the "Liquor Study Commission." It shall focus major attention on, but not be limited to:

(a) Revenue effects of the trade as presently organized and as organized under any proposed arrangements;

(b) Monopolistic practices in the trade;

(c) Possible alternative arrangements of the trade;

(d) Practices in other states.

Subd. 2. MEMBERSHIP. The commission shall consist of no more than 15 members: five members of the house of representatives appointed by the speaker; five members of the senate appointed by the senate committee on committees; and five members shall be chosen by the governor from within or without the state. Any vacancy shall be filled by the appointing authority.

Subd. 3. REPORT OF COMMISSION. The commission shall report its findings and a definite comprehensive plan for legislative and administrative action to the governor and legislature no later than January 15, 1973.

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Subd. 5. EXPENSES, EMPLOYEES. Members of the commission shall be compensated and shall be allowed and paid their actual traveling and other expenses necessarily incurred in the performance of their duties. The commission may hire employees, rent office space, purchase supplies, contract with consultants, and do all things necessary and convenient in carrying out the purposes of this section. The commission shall use the available facilities and personnel of the legislature and the revisor of statutes unless the commission by resolution determines a special need exists for the use of other facilities or personnel. Reimburse-

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ment for expense incurred shall be made pursuant to the rules governing state employees.

Subd. 6. ACCEPTANCE OF GIFTS AND GRANTS. The commission may, in the name and on behalf of the state of Minnesota, accept and dispose of gifts, grants, or loans of money or other property from the United States or any other source for the purpose of conducting investigations prescribed under subdivision 1.

Subd. 7. APPROPRIATION. There is hereby appropriated from the general fund the sum of \$50,000, or so much as may be necessary, to pay the expenses incurred by the commission.

ARTICLE XV

Section 1. [3.924] **ESTABLISHMENT OF COUNCIL ON QUALITY EDUCATION.** There is hereby created a council on quality education consisting of 17 persons. The members of such council shall be appointed as follows:

(1) One member shall be appointed by the Minnesota education association for a four year term;

(2) One member shall be appointed by the Minnesota federation of teachers for a four year term;

(3) One member shall be appointed by the Minnesota school board association for a four year term;

(4) One member shall be appointed by the Minnesota state advisory council for vocational education for a four year term;

(5) One member shall be appointed by the state college board for a four year term;

(6) One member shall be appointed by the state junior college board for a four year term;

(7) One member shall be appointed by the regents of the University of Minnesota for a four year term;

(8) One member shall be appointed by the private college council for a four year term;

(9) Eight members, one from each congressional district and one at large, shall be appointed by the governor, none of whom shall be officers, employees or board members of state educational institutions, departments, agencies or boards.

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Four of said members first appointed, as designated by the governor, shall serve four year terms and four shall serve six year terms. Thereafter each member so appointed shall serve a six year term.

Sec. 2. [3.925] **PURPOSE.** The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if such research and development are performed at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for such purposes can produce substantial educational and cost benefits in the future, such capital type funds are seldom available within any single school district's budget.

The purpose of the council on quality education is, therefore, to encourage, promote and aid such research and development in elementary and secondary schools, to evaluate the results of such programs and disseminate information about same throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in accordance with section 3 of this act. Such grants or loans shall be made in support of research and development programs relating to the problems and objectives heretofore described which shall include but not be limited to:

- (1) Effective utilization of community personnel and resources.
- (2) Developing model personnel policies and procedures, and new staffing concepts such as differentiated staffing.
- (3) Assessment and evaluation of education programs.
- (4) Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced.
- (5) Determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals.

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- (6) Effective dissemination of educational information.
- (7) Developing new knowledge about learning and teaching.
- (8) Developing model educational programs as alternatives to existing educational practices and curricula.
- (9) Model programs and innovations to increase equality of educational opportunities.
- (10) Research and testing of new concepts of educational efficiency, effectiveness and cost benefits.

The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist entirely new schools or concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related. The council shall make a report to each session of the legislature concerning all proposals received and the dispositions made thereof by the council and the state board of education.

Sec. 3. [3.926] PROPOSALS. Subdivision 1. **REQUIREMENTS.** The board of any local school district or any group of such boards may develop a proposal for a grant or loan in support of a research and development program of the kind described in section 2. Every such proposal shall include:

- (1) a statement of the objectives of the program, and the procedures for achieving the objectives;
- (2) a description of the evaluation procedures for measuring the effectiveness of the program;
- (3) provision for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement and accounting for funds paid to the applicant;
- (4) provision for administration of the program by the local school district, or in cooperation with other school districts, educational institutions, or local agencies under the supervision of the local school district; and
- (5) a description of the involvement of local school staff, students, and members of the community in planning and implementing the program.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **PROCEDURE.** Every program proposal shall be submitted to the council created by section 1, not less than six months before the planned commencement of the program, except that proposals for programs to commence before April 1, 1972 may be submitted prior to January 1, 1972. The council shall recommend approval or disapproval, or shall modify and then recommend such modification with respect to every proposal submitted to it. The council shall also recommend the amount and type of grant to be made in support of the proposed program in the light of the then currently available moneys in the venture fund, which information shall be provided to the council by the state board of education. The council shall also recommend what rules and regulations, if any, shall be suspended or modified in order to implement the proposal. Only such proposals as are recommended for approval shall be transmitted by the council to the state board, and all such proposals shall be approved and funded from the venture fund by the state board as recommended by the council unless the state board, within 30 days of receipt of a proposal from the council, shall make other disposition of the proposal by formal board action. One half of each grant recommended by the council and funded by the state board may be deemed an interest free loan to be repaid over a five year period.

Sec. 4. [3.927] **STATE BOARD AND COMMISSIONER.** The state board of education shall develop and promulgate such additional recommendatory guidelines as may be appropriate for the furtherance of this article and the development and implementation of the programs contemplated herein, for its benefit and the benefit of the council and applicants. The commissioner of education shall make available to the council at its request such staff as the council deems necessary to perform its functions. The council may also employ or contract for the services of outside consultants, and as much of the annual appropriation to the state department of education, made by section 5, as is necessary, shall be made available to the council for this purpose. Members of the council shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

Sec. 5. **APPROPRIATION.** There is appropriated to the state department of education from the general fund in the state treasury the sum of \$750,000 for the biennium beginning July 1, 1971, for the purposes of this article.

ARTICLE XVI

Section 1. There is hereby appropriated to the department of taxation the sum of \$65,000 for the fiscal year 1971-72 for the purpose of effecting the tax increases imposed by this act, and \$80,000 for the fiscal years 1972-1973 for the purpose of auditing and reviewing certificates and levy limitations.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

ARTICLE XVII

Section 1. Minnesota Statutes 1969, Section 272.03, Subdivision 1, is amended to read:

272.03 **DEFINITIONS.** Subdivision 1. **REAL PROPERTY.** For the purposes of taxation, "real property" includes the land itself and all buildings, structures, and improvements or other fixtures on it, and all rights and privileges belonging or appertaining to it, and all mines, minerals, quarries, fossils, and trees on or under it.

A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

ARTICLE XVIII

Section 1. Minnesota Statutes 1969, Section 290.06, Subdivision 2b, as amended by Extra Session Laws 1971, Chapter 2, Section 2, is amended to read:

Subd. 2b. **RATES; INDIVIDUALS, ESTATES AND TRUSTS.** (a) ~~Notwithstanding the provisions of section 290.06, subdivision 2, for taxable years which begin after December 31, 1966, and prior to January 1, 1974, For the taxable year beginning after December 31, 1970, and prior to January 1, 1972, the income taxes imposed by this chapter upon individuals, estates, and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:~~

- (1) On the first \$500, one ~~and one-half~~ fifty-five one-hundredths percent;
- (2) On the second \$500, two ~~and one-tenth~~ percent;
- (3) On the next \$1,000, three ~~and twenty-five one-hundredths~~ percent;
- (4) On the next \$1,000, five ~~and four-tenths~~ percent;
- (5) On the next \$1,000, six ~~and sixty-five one-hundredths~~ percent;
- (6) On the next \$1,000, seven ~~and nine-tenths~~ percent;
- (7) On the next \$2,000, ~~eight~~ nine and one-tenth percent;

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(8) On the next \$2,000, ~~nine~~ ten and twenty-five one-hundredths percent;

(9) On the next \$3,500, ~~ten~~ eleven and four-tenths percent;

(10) On all over \$12,500, and not over \$20,000, ~~eleven~~ twelve and five-tenths percent;

(11) On the remainder, ~~twelve~~ thirteen and five-tenths percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose adjusted gross income for the taxable year is less than \$10,000, at his election shall be computed in accordance with tables prepared and issued by the commissioner of taxation. Such tables shall be prepared upon the same basis as the tables contained in Minnesota Statutes 1961, Section 290.06, taking into account, however, the increase in rates provided by clause (a) of this subdivision.

Sec. 2. [290.06] Subd. 2c. **SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.** (a) For taxable years beginning after December 31, 1971, the income taxes imposed by Minnesota Statutes, Chapter 290 upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

(1) On the first \$500, one and six-tenths percent;

(2) On the second \$500, two and two-tenths percent;

(3) On the next \$1,000, three and five-tenths percent;

(4) On the next \$1,000, five and eight-tenths percent;

(5) On the next \$1,000, seven and three-tenths percent;

(6) On the next \$1,000, eight and eight-tenths percent;

(7) On the next \$2,000, ten and two-tenths percent;

(8) On the next \$2,000, eleven and five-tenths percent;

(9) On the next \$3,500, twelve and eight-tenths percent;

(10) On all over \$12,500, and not over \$20,000, fourteen percent;

(11) On the remainder, fifteen percent.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose adjusted gross income for the taxable year is less than \$10,000, at his election shall be computed in accordance with tables prepared and issued by the commissioner of taxation. Such tables shall be prepared upon the same basis as the tables contained in Minnesota Statutes 1961, Section 290.06, taking into account, however, the increase in rates provided by clause (a) of this section.

Sec. 3. Minnesota Statutes 1969, Section 290.06, Subdivision 3b, is amended to read:

Subd. 3b. **CREDITS AGAINST TAX.** Notwithstanding the provisions of subdivision 3a for ~~the taxable years which begin after December 31, 1966, year beginning after December 31, 1970 and ending prior to January 1, 1972,~~ the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, ~~\$19~~ \$20, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, ~~\$38~~ \$40. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, ~~\$19~~ \$20 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20;

(c) In the case of a married individual, living with husband or wife, an additional \$20 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$25 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make sepa-

Changes or additions indicated by underline, deletions by ~~strikeout~~.

rate returns, these credits may be taken by either or divided between them;

(d) For the purposes of sub-paragraphs (b) and (c) of paragraph (4), an individual is blind if his central visual acuity does not exceed $\frac{20}{200}$ in the better eye with correcting lenses, or if his visual acuity is greater than $\frac{20}{200}$ but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(6) If the status of a taxpayer, insofar as it affects the credits allowed under paragraphs 1, 2 and 3 shall change during the taxable year, or if the taxpayer shall either become or cease to be a resident of the state during such taxable year, such credit shall be apportioned, in accordance with the number of months before and after such change. For the purpose of such apportionment, a fractional part of a month shall be disregarded unless more than one-half of the month, in which case it shall be considered as a month. In case of death during a taxable year, a credit shall be allowed to the decedent, in proportion to the number of months before his death, and to his estate, in proportion to the number of months after his death, and in any event a minimum credit of \$5 shall be allowed to the decedent and his estate, respectively;

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 4. Minnesota Statutes 1969, Section 290.06, is amended by adding a subdivision to read:

Subd. 3c. CREDITS AGAINST TAX. Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, 1971, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$21, and in the case of a trust, \$5;

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$42. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, \$21 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$21;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$21;

(c) In the case of a married individual, living with husband or wife, an additional \$21 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$25 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;

(d) For the purposes of sub-paragraphs (b) and (c) of paragraph (4), an individual is blind if his central visual acuity does not exceed $\frac{20}{200}$ in the better eye with correcting lenses, or if his visual acuity is greater than $\frac{20}{200}$ but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(6) If the status of a taxpayer, insofar as it affects the credits allowed under paragraphs 1, 2 and 3 shall change during the taxable year, or if the taxpayer shall either become or cease to be a resident of the state during such taxable year, such credit shall be apportioned, in accordance with the number of months before and after such change. For the purpose of such apportion-

Changes or additions indicated by underline, deletions by strikethrough.

ment, a fractional part of a month shall be disregarded unless more than one-half of the month, in which case it shall be considered as a month. In case of death during a taxable year, a credit shall be allowed to the decedent, in proportion to the number of months before his death, and to his estate, in proportion to the number of months after his death, and in any event a minimum credit of \$5 shall be allowed to the decedent and his estate, respectively;

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 5. Minnesota Statutes 1969, Section 290.92, is amended by adding a subdivision to read:

Subd. 2b. NOVEMBER AND DECEMBER WITHHOLDING FOR 1971. The withholding tables applicable to the period beginning after December 31, 1971 under the tax provisions prescribed by this article shall also be applicable for the periods of November and December 1971.

Sec. 6. Minnesota Statutes 1969, Section 290.06, Subdivision 2, is repealed.

ARTICLE XIX

Section 1. Minnesota Statutes 1969, Section 393.01, Subdivision 4, is amended to read:

Subd. 4. RAMSEY COUNTY BOARD OF PUBLIC WELFARE. In any county and any city of the first class within such county, which such county shall have more than 300,000 and less than 450,000 inhabitants, the board of public welfare shall be continued as the county welfare board and shall be appointed or elected as provided by Laws 1929, Chapter 371, as amended. In the county of Ramsey, the board of county commissioners shall be the county welfare board. This board shall have and exercise all the powers as provided by Laws 1929, Chapter 371, as amended, in addition to any other and further powers granted herein and shall have and perform all of the additional duties referred to in section 393.07, except that the executive secretary of such board shall be appointed and his salary shall be fixed pursuant to section 393.04. The members of this board shall receive \$25 per day for time actually spent in transacting the business of the board not exceeding a maximum of 30 days a year the executive secretary of the Ramsey county welfare board shall be appointed and his salary fixed by the county welfare board, and the county welfare

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board shall fix the salaries of such other employees as it may hire.

ARTICLE XX

Section 1. Minnesota Statutes 1969, Section 124.04, is amended to read:

124.04 CAPITOL EXPENDITURE TAXING AUTHORITY.
~~Subdivision 1. Subject to statutory limitations on its taxing power and within such limitations, In addition to the tax levy prescribed by law for general and special school purposes, the board of any independent district not located in a city of the first class may levy annually an amount equal to eight mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee notwithstanding the provisions of sections 272.64 and 275.49, provided that said levy may not exceed by more than two mills the levy under this section in the previous year . The tax so levied shall be collected in the manner provided by law for the collection of other school taxes. The proceeds of the tax may be used only to acquire, improve and repair school sites and to erect, equip, repair and improve buildings and permanent attached fixtures, and the board may establish a fund in which the proceeds of this tax may be accumulated until expended by the board.~~

The proceeds of the tax shall not be used for custodial services.

