

~~for solid waste disposal. A contract that does so conform may be approved by the agency. Where a contract has been approved, the agency may reimburse the unit of government for the costs incurred under the contract. If a unit of government utilizes its own equipment and personnel pursuant to its authority under section 168B.09, and the use of the equipment and personnel conforms to the agency's plan for solid waste management and is in compliance with agency regulations, that government may be reimbursed by the agency for reasonable costs incurred which are not reimbursed under section 168B.08.~~

Sec. 9. **REPEALER.** Minnesota Statutes 1971, Sections 168B.12 and 168B.13, are repealed.

Approved May 24, 1973.

## CHAPTER 650—H.F.No.2121

[Coded in Part]

*An act relating to government; raising revenue; providing for the administration of public welfare and other public activities; appropriating money; providing penalties; amending Minnesota Statutes 1971, Chapters 272; 273; 275; and 290; by adding sections; Sections 93.52, Subdivision 2; 93.55; 93.58; 124.03, Subdivision 3; 245.77; 261.04, Subdivision 1; 261.063; 272.02, Subdivision 1; 272.03, Subdivision 1; 272.04, Subdivision 1; 273.11; 273.13, Subdivisions 4, 6, and 7, and by adding a subdivision; 273.134; 273.41; 275.09, Subdivision 3; 275.50, Subdivisions 2, 4, and 5; 275.51, Subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.52, Subdivisions 2 and 3; 275.53, Subdivisions 1 and 3; 275.55; 287.12; 290.06, Subdivision 1; 290.0601, Subdivisions 6 and 9; 290.0604; 290.061; 290.081; 290.17; 290.19, Subdivision 1, and by adding a subdivision; 290.361, Subdivisions 2 and 4; 290.982; 290.983, Subdivision 1; 290.99; 291.33, Subdivision 2; 293.07, Subdivision 2; 297.13, Subdivision 1; 297A.14; 297A.25, Subdivision 1; 340.60, Subdivision 1; 376.424; 393.01, Subdivision 3; 393.07, Subdivision 2; 393.08, Subdivision 1; 414.01, by adding a subdivision; and 477A.01, Subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, and 17; repealing Minnesota Statutes 1971, Sections 93.53; 93.54; 93.56; 93.57; 245.46; 261.01; 261.02; 261.03; 261.05; 261.06; 261.061; 261.064; 261.065; 261.066; 261.067; 261.07; 261.08; 261.10; 261.11; 261.123; 261.124; 261.125; 261.126; 261.14; 261.141; 261.142; 261.143; 261.26; 276.15; 276.16; 276.17; 276.18; 290.0607; 290.0617; 295.38; 297.13, Subdivisions 2, 3, 4, 5, 6, 7, and 8; 297.15; 297.16; 297A.252; 340.60,*

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*Subdivisions 2, 3, 4, 5, 6, and 7; 368.39; 368.40; 368.41; 368.42; 373.20; 373.21; 373.22; 373.23; 373.24; 393.08, Subdivision 2; and 477A.01, Subdivisions 12 and 15.*

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

## ARTICLE I

Section 1. Minnesota Statutes 1971, Section 124.03, Subdivision 3, is amended to read:

Subd. 3. **TAXATION; REVENUE ACT OF 1973.** (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 aggrieved thereby may appeal the commissioner's revised certification to the Minnesota tax court in accordance with 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 for the year 1973 in the same manner with respect to amounts shown to be due in accordance with the commissioner's certification. For the year 1974 and subsequent years, the state auditor shall issue his warrant in an amount equal to one-half the amount certified on or before July 15, but no earlier than July 1. The remainder shall be distributed as provided herein.

(d) In the event that a final judicial determination is not in agreement with the amount certified by the commissioner, the

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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. The provisions of this article shall be effective the day following its final passage.

## ARTICLE II

Section 1. Minnesota Statutes 1971, Section 273.134, is amended to read:

**273.134 TACONITE AND IRON ORE AREAS; TAX RELIEF AREA; 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, within the boundaries of a school district which contains a municipality which meets 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 in which, as of the applicable assessment date, the assessed valuation of unmined iron ore is not more than 55 60 percent of the assessed valuation of all real property; or

(2) it is a municipality in which, as of the applicable assessment date, there is 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. 2. Section 1 shall be effective with respect to taxes levied in 1972 and thereafter and payable in 1973 and thereafter.