~~Subd. 2. Subject to statutory limitations on its taxing power in accordance with the provisions of subdivision 2 of this section, any common district not located in a city of the first class may levy annually a tax in any amount that does not exceed \$600 or 30 mills on the dollar valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee. The tax levied shall be collected in the manner provided by law for the collection of other school taxes. The proceeds of the tax may be used to acquire, improve and repair school sites and to erect, equip, repair and improve buildings and fixtures, and the board may establish a fund in which the proceeds of this tax may be accumulated until expended by the board.~~

Sec. 2. Minnesota Statutes 1969, Section 124.17, as amended by Laws 1971, Chapter 829, Section 1, is amended to read:

124.17 DEFINITION OF PUPIL UNITS. Subdivision 1. A ~~pupil unit is the denominator used to compute the distribution of state aid. Pupil units for each resident pupil in average daily attendance~~ membership shall be counted as follows: -

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(1) In an elementary school, for kindergarten and for handicapped prekindergarten pupils as defined in Minnesota Statutes, Section 120.03, and ~~attending enrolled in~~ one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, pupils in junior high school or a six-year-high school and all other pupils in secondary schools, one and ~~one-half~~ four-tenths pupil units. ~~For the school year commencing July 1, 1970 and every year thereafter the secondary pupil shall be counted one and four-tenths pupil units.~~ Pupils enrolled in the seventh and eighth grades of a middle school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units.

~~(4) Notwithstanding the preceding clauses, the method of determining resident pupil units in average daily attendance set forth in Minnesota Statutes, Section 124.17, shall remain the method incorporated by reference into any statute of this state establishing taxation limits for a local district on a resident pupil unit basis.~~

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit. The department of public welfare is directed to furnish to the department of education that information concerning children from families with dependent children which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units for such district shall equal the average of actual pupil units for the prior and current years. This adjustment shall not be made in computing adjusted maintenance cost per pupil unit.

Subd. 2. Membership shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil

Changes or additions indicated by underline, deletions by ~~strikeout~~.

permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in this act shall be construed as waiving the compulsory attendance provisions cited in Minnesota Statutes, Section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. Average daily attendance means the quotient to be obtained by dividing the number which represents the total of all days which all pupils attend school during the school year by the number of days during the school year while the school is in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by Minnesota Statutes, Section 124.19, Subdivision 1. The average daily attendance membership of pupils a pupil enrolled on a shared time basis shall equal the ratio of the total minutes attended by such pupils for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for each pupil in such shared time classes shall be paid at a rate proportionate rate for to aid paid for other resident pupils of the district providing instruction. A district shall not be entitled to transportation aid under Minnesota Statutes, Section 124.22 for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student.

Subd. 3. In computing pupil units for a prior year, the number of pupil units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance and any change in measurement from average daily attendance to average daily membership, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

Sec. 3. Minnesota Statutes 1969, Chapter 124, is amended by adding a section to read:

[124.212] FOUNDATION AID. Subdivision 1. The foundation aid program for school districts for fiscal years 1972 and 1973 shall be governed by the terms and provisions of this section.

Subd. 2. Except as may otherwise be provided in this section, the following words and phrases when used in this section shall have the meanings herein ascribed to them.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(1) "Adjusted maintenance cost" means the state and local current expense for pupils in elementary and secondary schools, exclusive of transportation, veterans training program, community services, and after reduction for receipts from the sale of other items sold to the individual pupil by the school such as lunches, paper, workbooks, and other materials used in the instructional program, and after reduction for receipts from quasi-school activities when the school board has assumed direction and control of same. For purposes of determining the adjusted maintenance costs, the state department of education shall use only figures from the annual financial reports of the districts for the prior year and any supplementary documents received by it on or before August 1 of the current year, (November 1, in 1971 only). For any district which has not transmitted to the department of education before August 1, (November 1, in 1971 only) its annual financial report for the prior year, the figures from the most recent financial report of that district received on or before August 1, (November 1, in 1971 only) shall be used for purposes of calculating its certified levy and foundation aid. In calculating the adjusted maintenance cost in 1970-1971, a district may include for calculating its certified levy and foundation aid under this article salaries paid in the 1971-1972 school year which are for services rendered in 1970-1971.

(2) "Adjusted assessed valuation" shall mean the assessed valuation of the taxable property notwithstanding the provisions of Minnesota Statutes, Section 275.49 of the school district as adjusted by the equalization aid review committee.

Subd. 3. Notwithstanding any of the other provisions of this section, for the year ending June 30, 1972, the sum of foundation aid, sales tax per capita payments pursuant to sections 297A.55 and 297A.57, exempt personal property replacement payments pursuant to section 273.69 and state payment of agricultural property mill rate differential shall not be less than the sum of the payments from the same sources for the year ending June 30, 1971. For the year ending June 30, 1973, the sum of the payments from the same sources shall not be less than the sum of the payments from those sources for the year ending June 30, 1971, or June 30, 1972, whichever is higher.

Subd. 4. Notwithstanding any of the other provisions of this section, foundation aids computed under subdivisions 6 and 7 of this section shall be reduced by the amount of moneys received by the district from the permanent school fund and shall be further reduced by the amount of sales tax per capita payments made to the district pursuant to sections 297A.57 and 297A.55.

Subd. 5. In no event shall the amount payable to any district from state sources for any one year be reduced below the

Changes or additions indicated by underline, deletions by strikeout.

amount payable as apportionment of the school endowment fund pursuant to sections 124.08 to 124.10.

Subd. 6. For the 1971-1972 school year each district shall receive foundation aid in the amount of \$600 per pupil unit, less 30 mills times the 1970 adjusted assessed valuation of the district, provided that no district shall receive less than \$215 per pupil unit, for pupil units other than those defined in Minnesota Statutes, Section 124.17, Subdivision 1, Clause (4), and less than \$600 per pupil unit defined in Minnesota Statutes, Section 124.17, Subdivision 1, Clause (4).

Subd. 7. For the 1972-1973 school year each district shall receive foundation aid in the amount of \$750 per pupil unit, less 30 mills times the 1970 adjusted assessed valuation of the district, provided that:

(1) Any district whose 1970-1971 adjusted maintenance cost per pupil unit in average daily membership is \$662 or below shall receive aid on the following basis: The sum of the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$87 per pupil unit in average daily membership less the product of the following serial multiplication: 30 mills times the ratio of the sum of the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$87 per pupil unit in average daily membership divided by \$750 times the 1970 adjusted assessed valuation of the district;

(2) and provided further that no district shall receive less than \$215 per pupil unit for pupil units other than those defined in Minnesota Statutes, Section 124.17, Subdivision 1, Clause (4), and less than \$750 per pupil unit defined in Minnesota Statutes, Section 124.17, Subdivision 1, Clause (4).

Subd. 8. Notwithstanding any provisions of any other law to the contrary, the 1970 adjusted assessed valuation used in calculating foundation aid for the 1971-1972 and 1972-1973 school years shall include only that property which is currently taxed in the district. For districts receiving payments under sections 298.23 to 298.28, 298.32, 298.34 to 298.39, 298.391 to 298.396, 298.405, 298.51 to 298.67, 294.21 to 294.28 and 124.28 or under any other law distributing proceeds of in lieu of ad valorem tax assessments on copper or nickel properties, the foundation aid shall be reduced by 20 percent of the previous year's payments to the district pursuant to said sections in the 1971-1972 school year, 30 percent in 1972-1973 school year, and thereafter there shall be deducted from state foundation aids an amount that equals the following calculations:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

The previous year's payment times the ratio of the maximum levy allowed the district under section 8, subdivision 2 of this article to the total levy allowed by section 8. For any district which receives any other state grants, refunds or aids not available to each and every school district and designed to compensate for nontaxable valuation, except for aids under Minnesota Statutes, Section 124.801, the foundation aid for the 1971-1972 and 1972-1973 school years shall be reduced by 10 percent of the previous year's payments to the district of such additional aids. Thereafter there shall be deducted from state foundation aids an amount that equals the following calculations:

The previous year's payment times the ratio of the maximum levy allowed the district under section 8, subdivision 2 of this article to the total levy allowed by section 8.

Subd. 9. Any district not maintaining classified elementary or secondary schools shall pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and shall receive foundation aid pursuant to this section on the same basis as other districts. The aid shall be computed as if the pupils were enrolled in the district of residence.

Subd. 10. The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of taxation, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of taxation to ascertain the market value of such property, and adjust such values as required by law to determine the adjusted assessed valuation. The department of taxation shall take such steps as it may consider necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of taxation is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before May 15, annually, the department of taxation shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Subd. 11. (a) The committee shall not increase the adjusted assessed valuation, exclusive of property valuation added, improved, reclassified, or reassessed since the prior assessment, of taxable property for 1962 or any subsequent year in any school district by more than eight percent over the certified valuation established for the year immediately preceding.

(b) Whenever the adjusted assessed valuation of any district is more than eight percent less than the adjusted assessed valuation of the preceding year, the state board of education may, upon application by the district prior to June 30 of such school year, authorize payment of additional foundation aid in the August adjustment following such school year in the amount of 30 mills times the difference in the said two successive adjusted assessed valuations.

(c) The sales ratio studies, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of taxation for the equalization aid review committee for use in determining school aids pursuant to this section shall not be admissible in evidence in any proceeding, except actions for review of the determination of the school aids payable under this section.

Subd. 12. Should any district within 60 days after receipt of a copy of a report filed with the commissioner of education made pursuant to subdivision 11, or notice of redetermination made pursuant to subdivision 12, be of the opinion that the equalization aid review committee has made an error in the determination of the school district's market value, it may appeal from the report or portion thereof relating to the school district to the tax court, as provided in subdivisions 14 to 19.

Subd. 13. The school district shall file with the clerk of the tax court a notice of appeal from the determination of the equalization aid review committee fixing the market value of the school district, and such notice shall show the basis of the alleged error. A copy of such notice of appeal shall be served upon the commissioners of taxation and education, and proof of service shall be filed with the clerk of court.

Subd. 14. Upon receipt of the notice of appeal the tax court shall review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the equalization aid review committee of the market value of the property in the school district. If the court finds it probable that such an error has been made, it shall notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall be set and held in the same manner as other hearings of the

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tax court are set and heard. The attorney general shall represent the commissioners of taxation and education and equalization aid review committee; the administrative procedure act, sections 15.0415 to 15.0422, shall apply to hearings insofar as it is applicable.

Subd. 15. The tax court shall hear, consider and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing the court shall (1) file findings of fact, or (2) re-refer the issues to the equalization aid review committee with instructions and recommendations for a determination and correction of the market value of the appealing school district. The decision of the tax court, if it decides the matter de novo, shall have the same force and effect as a determination by the equalization aid review committee in the first instance under this section, and the equalization aid review committee shall be notified thereof. If the matter is re-referred to the equalization aid review committee a redetermination by the equalization aid review committee in accordance with the recommendations of the tax court shall likewise have the same force and effect as a determination by it in the first instance under this section.

Subd. 16. In addition to the powers and duties of the tax court as prescribed by chapter 271, and any act amendatory thereof, any hearing ordered pursuant to the provisions hereunder may be heard by a hearing examiner in lieu of one or more members of the tax court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more members of the tax court. He shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The tax court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

Subd. 17. A decision of the tax court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the supreme court.

Subd. 18. During the pendency of any appeal from an equalization aid review committee evaluation, state aids to the district so appealing shall be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

Subd. 19. None of the provisions of chapter 16, shall apply to appropriations enacted to carry out the provisions of this section.

Changes or additions indicated by underline, deletions by strikeout.

Sec. 4. Minnesota Statutes 1969, Section 124.11, is amended to read:

124.11 DATES OF AID PAYMENTS. ~~Special state aid shall be paid to districts in September and March based upon information available. In August a final distribution for the previous school year shall be made. Ten percent of the estimated foundation aids shall be paid to districts in each of the months from September through May based upon information available and the final distribution shall be made in the following August, except that in the school year 1971-1972 payments shall commence in November or as soon thereafter as possible with the payment of 13 percent of the estimated foundation aids each month through May. Final distribution shall be made in the following August. If any school district is unable to borrow necessary funds for the operation of its facilities during any fiscal year, due to legal borrowing restrictions or the lack of reasonable credit facilities, the state auditor and state treasurer may, upon certification of such conditions by the commissioner of administration, advance such education aids as may be required to such district, with the condition that such aids be discounted by an amount equal to 6 percent or the current yield on U. S. treasury bills on the date of such payment to a maturity approximating the date on which aids are to be paid, whichever rate is higher, pursuant to the terms of this section. The amount of such discount shall be determined by the state auditor, with the 6 percent discount or the "bid" price quoted on treasury bills of an appropriate maturity calculated after consultation with the staff of the state board of investment.~~

Estimated foundation aids shall be paid out on the basis of the prior year's pupil unit enrollment unless the October 1 enrollment is larger, in which case the October enrollment shall be used. Adjustment for final pupil unit figures shall be made in the August payment of aids.

Sec. 5. Minnesota Statutes 1969, Section 124.215, is amended by adding a subdivision to read:

Subd. 2a. In addition to regular foundation aid payments, there shall be paid from the appropriation for foundation aid to any district whose schools are attended by children residing upon nontaxable land under the control of the armed forces of the United States, an amount equal to the number of pupil units represented by such children times the dollar amount derived by dividing the total levy of the district as spread upon the property of the district by the number of its other resident pupil units in average daily membership.

Sec. 6. Minnesota Statutes 1969, Section 124.22, Subdivision 3, as amended by Laws 1971, Chapter 890, Section 2, is amended to read:

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Subd. 3. In a district or unorganized territory without a secondary school resident pupils including seventh and eighth grade pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to a district having a classified secondary school at the expense of the district of the pupil's residence. ~~The county may pay the reasonable cost of such board and lodging or transportation in excess thereof.~~ The state will reimburse the county or school district therefor not to exceed \$80 per pupil per year nor to exceed 80 percent of the total cost including actual depreciation.

Sec. 7. Minnesota Statutes 1969, Section 273.41, is amended to read:

273.41 AMOUNT OF TAX; DISTRIBUTION. There is hereby imposed upon each such cooperative association on December 31 of each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon distribution lines and the attachments and appurtenances thereto of such associations located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of taxation. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to five percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate of four percent per annum from the time such tax should have been paid until paid. The commissioner shall retain five percent of the proceeds of such tax, penalty and interest for expenses of administration and shall distribute the balance thereof, on or before July 1 of each year to the treasurers of the respective counties of the state in proportion to the number of members of such associations in the several counties as of December 31 of the preceding year, as determined by reports of such associations made and verified in such manner and on such forms as may be prescribed by the commissioner of taxation. The moneys so distributed to the respective counties shall be credited by the treasurers thereof, ~~one half to the general revenue fund and one half to the general school fund~~ of the county.

There is hereby appropriated to the counties entitled to such payment, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make such payment as is authorized herein.

Sec. 8. Minnesota Statutes 1969, Chapter 275, is amended by adding a section to read:

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[275.125] TAX LEVY, SCHOOL DISTRICTS. Subdivision 1. Except as may otherwise be provided in this section, the words and phrases defined in section 3 when used in this section shall have the meanings ascribed to them in section 3.

Subd. 2. Except as otherwise provided in this section, each school district in the state shall levy a tax for all general and special school purposes which will yield not more than an amount equal to 30 mills times the adjusted assessed valuation of the district for the year prior to the year in which the levy is made. This prescribed levy is subject to the following exceptions:

(1) Any district whose foundation aid for the 1972-1973 school year will be computed pursuant to section 3, subdivision 7, clause (1), shall levy in 1971, for collection in 1972, a tax which will yield not more than an amount equal to the product of the following serial multiplication: 30 mills times the ratio of the sum of the district's 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$87 per pupil unit in average daily membership divided by \$750 times the 1970 adjusted assessed valuation of the district.

(2) Any district whose foundation aid for the 1972-1973 school year is computed pursuant to section 3, subdivision 7, clause (1), shall have a 1972 levy, collectible in 1973 not more than the amount equal to the product of the following serial multiplication: 30 mills times the ratio of the sum of the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$125 per pupil unit in average daily membership divided by \$750 times the 1971 adjusted assessed valuation of the district, provided that the product may not exceed 30 mills times the 1971 adjusted assessed valuation of the district.

(3) The levy prescribed by this subdivision may be increased in any amount which is approved by the voters of the district in a referendum called for that purpose. Such a referendum may be called only by the school board. The referendum may be held on the date set for the election of members to the school board, or on the equivalent date in any year in which there is no such election, or between September 1 and September 20. In 1971 a school board may call a referendum not later than December 15 in order to establish an additional levy collectible in 1972. The question on the ballot shall be whether a specific millage may be added to that allowed by this subdivision. If approved, the additional millage shall be allowed each year until and including the 1972 levy, collectible in 1973, or until revoked by the voters of the district at a subsequent referendum, which may be called by the school board and which shall be called by the school board upon the written petition of 5 percent of the qualified voters of the district. A referendum to revoke the additional millage shall be

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held only on the date set for the election of members to the school board, or on the equivalent date in any year in which there is no such election. Notwithstanding any statute to the contrary, it shall require approval of 50 percent plus one of those voting on the question to pass a referendum.

Subd. 3. In addition to the levy prescribed by subdivision 2, each district may levy additional amounts as follows:

(1) The amounts necessary to make payments for bonds issued and for interest thereon, and for repayment of debt service loans and capital loans, the amount authorized for capital outlay pursuant to Minnesota Statutes, Section 124.04 and the amount authorized for liabilities of dissolved districts pursuant to Minnesota Statutes, Section 122.45.

(2) An amount necessary to pay the estimated actual transportation costs of the district for the following school year less estimated state transportation reimbursement for the current year. The money raised by this additional levy may be used only for costs incurred in transportation which is partially reimbursable under Minnesota Statutes, Sections 124.22 and 124.32.

(3) For purposes of the 1971 levy, collectible in 1972, any district, in which the sum of \$87 per pupil unit in average daily membership and the difference between the reimbursement entitlement per pupil unit in average daily membership for 1970-1971 school year programs for handicapped children and the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership is greater than \$750 per pupil unit, may levy an amount per pupil unit which is equal to or less than the difference between said sum and \$750 per pupil unit. A district which is located in a city of the first class may not qualify for an additional levy that exceeds 1.5 mills times the adjusted assessed valuation of the district.

(4) For purposes of the 1972 levy collectible in 1973, any district, which qualified for an additional levy under subparagraph 3 of this subdivision, and in which the sum of the additional amount per pupil unit authorized by subparagraph (3) and \$750 per pupil unit is greater than \$788 per pupil unit may levy an additional amount per pupil unit which is equal to or less than \$38 per pupil unit plus the difference between said sum and \$788 per pupil unit. A district which is located in a city of the first class may not qualify for an additional levy that exceeds 1.5 mills times the adjusted assessed valuation of the district.

(5) Each district which maintains a post secondary area vocational technical school shall report to the commissioner of education the receipts and expenditures of the district for the area

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vocational technical school by September of the fiscal year ending in the preceding June. The commissioner shall prescribe the form of the report.

Each district or county maintaining a post secondary area vocational technical school may levy an additional levy exclusively for this school, but such levy in a district within a city of the first class may not exceed .5 mills times the adjusted assessed valuation of the district as determined by the equalization aid review committee for the year prior to the certification of the levy.

(6) (A) In order that the transition from existing patterns of financing public schools to the system prescribed in this article may be made in an orderly fashion, a district may levy an additional levy under the terms of this section.

(B) If that part of the levy certified by the school district in 1970, received in 1971, plus so much of the levy, allowed under subdivisions 2 and 3, sections 1 to 5 of this act, to be certified in 1971, received in 1972, as will be received between July 1, 1971 and June 30, 1972, and when added to all other state aids, local funds available and net existing local debts, exclusive of bonded debt and existing capital loans will not be sufficient to allow a district to spend an amount per pupil unit sufficient to raise its 1970-1971 adjusted maintenance cost per pupil unit by \$42 it may petition the commissioner of education for authority to levy an additional levy. Before such a levy can be made, the commissioner must authorize such a levy. Such authorization shall specify the amount of the levy, provided that such levy may not exceed .5 mills in a city of the first class or 1.5 mills in any other district times the 1970 adjusted assessed valuation of the district as determined by the equalization aid review committee.

(C) If the additional levy allowed in (b) is insufficient to raise the adjusted maintenance cost of a district to \$42 above its costs in 1970-1971 it may petition the commissioner of education for authority to issue general obligation bonds of an amount sufficient to meet the deficiency. The commissioner must authorize such a bond issue. The authorization shall specify the amount of the bond issue provided that the levy authorization to pay the principal and interest on the bonds may not exceed .5 mills in a district within a city of the first class, or 1.5 mills in any other district, times the 1970 adjusted assessed valuation of the district as determined by the equalization aid review committee. The bonds authorized by this section shall be sold and issued pursuant to the provisions of Minnesota Statutes, Chapter 475, except as otherwise provided herein. Such bonds shall not be included in computing any debt limitation for a district and no election shall be required for their sale and issuance.

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A district may not be authorized an additional levy under both (B) and (C) of this section.

Subd. 4. Any district which in any year levies an amount which is greater than the amount allowed by subdivisions 2 and 3, shall lose an amount of state foundation aid equal to one-half of the excess in the levy, provided that any levy which is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee under section 3, subdivisions 11 to 20, shall not be compensated for in the next levy of the district. The amount of aid lost shall be deducted from the aid which would otherwise have been received for the school year which commences in the calendar year during which the excessive levy is being collected. Any foundation aid so withheld shall be withheld in accordance with the procedures specified in section 124.15. A levy made in 1971 prior to the effective date of this article shall be reviewed, and may be modified, by the appropriate authority of the district for the purpose of reducing such levy to conform to the limitation imposed by this article. Any reduction in such levy made prior to December 15, 1971 shall be given the same effect as though such reduction had been made prior to the expiration of the time allowed by law for making the levy.

Subd. 5. For the purposes of this section, the number of pupil units in average daily membership shall be computed in accordance with section 124.17, provided that the district may use an estimated average daily membership for the current school year. Any district which increased its pupil units, exclusive of consolidation, or merger of districts, or change of definition of pupil units by more than 5 percent from one year to another may use an estimated pupil unit count for the next succeeding school year for determining a levy certified in the current year. If as a result of such estimate the levy is different from the amount that could actually have been levied under this section had such levy been based upon the pupil units computed under section 124.17 for that school year, then in that event the authorized levy for the following year shall be adjusted for the difference.

Subd. 6. Notwithstanding any other charter provision, general or special laws to the contrary, every school district in the state shall abide by the terms and provisions of this section.

Subd. 7. By November 1 of each year (December 1, in 1971 only) each district shall submit to the commissioner of education and the commissioner of taxation a certificate of compliance with the levy limitations of this section and of section 1 of this article. The commissioner of taxation shall prescribe the form of this certificate.

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Sec. 9. Minnesota Statutes 1969, Section 290.62, is amended to read:

290.62 DISTRIBUTION OF REVENUES. All revenues (except the bank excise tax imposed by section 290.361) derived from the taxes, interest, penalties and charges under this chapter shall, notwithstanding any other provisions of law, be paid into the state treasury and credited to the general fund, and be distributed as follows:

(1) Except for refunds of bank excise tax imposed under section 290.361, there shall, notwithstanding any other provision of the law, be paid from this general fund all refunds of taxes erroneously collected from taxpayers under this chapter as provided herein;

~~(2) There shall be distributed as school aid to each school district of the state, including municipalities operating their own school, an amount equal to \$10 per child between the ages of six and 16 years, both years inclusive, residing in such district without being subject to any conditions; provided, that a child in his sixteenth year shall be included only if in actual attendance in school;~~

~~(3)~~ (2) There is hereby appropriated to the persons, ~~school districts, or municipalities~~ entitled to payment herein, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Sec. 10. Minnesota Statutes 1969, Section 352.041, Subdivision 5, is amended to read:

Subd. 5. **EMPLOYER CONTRIBUTIONS, LEAVES OF ABSENCE; TAX LEVIES.** Every political subdivision employing a state employee covered by the system on leave of absence from state service for employment by a political subdivision of the state shall pay into the state employees retirement fund the amount of the employer contribution required by law for state employees covered by the system. Such employing political subdivisions, except school districts, may levy such taxes as may be necessary for the payment of employer contributions without limitation as to rate or amount, and the levy of such taxes shall not cause the amount of other taxes to be levied by political subdivisions, except school districts, which are subject to any such limitation, to be reduced in any amount whatsoever.

Sec. 11. Minnesota Statutes 1969, Section 353.28, Subdivision 8, is amended to read:

Subd. 8. If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any

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limitation upon the power of a county, city, village, borough, town, or school district to levy taxes, the governmental subdivision concerned, if it is other than a school district, may levy taxes in excess of the limitation in such amount as is necessary to meet its obligations under this section. The expenditures authorized to be made under this chapter by any municipality are not included in computing the cost of government as defined in any home rule charter of any municipality affected by Laws 1957, Chapter 935.

Sec. 12. Minnesota Statutes 1969, Section 355.299, is amended to read:

355.299 OBLIGATIONS OF POLITICAL SUBDIVISIONS.

Each political subdivision is hereby authorized and directed to pay its obligations under this act from moneys collected from taxes or other revenues. Each political subdivision authorized to levy taxes may include in its tax levy the amount necessary to pay such obligations. If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any limitation whatsoever under the power of the political subdivision to levy taxes, such political subdivision, if it is other than a school district, may levy taxes in excess of the limitation in such amount as is necessary to meet its obligation under this act. The expenditures authorized to be made shall not be included in computing the cost of government as defined in any home rule charter or charter of any city affected thereby. The governing body of a municipality for the purposes of meeting its obligations hereunder, in the event of deficit, may issue its obligations payable in not more than two years in an amount which may cause its indebtedness to exceed any statutory or charter limitation without an election and may levy taxes and pay therefor in a manner provided in section 475.61 and acts amendatory thereto.

Sec. 13. Minnesota Statutes 1969, Section 471.61, Subdivision 1, as amended by Laws 1971, Chapter 451, Section 1, is amended to read:

471.61 GROUP INSURANCE, PROTECTION FOR OFFICERS, EMPLOYEES, RETIRED OFFICERS AND EMPLOYEES. Subdivision 1. **OFFICERS, EMPLOYEES.** Any county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than the state or any department thereof, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their officers and employees, and their dependents, or any class or classes thereof, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, in the case of employees, and medical and surgical benefits, and hospitalization insurance or

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benefits, for both employees and dependents, or dependents of an employee whose death was due to causes arising out of and in the course of employment, or any one or more of such forms of insurance or protection. Any such governmental unit, including county extension committees and those paying their employees, may pay all or any part of the premiums or charges on such insurance or protection. Any such payment shall be deemed to be additional compensation paid to such officers or employees but for purposes of determining contributions or benefits under any public pension or retirement system it shall not be deemed to be additional compensation. Any one or more of such governmental units may determine that a person is an officer or employee if such officer or employee receives a portion of his income from such governmental subdivisions without regard to the manner of his election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall deduct from the salary or wages of each officer and employee who elects to become insured or so protected, on the officer's or employee's written order, all or part of the officer's or employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract.

Any governmental unit which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and except for school districts such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 19 years actually dependent upon the employee.

Sec. 14. Minnesota Statutes 1969, Section 471.61, Subdivision 2a, is amended to read:

Subd. 2a. **RETIRED OFFICERS, EMPLOYEES.** Any county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than a city of the first class having a population of over 400,000 or the state or any department thereof, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their retired officers and retired employees entitled

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to benefits under any public employees retirement act and their dependents, or any class or classes thereof, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, medical and surgical benefits, or hospitalization insurance or benefits, for retired officers and retired employees and their dependents, or any one or more of such forms of insurance or protection. Any such governmental unit, including county extension committees, may pay all or any part of the premiums or charges on such insurance or protection. Any one or more of such governmental units may determine that a person is a retired officer or a retired employee if such officer or employee, when employed, received a portion of his income from such governmental subdivisions without regard to the manner of his election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall collect from each such retired officer and retired employee who elects to become insured or so protected, on such officer's or employee's written order, all or part of the retired officer's or retired employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract.

Any governmental unit which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and except for school districts such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the retired officer or retired employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 19 years actually dependent upon the retired officer or retired employee.

Sec. 15. Minnesota Statutes 1969, Section 124.09, is amended to read:

124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT.
Beginning with the apportionment in October, 1972, the school endowment fund shall be apportioned semi-annually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months, in proportion to the number of pupils between the ages of five and twenty-one years who shall have been in average daily

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attendance membership during the preceding year, provided, that apportionment shall not be paid to ~~the a district attended~~ for pupils for whom tuition is received by such district.

Sec. 16. Minnesota Statutes 1969, Section 124.10, Subdivision 3, is amended to read:

Subd. 3. The county auditor, on the first Wednesday after such apportionment, shall report to the commissioner on the amount apportioned, the sources from which such money was received, and the total average daily ~~attendance membership~~ of pupils in the county entitled to apportionment.

Sec. 17. **[121.49] ITEMIZATION OF AMOUNT OF AID TO DISTRICTS.** The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for the year ending June 30, 1972 and for each year thereafter from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be made available to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.

Sec. 18. School districts 287, 916, and 917 are not subject to the levy limitations imposed by this article.

Sec. 19. Minnesota Statutes 1969, Section 124.13, is amended to read:

124.13 LIMIT ON STATE AID. The total amount of aid paid by the state to any district for any year shall not exceed the total amount expended by the district for education of resident pupils during such year, ~~except aid paid pursuant to Minnesota Statutes, Section 290.62 shall not be withheld when expended for lawful school purposes.~~

Sec. 20. Minnesota Statutes 1969, Section 122.45, is amended by adding a subdivision to read:

Subd. 3a. (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 shall be obligations of the consolidated district after attachment (in the amount and kind determined by the county board according to subdivision 1, where a dissolved

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district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

(1) All taxes inuring to the consolidating district upon levies made by the dissolved district;

(2) All cash, bank accounts, investments, and other current assets;

(3) Earned state aids of the dissolved district;

(4) Returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory; provided, the county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized by this article.

Sec. 21. [122.53] ADJUSTED MAINTENANCE COST PER PUPIL. If all or part of the area included within two or more school districts is consolidated, merged or otherwise combined to constitute a single school district, and differing adjusted maintenance costs per pupil unit apply for the prior year, the adjusted maintenance cost per pupil unit applicable to the surviving entity for purposes of this act shall be equal to the average of such costs weighted by the taxable value assigned to the areas involved by the county auditor or respective county auditors. In any event, the adjusted maintenance cost per pupil unit shall not be less than the adjusted maintenance cost per pupil unit of the district or

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districts maintaining secondary educational facilities. Such weights shall apply in a like manner to determine pupil units for the surviving entity of the school year preceding consolidation, merger, or other combination.