Sec. 3. In the case of taxes payable in 1973, the county auditor shall allow the same credits to any additional area or areas designated as a "tax relief area" in accordance with section 1, as

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has been allowed to other tax relief areas, and shall issue revised statements or refunds as may be necessary.

Sec. 4. Notwithstanding the provisions of Minnesota Statutes, Section 273.136, Subdivision 2, the county auditor having jurisdiction over any tax relief area shall, on or before June 15, 1973, revise his certification to the state auditor so as to include in his certification any additional municipal aids or reductions of taxes allowed in 1973 as a result of sections 1 and 2. The amount of such additional certification, to the extent that it exceeds amounts remaining in the taconite property tax relief account, shall be paid from the state general fund, and an equivalent amount shall be transferred in 1974 from the taconite property tax relief account to the state general fund prior to the determination of the amount available for distribution.

### ARTICLE III

Section 1. Minnesota Statutes 1971, 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 the 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 to the general revenue fund of the county deposit the amount so received in the general fund of the state treasury.~~

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~~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. 2. The provisions of this article shall be effective for all payments required to be made after December 31, 1973.

#### ARTICLE IV

Section 1. Minnesota Statutes 1971, Section 275.50, Subdivision 2, is amended to read:

Subd. 2. "Governmental subdivision" means any county, city, village, borough, or town having the powers of a village pursuant to section sections 368.01 or 368.61, or by special law, or any board or commission thereof authorized by law or charter to levy property taxes. The term does not include school districts, towns without village powers, or special taxing districts determined by the department of taxation.

Sec. 2. Minnesota Statutes 1971, Section 275.50, Subdivision 4, is amended to read:

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 section sections 429.021, subdivision 1 and 429.101, whether imposed pursuant to such sections or pursuant to home rule charter provisions. General tax levies spread upon real estate not specifically benefitted by the improvements, and on the benefitted real estate as part of the taxable valuation of the governmental subdivision, are not considered special assessments.

Sec. 3. Minnesota Statutes 1971, Section 275.50, Subdivision 5, is amended to read:

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 of competent jurisdiction in any action other than an action on an explicit express contract or default on an express contract, or to pay the costs of settlements out of court against the governmental subdivision in any action other than an action on an express contract when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

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(b) pay the costs of complying with any written 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 of expanded county court systems not in full operation during the entire year 1971 which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of taxation shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs of complying with any law enacted by the 1971 legislature or a prior or subsequent year's legislature which specifically and directly requires a new or altered activity after levy year 1970, taxes payable in 1971, but only to the extent of the increased cost for such activity after levy year 1970, taxes payable in 1971;

(d) pay the costs of an expanded county court system to the extent of the increase in costs over the amount levied in support of a county court or a probate court in levy year 1970, taxes payable in 1971;

(e) (e) pay amounts required by any public pension plan to the extent that operation of the laws enacted before July 1, 1971, of the state of Minnesota or the United States governing such fund directly 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 which required the approval of the governing body of the governmental subdivision;

(d) (f) pay amounts required by to be levied in support of a volunteer firemen's relief association if resulting from the operation of section sections 69.772 and 69.773;

(e) (g) pay the costs to a governmental subdivision for their share of any program otherwise authorized by law, including the administrative costs of social services and of county welfare systems, 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, subject to rules promulgated by the commissioner of taxation pursuant to the administrative procedures act;

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(f) (h) pay expenses reasonably and necessarily incurred in preventing, preparing for or repairing the effects of natural disaster. "Natural disaster" as used herein means the occurrence or threat of widespread or severe damage, injury or loss of life or property resulting from natural causes, including and limited to fire, flood, earthquake, wind storm, wave action, oil spill, or other water contamination requiring action to avert danger or damage, volcanic activity, drought or air contamination. The civil defense division of the state department of public safety shall formulate standards by which an occurrence of any of the aforementioned natural phenomena would be deemed a natural disaster by reason of the level of damage, injury or loss of life or property that has occurred or would occur if preventative action was not taken;

(g) (i) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under 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) (j) pay the costs of principal and interest on bonded indebtedness, or, effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(k) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency;

(l) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(m) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(n) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the

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net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

(o) pay the amounts required to compensate for a decrease in mobile homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 273.13, subdivision 3, as amended, is less than the distribution of the mobile homes tax to the governmental subdivision pursuant to section 273.13, subdivision 3, in calendar year 1971;

(p) pay the amounts required to compensate for a decrease in gross earnings tax aids pursuant to sections 276.15 to 276.18, or 368.39 to 368.42, or 373.20 to 373.24, to the extent that the distribution of these aids to the governmental subdivision in the calendar year immediately preceding the current levy year is less than the distribution of these aids to the governmental subdivision in calendar year 1971;

(q) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(r) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city, village, borough or town with village powers in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(s) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal commission in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the commission in its order pursuant to section 414.01, subdivision 15;

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(l) pay the increased costs of municipal services provided to new private industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) The increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) The amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development.