Sec. 22. [122.54] OPERATING DEBT. Subdivision 1. The operating debt of a school district as of the close of business on June 30, 1971 shall include any (1) amounts received before July 1, 1971, from (a) advances from the county auditor made to the district from ad valorem real property taxes exclusive of advances pledged to the payment and interest on bonded indebtedness which were levied in 1970, (b) payments received from personal property replacement made in February and March, 1971, (c) payments received from per capita aids made in June, 1971 plus (2) any unpaid obligations for services or materials properly chargeable to costs for any year prior to July 1, 1971, (3) minus the total amount of accounts receivable as of June 30, 1971, and (4) minus the net cash and invested balance of the district exclusive of building, sinking and bond funds. Unpaid obligations for services or materials properly chargeable to costs for any year prior to July 1, 1971, shall include but not be restricted to (1) money due for unpaid personnel salaries for services rendered prior to July 1, 1971 for which checks were not drawn, (2) total unredeemed certificates of indebtedness for anticipated aids or taxes as of June 30, 1971, and (3) outstanding orders not paid for want of funds. If the amount of operating debt so computed is positive, this amount is defined as the operating debt; if the amount is negative, the district has an operating surplus.

Subd. 2. Each year at a time and on forms provided by the commissioner, each district shall report on its operating debt or surplus in such detail as shall be required by the commissioner.

Subd. 3. Not later than January 15, 1973, the department of education shall prepare and submit to the legislature a report submitting its findings pursuant to this section.

Sec. 23. Minnesota Statutes 1969, Sections 124.215, Subdivision 1, as amended by Laws 1971, Chapter 252, Section 1; and Subdivision 2, are repealed provided that payments may be made to school districts pursuant to those sections after July 1, 1972, if the payments are for the 1971-1972 school year or any previous year.

Sec. 24. Minnesota Statutes 1969, Section 124.51, is hereby repealed as of July 1, 1972, provided that payments may be made pursuant to that section if they are for the 1971-1972 school year or any previous year.

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Sec. 25. Minnesota Statutes 1969, Sections 122.45, Subdivision 3, 124.211, 275.12 and 275.123; Laws 1961, Chapter 444; Laws 1965, Chapter 240; Laws 1965, Chapter 705, Section 1, Subdivisions 12, 13, 14, 15, 16, and 17, as amended by Laws 1969, Chapter 1110; Laws 1959, Chapter 462, Section 6, as amended by Laws 1963, Chapter 645, Section 6, as amended by Laws 1967, Chapter 661, Section 5; and Laws 1969, Chapter 699, Section 2, are hereby repealed.

Sec. 26. The appropriation made by Laws 1971, Chapter 966, Section 13, Subdivision 5, (b) shall cancel, and the moneys appropriated thereby shall revert to the general fund of the state treasury.

Sec. 27. The proviso attached to the appropriation made in Laws 1971, Chapter 960, Section 6, Subdivision 3, is rescinded.

Sec. 28. The state board of education is directed to report to the 1973 session of the legislature on the adequacy and equity of using pupils from families receiving aid to families with dependent children as an index of educational overburden.

Sec. 29. The appropriation made by Laws 1971, Chapter 966, Section 13, Subdivision 4, is cancelled. The appropriations by Laws 1971, Chapter 966, Section 13, Subdivision 5, paragraphs (a) and (c) shall be administered so far as possible in accordance with Minnesota Statutes 1969, Section 124.215, notwithstanding the time limitations expressed in that section.

Sec. 30. There is hereby appropriated from the general fund to Independent School District No. 280, Hennepin county, the sum of \$49,341, as reimbursement for tuition not otherwise recovered from state and federal aid payments for 1969-1970 and 1970-1971 school years for pupils residing on the Fort Snelling military reservation. Independent School District No. 280 may, by resolution of its board, enlarge its boundaries to include any presently adjoining unorganized territory. If the unorganized territory of Hennepin county is absorbed by Independent School District No. 280 and there exists a balance in the accounts for which this appropriation has been made, the amount appropriated shall be adjusted in the next payment of aid to Independent School District No. 280.

Sec. 31. The board of education of each school district situated in a city of the first class shall report to the commissioner of education moneys expended in the school year 1971-1972 and estimated to be expended in the school year 1972-1973 for educational instruction in each school building. Such report shall be made in the form prescribed by the commissioner and shall be filed with him not later than January 15, 1973.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 32. Minnesota Statutes 1969, Section 297A.57, is amended to read:

297A.57 DISTRIBUTION TO REMAINING SCHOOL DISTRICTS. Using the other one half of the amount remaining, the state auditor shall determine the amounts to be distributed to each school district in the state (except school districts located in cities of the first class) on a school census basis, giving an equal amount for each child between the ages of six and sixteen years, both years inclusive, residing in a district, such amount to be not less than \$20 for each child. ~~Upon receipt of the levies certified from the school districts for the year 1967 and each year thereafter payable in the year 1968 and each year thereafter, the county auditor shall reduce the levy of each school district by the amount to be received by such district under this section.~~

Sec. 33. Notwithstanding any other provision of law, any district which has received aid pursuant to Minnesota Statutes, Section 124.802 for the preceding six years shall be entitled to receive in any school year commencing after July 1, 1971, the greater of the aid due under section 124.802 or the average of the aid received during the preceding six years. This section shall not apply to a district in which the average of the aids received during the six preceding years exceeds \$90,000. This section shall expire July 1, 1973.

Sec. 34. **APPROPRIATION.** The sums set forth are appropriated from the general fund for the indicated purposes. The figures appearing below designated years are appropriated for the fiscal years beginning on July 1 of those years.

	<u>1971</u>	<u>1972</u>
<u>School Foundation Aids</u>	<u>\$378,772,460</u>	<u>\$517,699,800</u>
<u>Emergency School Aid</u>	<u>4,000,000</u>	
<u>(Moneys not expended during 1971 shall not cancel and shall be available in 1972.)</u>		
<u>School Transportation</u>		
<u>Reimbursement Aid</u>	<u>25,200,000</u>	<u>33,300,000</u>
<u>Classes for Handicapped Children</u>	<u>18,633,000</u>	<u>21,233,136</u>
<u>School Vocational Aid</u>	<u>27,942,000</u>	<u>34,900,404</u>

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Moneys not expended during 1971 shall not cancel and shall be available in 1972.

Sec. 35. [275.126] **TEACHER RETIREMENT FUND LEVIES, EXEMPTION FROM LIMITATIONS.** Levies for teacher retirement fund associations established under the provisions of Minnesota Statutes, Section 354.15 are exempt from the levy limitations of this article.

Sec. 36. [275.127] **SCHOOL DISTRICTS WITHIN CITIES OF FIRST CLASS; RETIREMENT LEVIES, EXEMPTION FROM LIMITATIONS.** Retirement levies by school districts within districts of the first class under Minnesota Statutes, Sections 422.01 to 422.54 are exempt from the levy limitations of Article XX, but not those of Article XXVI.

ARTICLE XXI

Section 1. [477A.01] **LOCAL GOVERNMENT AID.** Subdivision 1. Except in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, the state shall distribute \$25 for each person residing in the territory comprising each county for the calendar year 1972 and \$27 for the calendar year 1973 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory.

Subd. 2. The county government shall receive the same percentage of the distributions pursuant to subdivision 1, that it was entitled to receive in 1971 of the total distributions to the several taxing authorities in the county's territory pursuant to Minnesota Statutes 1969, Sections 273.69 and 297A.51 to 297A.60, except that distributions to school districts under those laws shall be disregarded in making the calculation.

Subd. 3. Each taxing authority in each county, other than the county, the school districts and the cities, villages and towns, shall receive in 1972 and 1973 a distribution equal to the distribution it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Section 273.69.

Subd. 4. The balance of the distributions pursuant to subdivision 1, shall be divided among the several cities, villages and towns in the county's territory in the proportion that the dollar amount of the levy of each city, village and town payable in 1971 bears to the total dollar amount of the levies of all the cities, villages and towns.

Subd. 5. If the total amount distributed to the several taxing authorities within a county pursuant to subdivision 1 is less than the total amount the several taxing authorities within the county,

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except school districts, were entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Sections 273.69 and 297A.51 to 297A.60, the state shall supply and distribute the difference from the general fund which shall be distributed as part of the distribution pursuant to subdivision 1.

Subd. 6. If the amount distributed to a city, village or town pursuant to subdivision 4, is less than it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Sections 273.69 and 297A.51 to 297A.60, the amount distributed to it shall be raised to the amount distributed in 1971 and the distributions to each of the other cities, villages and towns and the county, shall be proportionately reduced as necessary to supply the difference.

Subd. 7. In the territory comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, the state shall distribute \$27 for each person residing in the territory for the calendar year 1972 and \$29 for the calendar year 1973 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the territory.

Subd. 8. The seven county governments shall receive in total, in 1972, 18.5 percent of \$26 times the population of the seven counties, and, in 1973, 17.5 percent of \$28 times the population of the seven counties. That distribution shall be divided among the seven county governments in the proportion that the levy of each payable in 1971 bears to the total levy of the seven. If any county government would receive less pursuant to this subdivision than it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Sections 273.69 and 297A.51 to 297A.60 it shall receive an amount equal to the amount to which it was entitled in 1971 and the distribution to other counties shall be proportionately reduced.

Subd. 9. Each taxing authority in the counties named in subdivision 7, other than the counties, the school districts and the cities, villages, boroughs and towns, shall receive in 1972 and 1973, a distribution equal to the distribution to which it was entitled in 1971 pursuant to Minnesota Statutes 1969, Section 273.69.

Subd. 10. In 1972 \$26 shall be multiplied times the population of the seven counties named in subdivision 7. The distributions pursuant to subdivisions 8 and 9 shall be subtracted from the product of that calculation.

Subd. 11. The city of Minneapolis and the city of St. Paul shall receive a distribution of the balance remaining after the calculation provided by subdivision 10 in the proportion that the dollar amount of the levy of each payable in 1971 bears to the dollar amount of the levies of all cities, villages, boroughs and towns in the seven named counties.

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Subd. 12. The distribution pursuant to subdivision 11 shall be subtracted from the balance remaining after the calculation provided by subdivision 10. To the product of that calculation, \$1 times the population of the seven named counties shall be added. The sum of that addition, shall be divided among the other cities, villages, boroughs and towns in the counties named in proportion to their population as it appears from the most recent federal census.

Subd. 13. In 1973 \$28 shall be multiplied times the population of the seven counties named in subdivision 7. The distributions pursuant to subdivisions 8 and 9 shall be subtracted from the product of that calculation.

Subd. 14. The city of Minneapolis and the city of St. Paul shall receive a distribution of the balance remaining after the calculation provided by subdivision 13 in the proportion that the dollar amount of the levy of each payable in 1971 bears to the dollar amount of the levies of all cities, villages, boroughs and towns in the seven named counties.

Subd. 15. The distribution pursuant to subdivision 14 shall be subtracted from the balance remaining after the calculation provided by subdivision 13. To the product of that calculation \$1 times the population of the seven named counties shall be added. The sum of that addition, shall be divided among the other cities, villages, boroughs and towns in the counties named in proportion to their population as it appears from the most recent federal census.

Subd. 16. If the amount distributed to a city, village, borough or town in 1972 or 1973 in the seven named counties pursuant to this article, is less than it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Sections 273.69 and 297A.51 to 297A.60, the amount shall be raised to the amount distributed in 1971 and the distributions to each of the other cities, villages, boroughs and towns shall be proportionately reduced as necessary to supply the difference.

Subd. 17. The commissioner of taxation shall make all necessary calculations based on the 1970 federal census and make payments directly to the affected taxing authorities in four equal parts on March 15, July 15, September 15, and November 15 in 1972 and 1973.

Subd. 18. No county, city, village, borough, town or other taxing authority shall increase a present tax or impose a new tax on sales or income.

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Sec. 2. An amount sufficient to make the payments provided by this article is appropriated for 1972 and 1973 to the commissioner of taxation from the general fund for the distributions provided by this article. Notwithstanding Minnesota Statutes, Section 16.17, or any other law the appropriations made by this section shall not lapse but continue until January 1, 1974.

Sec. 3. Except as otherwise provided herein, this article, including its appropriations, is effective upon final enactment.

ARTICLE XXII

Section 1. Minnesota Statutes 1969, Section 273.13, Subdivision 13, as amended by Laws 1971, Chapter 427, Section 10, is amended to read:

Subd. 13. **CLASS 3H.** All real and personal property which is used for the purposes of any refinery for processing crude petroleum or any derivative thereof, which is subject to a general property tax, shall be classified for purposes of taxation as follows: All such real property of any such refinery shall constitute class 3h and be valued and assessed at 27 percent of the market value thereof and all such personal property of any such refinery shall constitute class 3j and be valued and assessed at 17 percent of the market value thereof at the following classification rates: 30 percent in the 1972 assessment, 33 1/3 percent in the 1973 assessment, 38 percent in the 1975 assessment and 43 percent in the 1977 assessment .

Sec. 2. Minnesota Statutes 1969, Section 273.13, Subdivision 14, as amended by Laws 1971, Chapter 427, Section 11, is amended to read:

Subd. 14. **PARKING RAMPS IN CERTAIN FIRST CLASS CITIES.** In any city of the first class having a population of not more than 400,000 inhabitants that portion of real property which is assessed as a structure upon the land which is used for the sole purpose of a motor vehicle public parking ramp garage and purposes incidental thereto which is subject to a general property tax, shall be classified for purposes of taxation, ~~for a period of 15 years from the date of completion of original construction, or the date of initial, though partial, use, whichever is the earlier date,~~ as follows: That part, section, floor or area of such real property shall be valued and assessed at 20 percent of the market value thereof at its present classification rate or the classification rate determined in accordance with the following schedule, whichever is the greater; 25 percent in the 1972 assessment, 30 percent in the 1973 assessment, 36 percent in the 1975 assessment and 43 percent in the 1977 assessment .

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Sec. 3. Minnesota Statutes 1969, Section 272.02, as amended by Laws 1971, Chapter 25, Section 55; Laws 1971, Chapter 570, Sections 1, 2; Laws 1971, Chapter 790, Section 1; Laws 1971, Chapter 794, Section 3; and Laws 1971, Chapter 821, Section 1, is amended to read:

272.02 EXEMPT PROPERTY. Subdivision 1. Except as provided in other subdivisions of this section, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the tax commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the

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Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county, city, or village of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county, city, or village thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall ~~elect whether to~~ be exempted with respect to category (a) or (b) as hereinafter defined.

~~(a) all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, the rental value of which is subject to the excise tax provided in Extra Session Laws 1967, Chapter 32, or~~

~~(b) tools and machinery which by law is are considered as personal property used or useable in construction of buildings or highways or in the manufacture, processing, production, sale or distribution of marketable products including but not limited to goods, wares and merchandise and processing of food and fiber, except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products.~~

~~The person who would be liable for a tax on said property but for the exemption provided herein shall make his election to be exempted under (a) or (b) by delivering to the assessor a declaration in writing with respect thereto prior to the making of the assessment.~~

~~(c) A taxable public utility shall not be entitled to the exemption allowed under (b) of this clause. For purposes of this subparagraph (c), "a taxable public utility" is defined as a~~

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~~company, cooperative, public or private corporation, or any other group or individual, otherwise subject to ad valorem taxation, producing or furnishing electric power, transporting by pipeline gas or petroleum products, or a water supply company.~~

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

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

Subd. 2. **SCHOOL PERSONNEL; HOUSING.** After December 31, 1971, property owned, leased or used by any public elementary or secondary school district for a home, residence or lodging house for any teacher, instructor, or administrator shall not be included in the exemption provided in subdivision 1.

Subd. 2. 3. After December 31, 1970, property owned or leased by, or loaned to, a hospital and used principally by such hospital as a recreational or rest area for employees, administrators, or medical personnel shall not be ~~excluded~~ included in the exemption provided in subdivision 1.

Sec. 4. Minnesota Statutes 1969, Section 273.13, Subdivision 4, as amended by Laws 1971, Chapter 427, Section 3, is amended to read:

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Subd. 4. ~~CLASS 3. All agricultural products, except as provided by class 3a, stocks of merchandise of all sorts together with the furniture and fixtures used therewith, manufacturers' materials and manufactured articles, except as is provided in section 272.02, all Tools, implements and machinery, whether which are fixtures or otherwise, except as is provided in section 272.02~~, all agricultural land, except as provided by classes 1, 3b, 3e and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes ~~and~~, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 $\frac{1}{3}$ percent of the market value thereof.

Sec. 5. Minnesota Statutes 1969, Section 273.13, Subdivision 5, as amended by Laws 1971, Chapter 427, Section 4, is repealed.

Sec. 6. Minnesota Statutes 1969, Section 273.13, is amended by adding a subdivision to read:

Subd. 19. RESIDENTIAL REAL ESTATE. Residential real estate, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 40 percent of market value. Residential real estate as used herein means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d and a portion does not qualify for class 3d the valuation shall be apportioned according to the respective uses.

Sec. 7. Minnesota Statutes 1969, Section 273.13, Subdivision 9, as amended by Laws 1971, Chapter 427, Section 9, is amended to read:

Subd. 9. **CLASS 4.** All property not included in the preceding classes shall constitute class 4 and shall be valued and assessed at 40 43 percent of the market value thereof.

Sec. 8. Minnesota Statutes 1969, Section 273.13, Subdivision 7, as amended by Laws 1971, Chapter 427, Section 6; Laws 1971, Chapter 747, Section 1; and Laws 1971, Chapter 797, Section 4, is amended to read:

Subd. 7. **CLASS 3C, 3CC.** All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall

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be valued and assessed at 25 percent of the market value thereof. The property tax to be paid on class 3c property as otherwise determined by law, regardless of whether or not the market value is in excess of \$12,000, for all purposes except the payment of principal or interest on bonded indebtedness, shall be reduced by 35 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$250. If the market value is in excess of the sum of \$12,000, the amount in excess of that sum shall be valued and assessed ~~as provided for by class 4 at 40 percent of market value~~. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. All real estate which is used for the purposes of a homestead by any blind person, as defined by section 256.12; or by any person (hereinafter referred to as veteran) who served in the active military or naval service of the United States and who is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheel chair, and who with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, shall constitute class 3cc and shall be valued and assessed at five percent of the market value thereof. The property tax to be paid on class 3cc property as otherwise determined by law, regardless of whether or not the market value is in excess of \$12,000, for all purposes except the payment of principal or interest on bonded indebtedness, shall be reduced by 35 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$250. If the market value is in excess of the sum of \$24,000, the amount in excess of that sum shall be valued and assessed at 33 1/3 percent in the case of agricultural land used for a homestead and 40 percent in the case of all other real estate used for a homestead.

Sec. 9. Except as specifically provided in the sections, this article shall be effective for the January 2, 1972 assessment and subsequent assessments.

ARTICLE XXIII

Section 1. Minnesota Statutes 1969, Section 273.12, as amended by Laws 1971, Chapter 427, Section 2, and Laws 1971, Chapter 489, Section 2, is amended to read:

273.12 ASSESSMENT OF REAL PROPERTY. It shall be the duty of every assessor and board, in estimating and determining

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the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the market value of vacant land, the fact that such land is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three (3) years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate .

Sec. 2. [273.121] INCREASE VALUATION OF REAL PROPERTY, NOTICE. If the county assessor, or village or city assessor having the powers of a county assessor, values any taxable real property at an amount greater than the amount of its valuation for the previous year, he shall notify the person to be assessed if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the increase in terms of market value, the assessor's office address, and the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any such assessor who is not provided sufficient funds from his governing body to provide such notices, may make application to the commissioner of taxation to finance such notices. The commissioner of taxation shall conduct an investigation and if he is satisfied that such increases should be made and the assessor does not have the necessary funds, issue his certifica-

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tion to the state auditor of the amount necessary to provide such notices. The state auditor shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

ARTICLE XXIV

Section 1. Minnesota Statutes 1969, Section 474.01, Subdivision 5, is amended to read:

Subd. 5. Through the authorization and creation of housing and redevelopment authorities, port authorities, and area and municipal redevelopment agencies the legislature has sought to provide monetary aids for the redevelopment of blighted areas, marginal lands, and areas of substantial and persistent unemployment. By the use of the powers and procedures described in sections 474.01 to 474.13 for the assembling and sale or lease of lands for industrial and commercial use and, where found by the governing body to be desirable, the construction and leasing of facilities for this kind of use, to be financed through the issuance of revenue bonds secured solely by the properties and the rentals thus made available, it is believed that local government units may in many cases prevent the occurrence of the conditions requiring redevelopment, and may be able to reduce substantially the cost of redevelopment when it becomes necessary.

It is also the purpose of this act to permit the exercise of these powers by such units, authorities and agencies, in addition to any powers granted and without regard to any limitations imposed by any other law, to aid in the redevelopment of existing areas of blight, marginal land, and substantial and persistent unemployment.

Sec. 2. Minnesota Statutes 1969, Section 474.02, Subdivision 1, is amended to read:

474.02 **DEFINITIONS.** Subdivision 1. The term "project" as used in sections 474.01 to 474.13, unless a different meaning clearly appears from the context, means any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field. The term "project" shall also

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include any properties, real or personal, used or useful in the abatement or control of air or water pollution in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry.

Sec. 3. Minnesota Statutes 1969, Section 474.02, Subdivision 2, is amended to read:

Subd. 2. The term "municipality" as used herein, means any city of any class, village, or borough, however organized, and any town described in Minnesota Statutes, Section 368.01.

Sec. 4. Minnesota Statutes 1969, Section 474.04, is amended to read:

474.04 AUTHORIZATION OF PROJECTS AND BONDS. The acquisition, construction, reconstruction, improvement, betterment, or extension of any project, the execution of any lease or mortgage thereof, and the issue of bonds in anticipation of the collection of the revenues of such project to provide funds to pay for the cost thereof, may be authorized by an ordinance or resolution of the governing body adopted at a regular or duly called special meeting thereof by the affirmative vote of a majority of its members. No election shall be required to authorize the use of any of the powers conferred by sections 474.01 to 474.13. No lease of any project shall be subject to the provisions of Minnesota Statutes, Section 504.02, unless expressly so provided in the lease.

Sec. 5. Minnesota Statutes 1969, Section 474.05, is amended to read:

474.05 DETERMINATION OF COST OF PROJECT. In determining the cost of a project, the governing body may include all cost and estimated cost of the acquisition, construction, reconstruction, improvement, betterment, and extension of the project, all engineering, inspection, fiscal, legal, administrative, and printing expense, the interest which it is estimated will accrue during the construction period and for six months thereafter on money borrowed or which it is estimated will be borrowed pursuant to sections 474.01 to 474.13, and such amount as may be deemed necessary as an initial reserve to secure the payment of the bonds bond reserves and premiums for insurance of lease rentals pledged to pay the bonds.

Sec. 6. Minnesota Statutes 1969, Section 474.06, is amended to read:

474.06 MANNER OF ISSUANCE OF BONDS; INTEREST RATE. Bonds authorized under sections 474.01 to 474.13 shall be

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issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale shall not be required, and the bonds may mature at any time or times within 30 years from date of issue and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bearing interest at such rate or rates, as may be agreed by the lessee, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law .

ARTICLE XXV

Section 1. [270.41] STATE BOARD OF ASSESSORS. A board to be known as a state board of assessors, hereinafter called "the board" is hereby created. Such board shall be for the purpose of establishing, conducting, reviewing, supervising, coordinating or approving courses in assessment practices, and establishing criteria for determining assessor's qualifications. The board shall also have authority and responsibility to consider other matters relating to assessment administration brought before it by the commissioner of taxation. The board shall consist of seven members, who shall be appointed by the governor, in the manner provided herein.

1. Two from the department of taxation,
2. Two county assessors,
3. Two assessors who are not county assessors, one of whom shall be a township assessor, and
4. One from the private appraisal field holding a professional appraisal designation.

The appointment provided in 1, 2 and 3, may be made from a list of not less than three names submitted to the governor by the commissioner of taxation containing recommendations for appointees described in 1, the Minnesota Association of Assessing Officers or its successor organization containing recommendations for the appointment of appointees described in 2, and the Minnesota Association of Assessors, Inc. or its successor organization containing recommendations for the appointees described in 3, 30 days before the commencement of the term. In the case of a vacancy, a new list shall be furnished to the governor by the respective organization immediately. In the event any member of the board shall no longer be engaged in the capacity listed above, he shall automatically be disqualified from membership in the board.

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The board shall designate one of the appointees from the department of taxation to be the secretary of the board.

Sec. 2. [270.42] **TERM.** The term of office shall be for a period of four years commencing July of the year appointed and members may be reappointed for subsequent terms at the discretion of the governor. In the first appointment, one of the two appointees from the first three groups described in section 1 shall be appointed for a two year term, thereafter the term shall be four years.

Sec. 3. [270.43] **COMPENSATION AND EXPENSES.** Members of the board shall receive no compensation but shall be entitled to actual expenses for the performance of their duties.

Sec. 4. [270.44] **CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.** The board may establish reasonable fees or charges for courses, examinations or materials, the proceeds of which shall be used to finance the activities and operation of the board.

Sec. 5. [270.45] **PAYMENT AND DISPOSITION OF CHARGES AND FEES.** All fees so established shall be paid to the department of taxation. Fees so received by the department of taxation shall be paid to the state treasurer, and an amount of money equal to the amount so paid over is hereby appropriated to the board for the purpose of carrying out the provisions of this article.

Sec. 6. [270.46] **TRAINING COURSES, ESTABLISHMENT; OTHER COURSES, REGULATION.** The board may establish training courses on assessment practices and shall review and approve courses on assessment practices offered by schools, colleges and universities as well as courses that are offered by any units of government on techniques of assessment.

Sec. 7. [270.47] **RULES AND REGULATIONS.** The board may establish the rules and regulations necessary to accomplish the purpose of this act and may establish criteria required of assessing officials in the state. Separate criteria may be established depending upon the responsibilities of the assessor. The board may prepare and give examinations from time to time to determine whether assessing officials possess the necessary qualifications for performing the functions of his office. Such tests may be given upon completion of courses required by the board, or to persons who already possess the requisite qualifications under the regulations of the board.

Sec. 8. [270.48] **CERTIFICATION OF QUALIFIED PERSONS.** The board shall certify persons as possessing the necessary

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qualifications of an assessing official. Different levels of certification may be established as to classes of property which assessors may be certified to assess.

Sec. 9. [270.49] OPTION OF MUNICIPALITY TO CONTINUE EXISTING SYSTEM. Notwithstanding any other provisions of law to the contrary, on or before April 1, 1972, the governing body of any township, city, village or borough of less than 10,000 population according to the latest federal census, which wishes to continue to employ an assessor must certify by resolution to the commissioner of taxation, in the form and containing the information he shall specify, its intention to employ or continue to employ, either singly or jointly with one or more other subdivisions, an accredited assessor and that they will bear the cost of any training courses on assessment practices and related expenses which are necessary to attain such certification. The commissioner of taxation shall notify, by January 1, 1972, the governing body of each affected township, city, village, or borough that they must file a certificate pursuant to this article if they wish to maintain the assessing function. If the governing body of any township, city, village or borough fails to make such certification, that subdivision shall not employ an assessor after November 30, 1972, the assessor for the county in which the subdivision is located shall assume responsibility for the assessment of all real and personal property in the subdivision commencing December 1, 1972. The commissioner of taxation shall notify the county assessor of each county prior to June 1, 1972, as to which subdivisions of the county have certified such intent and which subdivisions have failed to certify such intent. Where a county assumes continuing authority and responsibility for the assessment of real and personal property under this subdivision, all assessment records of the local assessment district, shall become the property of the appropriate county assessor on December 1, 1972.

Sec. 10. [270.50] EMPLOYMENT OF CERTIFIED ASSESSORS. Commencing December 1, 1974, no assessor shall be employed who has not been certified as qualified by the board, provided the time to comply may be extended after application to the board upon a showing that certified assessors are not available for employment. The board may certify that a county or local assessor who has not received the training, but possesses the necessary qualifications for performing the functions of his office by the passage of an approved examination or may waive the examination if such person has at least five years experience. The county or local assessing district shall assume the cost of training of its assessors in courses approved by the board for the purpose of obtaining the assessor's certificate to the extent of course fees and recognized travel expenses not paid by the state. If the governing body of any township, city, village or borough

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fails to employ an assessor as required by the article, the assessment shall be made by the county assessor.

Sec. 11. [270.51] PREVIOUSLY ACCREDITED ASSESSORS. All assessors previously accredited by the commissioner of taxation shall be considered as qualified under this article and shall be so certified.

Sec. 12. [270.52] COSTS OF MAKING ASSESSMENTS. The cost of making any assessment provided in this article shall be charged to the assessment district involved. The county auditor shall certify the costs incurred to the appropriate governing body not later than September 1 of each year, and if unpaid as of October 10, the county auditor shall levy a tax upon the taxable property of such taxing district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 13. [270.53] EXISTING CONTRACTS FOR ASSESSMENT OF PROPERTY. This article shall not supersede existing contracts executed pursuant to Minnesota Statutes, Sections 273.072 or 471.59 except to the extent that such contracts may conflict with section 9 or section 10 nor preclude contracts between a taxing district and the county for the assessment of property by the county assessor.

ARTICLE XXVI

Section 1. [275.50] LEVY LIMITS IMPOSED BY 1971 TAX BILL; DEFINITIONS. Subdivision 1. As used in this article, the terms defined herein have the meanings given to them.

Subd. 2. "Governmental subdivision" means any county, city, village, borough, or town having the powers of a village pursuant to Minnesota Statutes, Section 368.01 or special law, or any board or commission thereof authorized by law or charter to levy property taxes. The term does not include school districts.

Subd. 3. "Governing body" of a town means its board of supervisors.

Subd. 4. "Special assessments" means assessments made against real property for purposes of financing, wholly or in part, only those types of improvements enumerated in Minnesota Statutes 1969, Section 429.021, Subdivision 1. General tax levies spread upon real estate not specifically benefitted by the improvements are not considered special assessments.

Subd. 5. "Special levies" means those portions of ad valorem taxes levied by governmental subdivisions to: (a) satisfy judgments rendered against the governmental subdivision by a court

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of competent jurisdiction in any action other than an action on an explicit contract;

(b) pay the costs of complying with any lawful order issued by the state of Minnesota, or the United States, or any agency or subdivision thereof, or any law enacted by the 1971 legislature which specifically requires an activity which results in increased expenditures or of expanded county court systems not in full operation during the entire year 1971;

(c) pay amounts required by any public pension plan to the extent that operation of the laws enacted before July 1, 1971, governing such fund causes the level of governmental financial support to exceed the level of such support prior to July 1, 1971, provided that such increases are not the result of amendment by any means to the benefit plan after July 1, 1971;

(d) pay amounts required by a volunteer firemen's relief association if resulting from operation of Laws 1971, Chapter 261, Section 2;

(e) pay the costs to a governmental subdivision for their share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970;

(f) pay expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster;

(g) pay the costs not reimbursed by the state or federal government of payments made to or on behalf of recipients of aid under Minnesota Statutes 1969, Sections 245.21 to 245.43 (Aid to the Disabled), Sections 256.11 to 256.43 (Old Age Assistance), Sections 256.49 to 256.71 (Aid to the Blind), Sections 256.72 to 256.87 (Aid to Families with Dependent Children), Chapter 256B (Medical Assistance), and Chapters 261, 262 and 263 (Poor Relief);

(h) pay the costs of principal and interest on bonded indebtedness.