Sec. 4. Minnesota Statutes 1971, Section 275.51, Subdivision 1, is amended to read:

275.51 **LEVY LIMITS.** Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary which authorize ad valorem levies in excess of the limitations established by sections 275.50 to 275.56, but subject to section 275.56, 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.

Sec. 5. Minnesota Statutes 1971, Section 275.51, Subdivision 2, is amended to read:

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

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:

(a) the total amount of property taxes levied before any reduction prescribed by 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 section 273.69, minus the allocation of these payments on a percentage distribution basis to the welfare aids and bonded indebtedness special levies in taxes payable year 1971;

(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 sections 297A.51 to 297A.60, minus the allocation of these payments on a percentage distribution basis to the welfare aids special levy in taxes payable year 1971.

The aggregate of the foregoing receipts shall be divided by the 1970 population of the governmental subdivision established pursuant to section 275.53. The resulting quotient (~~aggregate 1971 receipts per capita~~) is the per capita limitation and may be adjusted (1970 payable 1971 levy limit base per capita) shall be increased pursuant to section 275.52, subdivision 2, to derive the 1971 payable 1972 levy limit base per capita. The adjusted quotient 1971 payable 1972 levy limit base per capita shall then be multiplied by the 1971 population of the governmental subdivision established pursuant to section 275.53. From the resulting figure (1971 payable 1972 levy limit base) shall be deducted the amount (estimated by the department of taxation) of state formula aids to be paid pursuant to ~~Extra Session Laws 1971, Chapter 31, Article 21 section 477A.01, as amended and the taconite production tax municipal and county aids to be paid pursuant to Extra Session Laws 1971, Chapter 31, Article 30 section 298.282, as amended,~~ 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.

Sec. 6. Minnesota Statutes 1971, Section 275.51, Subdivision 3, is amended to read:

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Subd. 3. The property tax levy limitation for governmental subdivisions in 1972 and subsequent levy 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 Extra Session Laws 1971, Chapter 31, Articles 21 and 30.~~

~~The aggregate of the foregoing receipts shall be divided by the 1971 or subsequent year's population of the governmental 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 275.52. The governmental subdivision's levy limit base per capita for the immediately preceding levy year shall be increased pursuant to section 275.52, subdivision 2. The adjusted quotient shall then be multiplied by the 1972 or subsequent resulting current levy year's levy limit base per capita shall then be multiplied by the current levy year's population of the governmental subdivision established pursuant to section 275.53. From the resulting figure (current levy year's levy limit base) shall be deducted the amount of state formula aids estimated by the department of taxation to be paid pursuant to Extra Session Laws 1971, Chapter 31, Article 21 section 477A.01, as amended, and the taconite production tax, municipal and county aids paid pursuant to Extra Session Laws 1971, Chapter 31, Article 30 section 298.282, as amended, to the governmental subdivision during the calendar year 1973, or subsequent year, as the case may be tax collection year to which the current levy year's levy limit base applies. The resulting figure is the amount of property taxes which the governmental subdivision may levy in 1972 and the current levy year for all purposes other than those for which special levies and special assessments are made.~~

For the purpose of determining the amount of property taxes that a governmental subdivision may levy, in 1973 and thereafter, taxes payable in 1974 and thereafter, for all purposes except special levies and special assessments, the following amounts (increased by 12.36 percent and divided by the 1973 population of the governmental subdivision established pursuant to section 275.53) shall be added to the governmental subdivision's 1972 payable 1973 levy limit base per capita and adjusted pursuant to section 275.52, subdivision 2:

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(1) The amount of a county auditor's error of omission in the ad valorem taxes extended in levy year 1970, taxes payable in 1971, but only to the extent that when included in the governmental subdivision's levy in 1970, taxes payable in 1971, such amount is not in excess of any applicable statutory, special law or charter limitation imposed on the governmental subdivision in levy year 1970.

(2) The amount of an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city, village, borough or town with village powers in levy year 1970, taxes payable in 1971, but only to the extent that when included in the governmental subdivision's levy in 1970, taxes payable in 1971, such amount is not in excess of any applicable statutory, special law or charter limitation imposed on the governmental subdivision in levy year 1970.

The foregoing addition shall not be construed to alter in any way the amount of state formula aids estimated by the department of taxation to be paid a governmental subdivision pursuant to section 477A.01 in calendar years 1972 and 1973.

For levy year 1973 and thereafter, taxes payable in 1974 and thereafter, the current levy year's levy limit base for the governmental subdivision shall be increased by:

(a) the amount of aids (estimated by the department of taxation) that the governmental subdivision was entitled to receive from the state, pursuant to sections 297.13 and 340.60, 70 percent of the amount of county government was entitled to receive pursuant to section 287.12 and 100 percent of the amount a city, village or town government was entitled to receive pursuant to section 287.12, in calendar year 1973, before any adjustments for payments made in preceding calendar years;

(b) the amount of aids (estimated by the department of taxation) that the governmental subdivision was entitled to receive from the state, pursuant to section 290.361, on November 30, 1972 and May 31, 1973, before any adjustments for prior payments.

The foregoing addition shall be made after the per capita adjustment pursuant to section 275.52, subdivision 2, and after the multiplication of the current levy year's levy limit base per capita by the current levy year's population of the governmental subdivision, but before the deduction of the aids estimated by the department of taxation to be paid to the governmental subdivision pursuant to sections 477A.01 and 298.282, as amended, during the tax collection year to which the current levy year's levy limit base applies.

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Sec. 7. Minnesota Statutes 1971, Section 275.51, is amended by adding a subdivision to read:

Subd. 3a. Notwithstanding the provisions of subdivision 3, but subject to any other law or charter limitation, each governmental subdivision is entitled, in levy year 1973 and subsequent levy years, to a minimum property tax levy limitation of six percent of its state aids estimated by the department of taxation to be paid, pursuant to sections 477A.01 and 298.282, as amended, to the governmental subdivision during the tax collection year to which the property tax levy limitation applies.

A governmental subdivision which would maximize its property tax levy limitation under this subdivision shall qualify for this subdivision and subdivision 3 shall not apply to such governmental subdivision. In any levy year (qualifying levy year) that a governmental subdivision qualifies for this subdivision, its property tax levy limitation shall be determined as follows.

The state aids estimated by the department of taxation to be paid, pursuant to sections 477A.01 and 298.282, as amended, to the governmental subdivision in the taxes payable year to which such qualifying levy year applies shall be divided by the population of the governmental subdivision in such qualifying levy year as determined pursuant to section 275.53.

The resulting quotient shall be increased pursuant to section 275.52, subdivision 2, to derive the levy limit base per capita for the governmental subdivision for the qualifying levy year. The levy limit base per capita for the qualifying levy year shall be multiplied by the population of the governmental subdivision in the qualifying levy year as determined pursuant to section 275.53. From the resulting figure (levy limit base for the qualifying levy year) shall be deducted the amount (estimated by the department of taxation) of state formula aids to be paid pursuant to section 477A.01, as amended, and the taconite production tax municipal aids to be paid pursuant to section 298.282, as amended, to the governmental subdivision during the tax collection year to which the qualifying levy year applies. The resulting figure is the amount of property taxes which the governmental subdivision may levy in the qualifying levy year for all purposes other than those for which special levies and special assessments are made.

In any levy year that a governmental subdivision would maximize its property tax levy limitation under subdivision 3 instead of this subdivision, the levy limit base per capita for the last qualifying levy year constituting the preceding year's levy limit base per capita for the provisions of subdivision 3, the governmental subdivision shall no longer qualify for this subdivision and shall presume to have its property tax levy limitation calculated pursuant to subdivision 3.