Sec. 2. [275.51] LEVY LIMITS. Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary but subject to section 7 hereof, the provisions of this section shall apply to the levies by governmental subdivisions in the years 1971, 1972 and subsequent years for all purposes other than those for which special levies and special assessments are made.

Subd. 2. The property tax levy limitation for governmental subdivisions in 1971 is calculated as follows. There shall be calculated the aggregate of receipts by each governmental subdivision from:

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(a) the total amount of property taxes levied before any reduction prescribed by Minnesota Statutes 1969, Sections 273.13 and 273.135 in respect to homestead property, by or for each governmental subdivision in 1970, or in the most recent preceding year when such taxes were levied for a period of 12 months if the governmental subdivision levied such taxes for a shorter period in 1970, for all purposes, except for special assessments and special levies;

(b) exempt property tax reimbursement payments, if any, estimated by the department of taxation to be due and payable for the year 1971 from the state pursuant to Minnesota Statutes, Section 273.69;

(c) per capita aid payments estimated by the department of taxation to be due and payable for the year 1971 from the state pursuant to Minnesota Statutes, Sections 297A.51 to 297A.60.

The aggregate of the foregoing receipts shall be divided by the 1970 population of the governmental subdivision established pursuant to section 4 of this article. The resulting quotient (aggregate 1971 receipts per capita) is the per capita limitation and may be adjusted pursuant to section 3. The adjusted quotient shall then be multiplied by the 1971 population of the governmental subdivision established pursuant to section 4. From the resulting figure shall be deducted the amount (estimated by the department of taxation) of state formula aids to be paid pursuant to article 21 and the taconite production tax municipal and county aids to be paid pursuant to article 30, to the governmental subdivision during the calendar year 1972. The resulting figure is the amount of property taxes which the governmental subdivision may levy in 1971 for all purposes other than those for which special levies and special assessments are made.

Subd. 3. The property tax levy limitation for governmental subdivisions in 1972 and subsequent years is calculated as follows. There shall be calculated the aggregate of receipts by each governmental subdivision from:

(a) the total amount of property taxes levied pursuant to subdivision 1 in 1971 and succeeding years respectively;

(b) state formula and taconite production tax, municipal and county aid payments estimated by the department of taxation to be due and payable for the year 1972 and succeeding years, respectively, from the state pursuant to articles 21 and 30.

The aggregate of the foregoing receipts shall be divided by the 1971 or subsequent year's population of the governmental

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subdivision established as above for the preceding year. The resulting quotient (aggregate receipts per capita) is the per capita limitation and may be adjusted pursuant to section 3. The adjusted quotient shall then be multiplied by the 1972 or subsequent year's population of the governmental subdivision established pursuant to section 4. From the resulting figure shall be deducted the amount of state formula aids estimated by the department of taxation to be paid pursuant to article 21 and the taconite production tax, municipal and county aids paid pursuant to article 30, to the governmental subdivision during the calendar year 1973, or subsequent year, as the case may be. The resulting figure is the amount of property taxes which the governmental subdivision may levy in 1972 and for all purposes other than those for which special levies and special assessments are made.

Subd. 4. If in 1971 the levy made by any governmental subdivision exceeds the limitation provided in this section subsequent distributions of formula aids pursuant to this act, shall be reduced 10 cents for each full dollar that the levy exceeds the limitation imposed by this section. If in any year subsequent to 1971 the levy made by a governmental subdivision exceeds the limitation provided in this article, subsequent distributions required to be made by the state auditor from any formula aids pursuant to this act, shall be reduced 10 cents for each full dollar the levy exceeds the limitation up to five percent, and 33 cents for each full dollar the levy exceeds the limitation by more than five percent. A levy made in 1971 prior to the effective date of this act shall be reviewed and may be modified by the appropriate authority of the governmental subdivision for the purpose of reducing such levy to conform to the limitations imposed by this section. Any reduction in such levy made prior to December 15, 1971, shall be given the same effect as though such reduction had been made prior to the expiration of the time allowed by law for making the levy.

Sec. 3. [275.52] TAX LIMITATION INCREASES AND DECREASES. Subdivision 1. Any limitation prescribed by section 2 upon the amount of taxes which may be levied by a governmental subdivision may be increased in the manner and to the extent permitted by this section.

Subd. 2. The per capita limitation, as adjusted for previous increases pursuant to this section, may be increased each year by the governing body of the governmental subdivision affected thereby in the amount not to exceed six percent of the previous year's per capita limitation.

Subd. 3. If the population of any governmental subdivision decreases from one year to the next, the population shall, for purposes of this article, be increased by an amount equal to one

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half of the decrease in population from the prior year, such increase to be effective for the said one year only. This subdivision shall not apply to decreases in population resulting from a change or change in the boundaries of a governmental subdivision.

Sec. 4. [275.53] GOVERNING CENSUS. Subdivision 1. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with a per capita limitation established by this chapter, the population of the governmental subdivision shall be that established by the last state or federal census, or by a special census taken within the entire governmental subdivision pursuant to this article or to any other law, by a census taken pursuant to subdivision 2, or by a population estimate made by the state health department, by the metropolitan council by a regional development commission by an order of the Minnesota municipal commission pursuant to Minnesota Statutes 1969, Section 414.01, Subdivision 14, or by an estimate made pursuant to subdivision 3, whichever is the most recent.

Subd. 2. The governing body of a governmental subdivision may, in any year, pass a resolution requesting the secretary of state to take a special census of that governmental subdivision for the purpose of computing the amount of tax that it may levy. Upon being furnished a certified copy of the resolution, the secretary of state shall cause such a census to be taken under his immediate supervision and under such rules and regulations as he may prescribe. The results of the census shall be certified by governmental subdivision within three months after he has received a certified copy of the resolution by which the census was requested. The expense of taking the census shall be paid by the governmental subdivision in which the census is taken.

Subd. 3. (a) In lieu of passing a resolution pursuant to subdivision 2, the governing body of a municipality or town may pass by June 1 of any year a resolution containing an estimate of the current population of the subdivision. The resolution shall describe with specificity the criteria upon which the estimate is based, and shall state that the estimate is made for purposes of increasing that subdivision's tax levy pursuant to this article.

(b) The resolution shall then be submitted to the vital statistics section of the state department of health. The section shall determine, and so inform the subdivision in writing within 30 days of receipt of the resolution, whether the criteria described therein do or do not provide a reasonable basis for the population estimate. No determination by the section made pursuant to this subdivision shall constitute, nor shall it be represented as constituting, a determination of actual population.

(c) If the section determines that the criteria do not provide a reasonable basis for the population estimate, the resolution shall

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be of no effect. If the section determines that the criteria do provide a reasonable basis for the population estimate, the resolution shall be published at least once in a legal newspaper of general circulation in said subdivision. Said estimate may be used for computing the amount of ad valorem taxes the subdivision may levy, unless within 30 days following the publication of the resolution, 10 percent or more of the registered voters of the subdivision, or if the subdivision does not require voter registration, then 10 percent or more of its voters, who voted at the subdivision's last election, sign a petition demanding a special census, and submit the petition to the governing body of the subdivision.

(d) Attached to the petition shall be an affidavit executed by the circulator or circulators thereof, stating that he or they personally circulated the petition, the number of signatures thereon, that all signatures were affixed in his or their presence and that he or they believe them to be genuine signatures of the persons whose names they purport to be. Each signature need not be notarized.

(e) Upon the receipt of a petition conforming to this subdivision, the governing body shall pass a resolution requesting the secretary of state to take a special census of the governmental subdivision. The census shall be taken and financed pursuant to the provisions of subdivision 2. Any population estimate made by the governing body of any governmental subdivision shall be superseded by any subsequent state or federal census taken pursuant to this article or any other law, or by a population estimate made by the state health department, the metropolitan council or a regional development commission. The governing body of a governmental subdivision may not avail itself of the provisions of this subdivision during any year for which any state or federal census has been taken or for which the state health department, the metropolitan council or a regional development commission has made a population estimate of the subdivision.

(f) In the event of any variance in population certified, the governmental subdivision by resolution shall choose from among the population estimates the figure which shall be governing for purposes of this article.

Sec. 5. [275.54] CONSOLIDATION OF GOVERNMENTAL SUBDIVISIONS. Subdivision 1. If all or part of the area included within two or more governmental subdivisions is consolidated, merged, or otherwise combined to constitute a single governmental subdivision, and differing limitations upon the amount of tax levy per capita apply to the governmental subdivisions from which the consolidated, merged, or otherwise combined governmental subdivision was formed, the limitation applicable to the surviving entity for purposes of this article shall be equal to

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the highest limitation applicable to any one of the constituent subdivisions prior to the consolidation, merger or other combination.

Subd. 2. If a function or service of one governmental subdivision is transferred to another governmental subdivision, the levy limitations established by this act shall be adjusted by the commissioner of taxation in such manner so as to fairly and equitably reflect the reduced or increased property tax burdens of such subdivisions resulting from such transfer. The aggregate of the adjusted limitations shall not exceed the aggregate of such limitations prior to adjustment.

Sec. 6. [275.55] STATE REVIEW AND REGULATION OF LEVIES. The state auditor and the commissioner of taxation, or their designees, shall establish procedures by which levies of all governmental units shall be periodically reviewed. The commissioner shall be empowered to order withholding of state aids where such penalties are authorized by law, to order the reduction of current or future levies where levy limitations have been exceeded, to issue, in accordance with Minnesota Statutes, Chapter 15, rulings interpreting this article, and to take such other administrative actions as he deems necessary in order to carry out the provisions of this article. County auditors, in addition to duties otherwise provided by law, shall cooperate with the commissioner and auditor in establishing such procedures and enforcing the provisions of this article.

Sec. 7. [275.56] EFFECT UPON OTHER LEVY LIMITS. All special and general laws and charter provisions establishing per capita, mill, or other general limitations on tax levies of governmental subdivisions are hereby superseded to the extent that they authorize property taxation in excess of the limitations established by this article, but otherwise such levy limitations and those established for special purposes are in no way affected by this article.

ARTICLE XXVII

Section 1. Laws 1971, Chapter 918; is amended by adding a section to read:

Sec. 2a. [16.911] INTERGOVERNMENTAL INFORMATION SERVICES ADVISORY COUNCIL; RECOMMENDATIONS. Subdivision 1. The Intergovernmental information services advisory council shall develop recommendations to the commissioner of taxation for the expeditious gathering and reporting of the information and data specified herein.

Subd. 2. The state and each unit of local government including school districts shall report the following data, to the

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extent feasible, and such data shall be compiled and reported by the commissioner:

(a) the incidence, rates, distribution, exemption from and total revenue raised of state and local sales, property, income taxes, special assessments and other revenue sources of the state and each unit of local government;

(b) the bonded indebtedness of local units of government and the relationship of such debt to statutory debt limits;

(c) the distribution of the state funds, by category, to each local unit of government;

(d) the amounts of state and federal grant-in-aid assistance to each local unit of government and state agencies by category;

(e) and such other information as the commissioner may require.

Subd. 3. The commissioner shall promulgate rules regulating the reporting and gathering of such data and the rules shall provide, to the maximum degree possible, that data is reported in a form readily processed by or convertible to EDP techniques utilized by the commissioner or public examiner.

Subd. 4. Data collected and compiled pursuant to the rules shall be available to any state or local official and employee and any private person under such reasonable conditions and fees as the commissioner shall prescribe. Compilations of such data by the commissioner shall be in a reasonable form and available not later than April 1 of each year. Reporting periods for the state and each local unit of government shall be from January 1 to June 30 and from July 1 to December 31.

ARTICLE XXVIII

Section 1. [275.57] TAX LEVY FOR REMOVAL OF PROPERTY CONDEMNED AS HAZARDOUS TO HEALTH, SAFETY OR WELFARE. The governing body of any county, city, village, town, or borough may levy a tax in such amount as may be required for the purpose of the demolition, or removal of real property within the boundaries of the municipality which has been condemned as being hazardous to the health, safety or welfare of the public by governmental authorities possessing condemnation powers. Such tax shall be in addition to any tax or levy limitations otherwise imposed by law or home rule charter, or this act. Nothing contained herein shall be construed to affect the responsibility of a property owner for the making of such demolition or removal, nor the right of a municipality to recover from the owner any costs incurred.

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ARTICLE XXIX

Section 1. Laws 1969, Chapter 857, Section 2, is amended to read:

Sec. 2. This act applies to taxes payable in ~~1970~~ 1971 and subsequent years, provided that this act shall not apply to tonnage produced from any plant constructed and placed in production after the year of 1971.

ARTICLE XXX

Section 1. Minnesota Statutes 1969, Chapter 298, is amended by adding a section to read:

[298.241] ADDITIONAL TAX ON TACONITE AND IRON SULPHIDES. Subdivision 1. In addition to the tax imposed under section 298.24, subdivision 1, there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the iron ore concentrate produced therefrom, and upon the concentrate so produced, (i) a tax of 4 cents per gross ton of merchantable iron ore concentrate produced therefrom during the year 1971 and a tax of 7 cents per gross ton of merchantable iron ore concentrate produced therefrom during the year 1972, (ii) a tax of 9 cents per ton of merchantable iron ore concentrate produced therefrom during the years 1973 and 1974, (iii) a tax of 10 cents per ton of merchantable iron ore concentrate produced therefrom during the years 1975 and 1976, (iv) a tax of 12 cents per ton of merchantable iron ore concentrate produced therefrom during the years 1977 and 1978, and (v) a tax of 14 cents per ton of merchantable iron ore concentrate produced therefrom during the year 1979 and each year thereafter.

Subd. 2. If the index of wholesale prices for all commodities prepared for the joint economic committee by the council of economic advisers and distributed by the Superintendent of Documents, Government Printing Office, as of January of any year shall be above 119, using the average for the years 1957-1959 as the base of 100, the amount of the tax prescribed by subdivision 1 for such year shall be increased by one tenth of one cent per gross ton for each point increase in said index above 119. For all purposes of this computation, a fractional point increase shall be disregarded if less than one half point and treated as one full point, if one half point or more.

Sec. 2. Minnesota Statutes 1969, Section 298.25, is amended to read:

298.25 TAXES ADDITIONAL TO OTHER TAXES. ~~Such tax~~
The taxes imposed under section 298.24 and section 1 of this

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article shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore. Except as herein otherwise provided, ~~it~~ such taxes shall be in lieu of all other taxes upon such taconite and iron sulphides, or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate therefrom, or upon the concentrate produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite or the concentrates produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of taconite and taconite concentrates within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or the transportation or loading of taconite or the concentrates thereof, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation or concentration of such taconite or concentrates produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 3. Minnesota Statutes 1969, Section 298.27, is amended to read:

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298.27 COLLECTION AND PAYMENT OF TAX. ~~The tax~~ taxes provided by section 298.24 ~~and section 1 of this article~~ shall be collected and paid in the same manner and at the same time as provided by law for the payment of the occupation tax. Reports shall be made and hearings held upon the determination of the tax at the same times and in the same manner as provided by law for the occupation tax. The commissioner of taxation shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination, and collection of the occupation tax, including all provisions for penalties and for appeals from or review of the orders of the commissioner of taxation relative thereto, are hereby made applicable to the ~~tax~~ taxes imposed by section 298.24 ~~and section 1 of this article~~, except in so far as inconsistent herewith.