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Sec. 8. Minnesota Statutes 1971, Section 275.51, Subdivision 4, is amended to read:

Subd. 4. If in 1971 the levy made by any governmental subdivision exceeds the limitation provided in this section, except when such excess levy is due to the rounding of the mill rates of the governmental subdivision in accordance with section 275.28, subsequent distributions of formula aids pursuant to ~~Extra Session Laws 1971, Chapter 31 sections 298.282 and 477A.01, as amended,~~ 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 sections 275.50 to 275.56, except when such excess levy is due to the rounding of the mill rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the state auditor from any formula aids pursuant to ~~Extra Session Laws 1971, Chapter 31 sections 298.282 and 477A.01, as amended,~~ 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; provided that a governmental subdivision may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed five percent by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. Thereafter the resolution shall be published for two successive weeks in the official newspaper of the governmental subdivision or if there be no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution authorizing a levy in excess of the limitation imposed by sections 275.50 to 275.56 shall be published in the official newspaper of the governmental subdivision or if there be no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city, village, borough, or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The

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commissioner of taxation is directed to prepare a suggested form of question to be presented at any such referendum. A levy approved at any such referendum held at a special or general election held prior to October 1 in any levy year increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base per capita of the governmental subdivision for future levy years, and there shall be no reduction in distributions of formula aids to the governmental subdivision as a result of such levy. If no referendum is requested, the excess levy authorized by the resolution, if the resolution is adopted prior to October 1 in any year, may be levied in that same levy year and subsequent distributions required to be made by the state auditor from any formula aids pursuant to Extra Session Laws 1971, Chapter 31, shall be reduced 15 cents for each full dollar the levy exceeds the limitation. A levy made in 1971 prior to the effective date of Extra Session Laws 1971, Chapter 31 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. The provisions of this subdivision shall apply to the levy of a metropolitan county before the reduction required pursuant to section 163.051, subdivision 5.

Sec. 9. Minnesota Statutes 1971, Section 275.52, Subdivision 2, is amended to read:

Subd. 2. The per capita limitation levy limit base per capita, 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 levy limit base per capita.

Sec. 10. Minnesota Statutes 1971, Section 275.52, Subdivision 3, is amended to read:

Subd. 3. If the population of any governmental subdivision decreases from one year to the next, the current levy year's population shall, for purposes of sections 275.50 to 275.56, be increased by an amount equal to one half of the decrease in population from the prior levy year, such increase to be effective for the said one levy 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. 11. Minnesota Statutes 1971, Section 275.53, Subdivision 1, is amended to read:

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**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 sections 275.50 to 275.56 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 section 414.01, subdivision 14, or by an estimate made pursuant to subdivision 3, whichever is the most recent as to the stated date of count or estimate.

Sec. 12. Minnesota Statutes 1971, Section 275.53, Subdivision 3, is amended to read:

Subd. 3. (a) In lieu of passing a resolution pursuant to subdivision 2, the governing body of a ~~municipality or town governmental subdivision~~ 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 sections 275.50 to 275.56.

(b) The resolution shall then be submitted to the ~~vital statistics section of the state department of health~~ state planning agency. The ~~section~~ agency 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~~ agency made pursuant to this subdivision shall constitute, nor shall it be represented as constituting, a determination of actual population.

(c) If the ~~section~~ agency determines that the criteria do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the ~~section~~ agency 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.

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(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 sections 275.50 to 275.56 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 sections 275.50 to 275.56.~~

Sec. 13. Minnesota Statutes 1971, Section 275.55, is amended to read:

**275.55 STATE REVIEW AND REGULATION OF LEVIES.**  
The ~~state auditor and the~~ commissioner of taxation, or ~~their~~ his 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 chapter 15, rulings interpreting sections 275.50 to 275.56, and to take such other administrative actions as he deems necessary in order to carry out the provisions of sections 275.50 to 275.56. If the commissioner of taxation takes administrative action or any other action authorized by this section to enforce the provisions of sections 275.50 to 275.56, he shall give written notice of such action to the governmental subdivision affected. Such notice shall specify the actual or impending violations by the governmental subdivision of sections 275.50 to 275.56 or the rules and regulations of the department of taxation pertaining thereto, describe the corrective action required, including, in the case of an

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excess levy, reduction of the governmental subdivision's levy in the next succeeding levy year in an amount equal to the amount of the excess levy, set a reasonable period of time within which the governmental subdivision shall correct the specified actual or impending violations and caution the governmental subdivision that if the specified correction is not made within the time allowed, the state aids to the governmental subdivision pursuant to sections 477A.01 and 298.282, as amended, will be reduced as provided in section 275.51, subdivision 4. The time period first allowed for correction may be extended by the commissioner if he finds a reasonable basis for delay. 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 sections 275.50 to 275.56.