Sec. 4. Minnesota Statutes 1969, Chapter 298, is amended by adding a section to read:

[298.281] DIVISION OF PROCEEDS. Subdivision 1. Commencing in 1972 with respect to the tax imposed under section 1 of this article on production in 1971, one-half cent per ton and each year thereafter, one cent per ton of the tax collected under section 1 of this article plus any escalation thereon as provided in said section shall be distributed by the state treasurer, upon certificate of the commissioner of taxation, to the county from which the taconite was mined or quarried and deposited in the county road and bridge fund. If the mining, quarrying and concentrating, of different steps in either thereof, are carried on in more than one county, the commissioner shall apportion equitably the proceeds going to each county in the same manner and proportion as the proceeds of the tax collected under section 298.24 are apportioned among the counties under section 298.28, subdivision 1. The amount distributed under this section to any county having a population in excess of 100,000 shall not exceed \$2 per capita based upon the resident population of such county according to the latest federal census. The excess, if any, which would otherwise be available to such county in the absence of this limitation, shall be distributed as provided in subdivision 4 hereof. There is hereby appropriated annually to such county or counties from any fund or account in the state treasury to which the proceeds of the tax collected under section 1 of this article was credited, an amount sufficient to make the payment or transfer provided for herein.

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Subd. 2. Commencing in 1972, one-half cent per ton and each year thereafter, one cent per ton of the tax collected under section 1 of this article plus any escalation thereon as provided in said section shall be distributed by the state treasurer, upon certificate of the commissioner of taxation, to the commissioner of iron range resources and rehabilitation for the purposes set forth in section 298.22 and there is hereby appropriated annually for such purposes from any fund or account in the state treasury to which the proceeds of the tax collected under section 1 of this article were credited, an amount equal thereto.

Subd. 3. Commencing in 1972 with respect to the tax imposed under section 1 of this article on production in 1971 and continuing each year thereafter, the state treasurer upon certificate of the commissioner of taxation shall distribute to the taconite property tax relief account in the apportionment fund in the state treasury, the following respective amounts from the tax collected under section 1 of this article: (i) in the year 1972 one cent per ton, (ii) in the year 1973 two cents per ton, (iii) in the years 1974 through 1979, inclusive, three cents per ton and (iv) in the year 1980 and thereafter four cents per ton plus in each case any escalation thereon as provided in said section. There is hereby appropriated annually to the taconite property tax relief account in the apportionment fund in the state treasury an amount sufficient to make the payment or transfer provided for herein.

Subd. 4. Commencing in 1972 with respect to the tax imposed under section 1 of this article on production in 1971 and continuing each year thereafter the state treasurer upon certificate of the commissioner of taxation shall distribute to the taconite municipal aid account in the apportionment fund of the state treasury, the following respective amounts from the tax collected under section 1 of this article: (i) in the year 1972, two cents per ton, (ii) in the year 1973, three cents per ton, (iii) in the years 1974 and 1975, four cents per ton, (iv) in the years 1976 and 1977, five cents per ton, (v) in the years 1978 and 1979, seven cents per ton, (vi) in the year 1980 and thereafter, eight cents per ton plus in each case any escalation thereon as provided in said section. There is hereby appropriated annually to the taconite municipal aid account in the apportionment fund of the state treasury an amount sufficient to make the payment or transfer provided for herein.

Subd. 5. Each producer of taconite or iron sulphides subject to taxation under section 1 of this article, hereinafter referred to as the "taxpayer", shall file with the commissioner of taxation and with the state auditor as follows: within 15 days after the effective date of this article an estimate of the amount of tax payable by such taxpayer under section 1 of this article for 1971

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and by October 10 of each calendar year thereafter an estimate for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of each such year plus the amount estimated to become due on estimated production between September 30 and December 31 of each such year less any credit allowable as hereinafter provided. After receipt of such estimates from all such taxpayers, the commissioner of taxation shall determine the estimated total amount of the tax to be paid the next ensuing calendar year under section 1 of this article by all such taxpayers. Using such estimated total amount, the commissioner of taxation shall determine the amount estimated to be distributable the next ensuing calendar year respectively to each county under subdivision 1 hereof and to the municipal aid account in the apportionment fund of the state treasury. The commissioner of taxation shall further determine on a pro rata per capita basis the amount estimated to be distributable the next ensuing calendar year to each qualifying municipality, as defined in section 6 of this article, by dividing the total amount estimated to be available for distribution to said municipal aid account by the total population according to the latest federal census of all qualifying municipalities to arrive at a per capita distributive share for such year and by multiplying the per capita distributive share by the population of each such municipality. Following such determination, the commissioner of taxation shall report to the county auditor of each county to which any part of the proceeds of the tax collected under section 1 of this article will be distributable and to the chief clerical officer of each qualifying municipality to which proceeds of the municipal aid account will be distributable the amount estimated to be distributable to each in the next ensuing calendar year. The amount estimated to be distributable to each qualifying municipality in the next ensuing calendar year referred to in such report shall be included in computing all permissible levies of such municipality for such year and shall be deducted first from the permissible general levy and then proportionately from permissible excess levies.

Subd. 6. At the time prescribed in section 298.27, each taxpayer shall pay as the amount of the tax due under section 1 of this article the greater of (a) the amount shown in the estimate required under subdivision 5 hereof, or (b) the amount due under said section as finally determined by the commissioner of taxation pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the actual amount due in such year under said section, after application of credits for any excess made in previous years or as determined by the commissioner of taxation, the taxpayer shall be given credit for such excess

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amount against any taxes which, under said section, may become due from the taxpayer in subsequent years.

Sec. 5. Minnesota Statutes 1969, Chapter 6, is amended by adding a section to read:

[6.44] TACONITE MUNICIPAL AID ACCOUNT; CREATION; FUNCTION. A taconite municipal aid account in the apportionment fund of the state treasury is hereby created in the state treasury. All funds available to the credit of such account under section 4, subdivision 4 of this article shall be deposited therein. All moneys to be paid from such account pursuant to the provisions of this article or any other law are hereby appropriated annually from said account for the purpose for which payment is to be made.

Sec. 6. **[298.282] DISTRIBUTION OF TACONITE MUNICIPAL AID ACCOUNT; TACONITE MUNICIPAL AID; PAYMENT.** Subdivision 1. The amount deposited to the credit of the taconite municipal aid account in the apportionment fund of the state treasury as provided in section 4, subdivision 4 of this article shall be distributed as provided by this section, among the municipalities comprising a tax relief area under section 273.134, as amended hereby, each being herein referred to as a qualifying municipality.

Subd. 2. Each year commencing in 1972, and the following final determination of the amount of taxes payable under section 1 of this article, the state auditor shall determine the amount in the taconite municipal aid account as of July 1 of such year and the amount to be distributed to each qualifying municipality during such year. The amount to be distributed to each qualifying municipality shall be determined by dividing the total amount in said account as of July 1 by the total population according to the latest federal census of all qualifying municipalities to determine the per capita distributive share for such year and by multiplying the per capita distributive share by the population of such municipality. Upon completion of such determination, the state auditor shall certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to such municipality from the taconite municipal aid account that year.

Subd. 3. If the amount certified by the state auditor as distributable to any qualifying municipality is greater than the amount previously estimated to have been distributable to such qualifying municipality in such year, the excess distributed to such municipality shall be held in a separate fund by the qualifying municipality and shall not be expended until the succeeding calendar year and shall be deducted, first, from the permissible

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general levy and then proportionately from permissible excess levies of the qualifying municipality in the succeeding calendar year. If the amount distributable to any qualifying municipality, after final determination by the state auditor is less than the amount estimated to have been distributable to such qualifying municipality, such municipality may issue certificates of indebtedness in the amount of the shortage and may include in its next tax levy in excess of then existing levy limitations an amount sufficient to pay such certificates of indebtedness and interest thereon or, if no certificates were issued, an amount equal to such shortage.

Subd. 4. On or before August 15, 1972, and on or before August 15 of each year thereafter, the state auditor shall issue his warrant in favor of the treasurer of each qualifying municipality in the amount determined by the state auditor to be due and payable to such qualifying municipality in such year.

Sec. 7. [298.283] CHANGE OF STATUS OF MUNICIPALITY; DATE FOR DETERMINING STATUS. If any qualifying municipality as defined in section 6 of this article, is consolidated with another municipality or part thereof, the secretary of state shall certify that fact to the state auditor, who shall issue his warrant to the consolidated municipality according to the combined population resulting, for the purpose of determining aid payable under the provisions of section 6 of this article. The determination of amounts payable under the provisions of section 6 of this article shall however be based on the status of the municipality on January 1 of each year.

Sec. 8. Minnesota Statutes 1969, Section 273.134, is amended to read:

273.134 TACONITE AND IRON ORE AREAS; TAX RELIEF; DEFINITIONS. For purposes of this section and section 273.135, "municipality" means a city, village or town, and the applicable assessment date is the date as of which property is listed and assessed for the tax in question.

For the purposes of section 273.135 "tax relief area" means the geographic area contained, ~~as of the effective date of this act,~~ within the boundaries of a school district which contains a municipality which meets ~~all of~~ the following qualifications:

(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; ~~and~~

~~—(2) it is a municipality in which, as of the applicable assessment date, the assessed valuation of unmined iron ore is not~~

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more than ~~40~~ 55 percent of the assessed valuation of all real property; ~~and or~~

~~(3) (2)~~ it is a municipality in which, as of the applicable assessment date, there is ~~no~~ a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility .

Sec. 9. Minnesota Statutes 1969, Section 273.135, as amended by Laws 1971, Chapter 427, Section 13, and Chapter 742, Section 1, is amended to read:

273.135 HOMESTEAD PROPERTY TAX RELIEF. Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property not exceeding 80 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes except the payment of principal or interest on bonded indebtedness, shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained ~~in~~ subdivision 3 therein .

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be—

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 27 percent of the amount of such tax, if the assessed valuation of unmined iron ore within the tax relief area where the property is taxable constitutes ten percent or less, of the assessed valuation of all real property within such area; provided that the amount of said reduction shall not exceed \$190.

(b) 22 percent of the amount of such tax, if the assessed valuation of unmined iron ore within the tax relief area where the property is taxable constitutes more than ten percent but not over 20 percent of the assessed valuation of all real property within such area; in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 21 percent of the amount of such tax, provided that the amount of said reduction shall not exceed \$150.

~~(c) 17 percent of the amount of such tax, if the assessed valuation of unmined iron ore within the tax relief area where the property is taxable constitutes more than 20 percent but not over 40 percent of the assessed valuation of all real property within such area.~~

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~~Subd. 3. The amount of the reduction in property taxes authorized in subdivision 1 and prescribed in subdivision 2 shall, in no event, exceed \$190.~~

Subd. 4 ~~3~~ 3. Not later than December ~~31~~ 1 of each year, commencing in 1969, each county auditor having jurisdiction over one or more tax relief areas shall certify to the state auditor his estimate of the total amount of the reduction, determined under subdivision 2 ~~and subdivision 3~~, in taxes payable the next succeeding year with respect to all tax relief areas in his county. ~~Determination of the percentage of reduction in property taxes applicable to each tax relief area in accordance with subdivision 2 shall be made by the county auditor and shall be based upon the average of the ratio of the assessed valuation of iron ore to the assessed valuation of all real property in the tax relief area for the year in which the determination is made and for the two calendar years immediately preceding the same.~~

Subd. 5 ~~4~~ 4. If it appears from the reports required to be filed with the commissioner of taxation on or before October 10 of each calendar year by producers of taconite and iron sulphides under section 298.28, that the balance in the taconite tax relief account in the apportionment fund in the state treasury on June 1 of the next succeeding year will be less than the total amount of the reduction in property taxes payable in that year in all tax relief areas as certified by the county auditors, the amount of the estimated reductions in property taxes shall be reduced proportionately to the extent necessary to make the total amount of all such reductions equal to the estimated balance in the account as of June 1. The state auditor shall notify the respective county auditors not later than ~~January 31~~ December 15 of any proportionate reduction which will be necessary in order to comply with this subdivision.

Subd. 6 ~~5~~ 5. For the purposes of this section, the amount of property tax to be paid shall be determined before the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 10. [297A.251] TACONITE PLANT MATERIALS; EXEMPTION. Notwithstanding the provisions of chapter 297A, there shall be exempt from the tax imposed therein, all materials and supplies or equipment consumed in constructing or incorporated into the construction of a new taconite plant or the expansion of an existing plant the construction of which is commenced prior to July 1, 1974, which are purchased and used or consumed in connection with such construction, or incorporated into such taconite plant prior to July 1, 1978, provided that in the case of the expansion of an existing plant, such construction results in an increase in productive capacity of at least 10 percent.

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Sec. 11. DECLARATION OF POLICY. In order to promote the health and welfare of the residents of the Iron Range communities the economic well being of that area and the state and further in order to encourage continued operation of existing taconite facilities and the construction of expanded or new taconite facilities in Minnesota, the Minnesota legislature hereby declares as the policy of the state that those who have invested in taconite facilities, those who are expanding such facilities, or those who may wish to invest in new taconite facilities may be assured of continued fair and equitable tax treatment by the Minnesota legislature and may rely upon the state to maintain the production taxes on taconite set under existing law and section 1 of this article at a level no higher than that prevailing as of the effective date of this act through the year prescribed in said section 1 for the last incremental increase.

ARTICLE XXXI

Section 1. Minnesota Statutes 1969, Sections 273.69, 273.70, 297A.51, 297A.52, 297A.53, 297A.54, 297A.55, 297A.56, 297A.57, 297A.58, 297A.59, and 297A.60, are repealed as of January 1, 1972. Amounts payable to any governmental unit prior to January 1, 1972 plus any corrections or adjustments to such amounts, shall be made and the necessary funds to make such payments are hereby appropriated.

ARTICLE XXXII

Section 1. Minnesota Statutes 1969, Section 124.03, is amended, by adding a subdivision to read:

Subd. 3. (a) The county auditor shall compute the tax levy that would be produced by applying a rate of 25 mills to the valuation determined on the January 2, 1971 assessment and 8.3 mills on the January 2, 1972 assessment and subsequent assessments on all the agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, within the several school districts for which the tax levy is required to be certified to him. The amounts so computed by the county auditor shall be submitted to the commissioner of taxation by November 15 of each year for verification.

(b) If the commissioner of taxation agrees with the computation, he shall deliver to the state auditor his certificate to that effect. In the event that the commissioner deems the computation to be erroneous, he may make the necessary corrections and deliver to the state auditor his certificate reflecting the amounts he deems to be correct. The county auditor or any school district

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aggrieved thereby may appeal the commissioner's revised certification to the Minnesota Tax Court in accordance with Minnesota Statutes, Chapter 271.

(c) On or before May 31, 1972, the state auditor shall issue his warrant upon the state treasurer in favor of the school district in an amount equal to one half the amount certified by the commissioner shown to be due to the district. On or before October 31, 1972, the state auditor shall issue his warrant upon the state treasurer in favor of the school district distributing the remainder of the amount certified by the commissioner shown to be due to the school district for the year 1972. The state auditor in the same manner shall make distribution in subsequent years in the same manner with respect to amounts shown to be due in accordance with the commissioner's certification.

(d) In the event that a final judicial determination is not in agreement with the amount certified by the commissioner, the state auditor shall either increase or decrease the amount of the following payment required to be made to the school district in accordance with such judicial determination.

(e) There is hereby appropriated to the school districts entitled to such payments from the general fund, an amount sufficient to make the payments.

(f) The county auditor shall reduce the dollars levied for school maintenance by each district by the amount determined in (a) and (b). The amounts paid to the county treasurer pursuant to (c) shall be transmitted by the county treasurer to the school district at the same time the real estate settlement is made.

Sec. 2. This article shall be effective in 1971 and subsequent years.

ARTICLE XXXIII

Section 1. There is hereby appropriated to the commissioner of public welfare from the general fund the sum of \$200,000 the first year and \$200,000 the second year of the 1971-73 biennium as a supplemental appropriation to Laws 1971, Chapter 961, Section 2, Subdivision 15.

There is also appropriated to the commissioner of public welfare the sum of \$150,000 the first year and \$150,000 the second year of the 1971-73 biennium as a supplemental appropriation to Laws 1971, Chapter 961, Section 2, Subdivision 19.

These appropriations shall be available therefore by direction of the governor after consulting with the legislative advisory committee.

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ARTICLE XXXIV

Section 1. [477A.02] REIMBURSEMENT FOR TAX EXEMPT PERSONAL PROPERTY. (a) Each taxing district imposing a levy for taxes payable in 1972 shall receive a reimbursement in 1973 for personal property exempted from taxation by this act. Each taxing district's reimbursement shall be equal to the proportion of \$20,000,000 that the taxing district's 1971 levy payable in 1972 imposed on personal property exempted from taxation by this act bears to the sum of all taxing districts' 1971 levies payable in 1972 on personal property exempted from taxation by this act.

(b) Each county auditor shall on or before March 1, 1972, certify to the commissioner of taxation the 1971 levy payable in 1972 imposed by each taxing district on property exempted from taxation by this act within his county and any additional information that the commissioner of taxation may deem necessary. The commissioner of taxation shall review these certifications and determine their correctness. He may require recertifications to be made or may adjust certifications in the event the original certification is found to be incorrect.

(c) On or before October 1, 1972, the commissioner of taxation shall notify each county auditor of the amount of reimbursement, determined pursuant to this article, that each taxing district will receive in 1973. The county auditor shall deduct this amount from each taxing district's budget levy in determining the taxing district's 1972 levy payable in 1973 on taxable property. On or before February 14, 1973, the commissioner of taxation shall certify to the state auditor the amount of reimbursement that he has determined to be paid to each taxing district.

(d) The state auditor shall issue his warrant in favor of the treasurer of each taxing district in an amount equal to one half of the amount certified by the commissioner of taxation under the provisions of this article on or before February 28, 1973 and one half on or before July 15, 1973 but not prior to July 1, 1973.

(e) There is hereby appropriated from the general fund an amount sufficient to make the payments required by this article.

ARTICLE XXXV

Section 1. Minnesota Statutes 1969, Section 294.28, is amended to read:

294.28 DEDUCTIONS FROM PERMISSIBLE LEVIES. The amount distributed to any city, or village, or and one-third of the amount distributed to any school district in 1971 and that portion

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not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter under the provisions hereof shall be included in computing the permissible levies of such city, village or school district under Minnesota Statutes, ~~Sections~~ Section 275.11 or 275.12 ~~article 20, section 8 of this act~~, provided, in computing the deduction from permissible levies of cities or villages by reason hereof effect shall be given to the cost of living adjustment allowed by section 275.11, subdivision 2, regardless of whether or not more than 50 percent of the assessed valuation consists of iron ore. On or before October 10 of each calendar year each taconite railroad company shall file with the commissioner of taxation, county auditor of each county in which it operates, and with the chief clerical officer of each school district, city or village which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable in the next ensuing calendar year on the gross earnings of such taconite railroad company in excess of any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax and the amount of the estimated tax which would be distributable to each such district in said next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of taxation; if there be no such prior certification, the company shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the company, and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amounts indicated as being distributable to each taxing district except in the case of school districts one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the indicated amount to be used in computing, pursuant to Minnesota Statutes, Sections Section 275.11 or 275.12 article 20, section 8 of this act, the permissible tax levies of such city, village or school district in the year in which such estimate is made and payable in the next ensuing calendar year. Such taconite railroad company shall then pay at the times payments are required to be made under section 294.25, as the amount of tax payable under section 294.22 the greater of (a) the amounts shown by such estimate or (b) the amount due on its gross earnings as finally determined. If the amount payable under clause (a) is greater than the amount which would be payable under clause (b) the payment of the excess shall be made at the time of making the semi-annual payment covering the earnings for the six months ending on June 30 of said year. If, as a result of the making of an estimate and the payment of the amount of such estimate as hereinabove provided, the taconite railroad company has paid in any calendar year an amount of tax in excess of the amount due in such year

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under section 294.22, less credit for any excess payments in previous years, all as determined by the commissioner of taxation, the taxpayer shall be given credit for such excess amount against any taxes which may become due on gross earnings from said taconite railroad in subsequent periods. In any calendar year in which a general property tax levy subject to sections section 275.11 or 275.12 article 20, section 8 of this act, has been made, if the taxes distributable to any such city, village or school district are greater than the amount estimated to be paid to any such city, village or school district in such year, the excess of such distribution shall be held in the special fund by the city, village or school district and shall not be expended until the succeeding year, and shall be included in computing the permissible levies under sections section 275.11 or 275.12 article 20, section 8 of this act of such city, village or school district payable in such year. If the amounts distributable to any such city, village or school district, after final determination by the commissioner of taxation under section 294.26, are less than the amounts indicated by such estimates, such city, village or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections section 275.11 or 275.12 article 20, section 8 of this act, an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 2. Minnesota Statutes 1969, Section 298.28, Subdivision 1, as amended by Laws 1971, Chapter 736, Section 1, is amended to read:

298.28 DIVISION OF PROCEEDS. Subdivision 1. The proceeds of the tax collected under section 298.24 shall be distributed by the state treasurer, upon certificate of the commissioner of taxation to the general fund of the state and to the various taxing districts in which the lands from which taconite was mined or quarried were located in the following manner and proportions: 11 ½ percent thereof to the city, village or town; 27 percent thereof to the school district; 11 ½ percent thereof to the county; three percent thereof to the state and 47 percent thereof, less any amount required to be distributed under subdivision 1a of this section to the taconite property tax relief account in the apportionment fund in the state treasury. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities, villages and towns among such subdivisions as provided above, and the part going to school districts among such districts,

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and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city, or village ~~or~~ and one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissible levies of such city, village or school district under ~~sections~~ section 275.11 or ~~275.12~~ article 20, section 8 of this act, provided, in computing the deduction from permissible levies of cities or villages by reason hereof effect shall be given to the cost of living adjustment allowed by section 275.11, subdivision 2, regardless of whether or not more than 25 percent of the assessed valuation consists of iron ore. On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of taxation and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or village which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in such next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of taxation. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the

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public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district except in the case of school districts one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the indicated amount is to be used in computing, pursuant to ~~sections~~ section 275.11 or 275.12 article 20, section 8 of this act, the permissible tax levy of such city, village or school district in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 294.25, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of taxation pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of taxation, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to ~~sections~~ section 275.11 or 275.12 article 20, section 8 of this act, has been made, if the taxes distributable to any such city, village or school district are greater than the amount estimated to be paid to any such city, village or school district in such year, the excess of such distribution shall be held in a special fund by the city, village or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under ~~sections~~ section 275.11 or 275.12 article 20, section 8 of this act, of such city, village or school district payable in such year. If the amounts distributable to any such city, village or school district, after final determination by the commissioner of taxation under section 298.28 are less than the amounts indicated by such estimates, such city, village or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of ~~sections~~ section 275.11 or 275.12 article 20, section 8 of this act, an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby appropriated to such taxing districts as are stated herein and to the taconite property tax relief account in the apportionment fund in the state treasury, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

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Sec. 3. Minnesota Statutes 1969, Section 298.32, is amended to read:

298.32 OCCUPATION TAX ON TACONITE, DISTRIBUTION. For the year 1958 and each year thereafter until June 30, 1969, there is hereby appropriated from the general fund, for the purposes hereinafter set forth, 50 percent of all amounts paid and credited into said fund from the proceeds of taxes paid upon the mining and production of taconite and taconite concentrates under the provisions of law relating to occupation taxes on the business of mining or producing iron ore; for the year beginning July 1, 1969, and each year thereafter there is appropriated from the general fund for the purposes set forth, 25 percent of all amounts paid and credited into said fund from the proceeds of taxes paid upon the mining and production of taconite and taconite concentrates under the provisions of law relating to occupation taxes on the business of mining and producing iron ore; provided, the amount so appropriated shall in no event exceed five cents per ton of taconite concentrates produced by reason of which such taxes were paid. The amounts so appropriated shall be distributed among and paid to the various governmental subdivisions in which the taconite operations, by reason of which such taxes were paid, were conducted in the following proportion: 25 percent thereof to the city, village or town; 50 percent thereof to the school district; 25 percent thereof to the county. The amounts so appropriated shall be paid by the state treasurer upon certificate of the commissioner of taxation, who shall make such apportionment. If the mining and concentration of such taconite and taconite concentrates or different steps in either thereof are carried on in more than one such taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities, villages or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the taxing districts in the same proportion as the general ad valorem tax levy thereof. The amount distributed to any city, or village, or and one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall not be included in computing the permissi-

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ble levies of such city, village or school district under ~~sections section 275.11 or 275.12~~ article 20, section 8 of this act, as amended, so long as such levies are based upon a population not exceeding the population used as the basis for spreading the tax levy in the year 1956. In the event that as a result of taking any census the population basis for computing the limit of levies under such sections is increased above the population used as a basis for spreading the tax levy in the year 1956, or in the event that the basis of ~~either section 275.11 or 275.12~~ article 20, section 8 of this act is changed to a basis other than population, the amount of the tax distributed pursuant hereto shall be included in computing the permissible levies under either of said sections.

Sec. 4. Minnesota Statutes 1969, Section 298.39, is amended to read:

298.39 DISTRIBUTION OF PROCEEDS. The proceeds of the tax collected under section 298.35 shall be distributed by the state treasurer, upon certificate of the commissioner of taxation to the general fund of the state and to the various taxing districts in which the lands from which the semi-taconite was mined or quarried were located in the following proportions: 22 percent thereof to the city, village or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If the mining and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities, villages or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the semi-taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city, or village ~~or~~ and one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissi-

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ble levies of such city, village or school district under Minnesota Statutes, ~~Sections section 275.11 or 275.12~~ article 20, section 8 of this act, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by said ~~sections section 275.11 or 275.12~~ article 20, section of this act. On or before October 10 of each calendar year each producer of semi-taconite subject to taxation under section 298.35, hereinafter called "taxpayer," shall file with the commissioner of taxation and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or village which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in such next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of taxation. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district except in the case of school districts one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the indicated amount is to be used in computing, pursuant to Minnesota Statutes, Sections section 275.11 or 275.12 article 20, section 8 of this act, the permissible tax levy of such city, village or school district in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.36, as the amount of tax payable under section 298.35, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of taxation pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.35, after application of credits for any excess payments made in previous years, all as determined by the commissioner of taxation, the taxpayer shall be given credit for such excess amount against any taxes which, under said

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section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to ~~sections section 275.11 or 275.12~~ article 20, section 8 of this act has been made, if the taxes distributable to any such city, village or school district are greater than the amount estimated to be paid to any such city, village or school district in such year, the excess of such distribution shall be held in a special fund by the city, village or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under ~~sections section 275.11 or 275.12~~ article 20, section 8 of this act of such city, village or school district payable in such year. If the amounts distributable to any such city, village or school district, after final determination by the commissioner of taxation under this section are less than the amounts indicated by such estimates, such city, village or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of ~~sections section 275.11 or 275.12~~ article 20, section 8 of this act an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby appropriated to such taxing districts as are stated herein, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

Sec. 5. Minnesota Statutes 1969, Section 298.396, is amended to read:

298.396 DISTRIBUTION OF PROCEEDS. The proceeds of the tax collected under section 298.393 shall be distributed by the state treasurer, upon certificate of the commissioner to the general fund of the state and to the various taxing districts in which the agglomerating facility is located in the following proportions: 22 percent thereof to the city, village or town; 50 percent thereof to the school district; 22 percent thereof to the county; 6 percent thereof to the state. If the agglomerating facility is located in more than one tax district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities, villages or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, giving due consideration to the relative extent of the facilities located in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount to be distributed among the several taxing districts of

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the state shall be divided by such districts among the funds of such districts in the same proportion as the general ad valorem tax thereof. The amount distributed to any city, or village, or and one-third in 1971 and that portion not deducted from state aids in Article XX, Section 3, Subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissible amount of the levies of such city, village or school district under Minnesota Statutes, Sections section 275.11 or 275.12 article 20, section 8 of this act, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by said ~~sections~~ section 275.11 or 275.12 article 20, section 8 of this act.

ARTICLE XXXVI

Section 1. Minnesota Statutes 1969, Section 273.13, is amended by adding a subdivision to read:

Subd. 15a. GENERAL FUND, REPLACEMENT OF REVENUE. (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year commencing in 1968 to the commissioner of taxation the amount of reduction resulting from subdivisions 6 and 7 in his county, and not later than May 1 of each year commencing in 1970, the amount of reduction resulting from subdivision 14a. The commissioner of taxation shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The commissioner of taxation, after such review, shall submit to the state auditor, on or before July 1 the amount of the first half payment payable hereunder and on or before October 15 the amount of the second half payment. Not later than October 15 of each year the county auditor may amend the certification to include additional reductions in the property taxes payable in that year, resulting from the reclassifications of real property from nonhomestead property to homestead property that were not reflected in the original certification.

(3) The state auditor shall pay out of the general fund to each county treasurer one half of the amount certified under clause (2) not later than July 15 and the remaining half not later than November 15 of each year commencing in 1969. Any additional amounts included in an amended certification shall be

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paid to the county treasurer not later than November 15 of each year.

(4) On or before November 15, 1971, the state auditor shall pay out of the general fund one third of the remaining one half to be distributed for 1971. The balance shall be paid out in two equal installments on or before January 15, 1972, and March 15, 1972.

(5) The county treasurer shall distribute the funds received by him under clause (3) and (4) as if they had been collected as a part of the property tax reduced by subdivisions 6, 7, and 14a.

Sec. 2. Minnesota Statutes 1969, Section 273.13, Subdivision 15, is repealed.

ARTICLE XXXVII

Section 1. Minnesota Statutes 1969, Section 124.28, Subdivision 3, is amended to read:

Subd. 3. For the purpose of determining the applicability of this section to any district, the valuation of taxable property shall be the 1969 adjusted value of such property as determined by the equalization aid review committee, exclusive of class 2 personal property and personal property exempt from taxation by Extra Session Laws 1967, Chapter 32, and the valuation of the exempt property shall be the full value of the exempt property as reported annually by the railroad and warehouse commission. For the purpose of determining refunds the valuations of the taxable property shall be taken at 30 percent of the valuations as adjusted by the equalization aid review committee and the valuation of the exempt property shall be taken at 30 percent of its full value. The eligibility of a school district under this section is determined by adding the adjusted taxable valuation of the taxable property of the district as determined by the equalization aid review committee to the full value of the exempt property as reported by the railroad and warehouse commission; then by dividing the amount of the exempt property by the total of such taxable property and exempt property; if the result is 20 percent or more the school district is eligible, otherwise not, unless it qualifies temporarily under subdivision 1.

ARTICLE XXXVIII

Section 1. Except as otherwise provided for in the provisions of this act, this act is in effect from and after its final enactment.

Approved October 30, 1971.

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