Sec. 14. Minnesota Statutes 1971, Chapter 275, is amended by adding a section to read:

**[275.551] LEVY LIMITATIONS REVIEW BOARD.** A levy limitations review board is hereby created to resolve questions concerning administrative interpretation of sections 275.50 to 275.56 that require review and to hear appeals by governing bodies of governmental subdivisions who disagree with the administrative rulings issued by the commissioner of taxation pursuant to section 275.55.

The members of the review board shall be the commissioner of taxation, the chairman of the municipal commission and one public member appointed by the governor, by and with the approval of the senate, for a four year term which shall begin February 15 and continue until his successor is duly appointed and qualifies. The first public member, however, shall be appointed for a term ending February 15, 1975. A vacancy in the office of the public member of the board shall be filled by the governor, with the advice and consent of the senate, for the unexpired term. The governor may remove the public member at any time for good cause shown, after notice and hearing.

The public member shall be a citizen of the state who is knowledgeable in finance and local government. The public member shall not, at the time he is a member of the board, hold any other public office, or be employed by or represent a governmental subdivision, or have any personal financial interest in any contract with a governmental subdivision, or serve in any capacity where a conflict of interest could arise. The public member shall receive as compensation for his services the amount of \$35 for each day or fraction thereof spent in attending meetings of the board or in performing other duties required by law, and shall be reimbursed for actual and necessary expenses incurred in the performance of his duties.

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Sec. 15. Minnesota Statutes 1971, Chapter 275, is amended by adding a section to read:

[275.552] CONTESTED CASES; HEARING, NOTICE, EVIDENCE, DECISIONS, ORDERS. The governing body of a governmental subdivision to whom a notice pursuant to section 275.55 is given may by a majority vote of the whole governing body decide to dispute the commissioner's administrative action. Notice of such decision must be given the commissioner within 30 days of the issuance of the commissioner's notice, or else the commissioner's decision is final and not subject to the review of the levy limitations review board. Upon receipt of a notice from a governmental subdivision within the time allowed, disputing the commissioner's administrative action, the commissioner shall conduct further investigation of the disputed issues of fact as he deems necessary. If the commissioner continues to adhere to his previous notice, the governing body of the governmental subdivision shall be entitled to a hearing before the levy limitations review board. The board shall set a time and place for the hearing and notice shall be given by mail to the governing body of the governmental subdivision. The board shall adopt rules governing the proceedings for hearings which shall afford all interested parties the opportunity to present evidence and arguments with respect to the contested issues of fact. The decision of the board shall be in writing, and shall state in detail the basis and reason for each conclusion upon each contested issue of fact. A copy of the decision and order together with the detailed reasons shall be delivered or mailed to the governmental subdivision or its attorney of record. The decision of the levy limitations review board under this section may be reviewed on certiorari by the district court of the county wherein the governmental subdivision, or any part thereof, is located.

Sec. 16. Minnesota Statutes 1971, Chapter 275, is amended by adding a section to read:

[275.58] ELECTIONS TO INCREASE LEVY. Subdivision 1. Notwithstanding the provisions of sections 275.50 to 275.56, but subject to other law or charter provisions establishing per capita, mill or other limitations on the amount of taxes that may be levied, the levy of a governmental subdivision, as defined by section 275.50, subdivision 1, may be increased above the limitation imposed by sections 275.50 to 275.56 in any per capita or dollar amount which is approved by the majority of voters of the governmental subdivision voting on the question at a general or special election. When the governing body of the governmental subdivision resolves to increase the levy of the governmental subdivision pursuant to this section, it shall provide for submission of the proposition of an increase in the levy limit base per capita or the proposition of an additional levy, as the case may be, at a general or special election. Notice of such election shall be given in the manner required by

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law. If the proposition is for an adjustment to the governmental subdivision's levy limit base per capita, increasing the levy limit base per capita over the per capita amount established pursuant to section 275.51, subdivision 3, such notice shall state the purpose of such per capita adjustment and the per capita amount of such adjustment. If the proposition is for an additional levy, such notice shall state the purpose and maximum yearly amount of such additional levy.

Subd. 2. A levy limit base per capita adjustment approved pursuant to subdivision 1 at a general or special election held prior to October 1 in any levy year increases the levy limit base per capita in that same levy year by the approved per capita amount and provides a permanent adjustment to the levy limit base per capita of the governmental subdivision for future levy years. A levy limit base per capita adjustment approved pursuant to subdivision 1 at a general or special election held after September 30 in any levy year shall not increase the levy limit base per capita in that same levy year but shall provide a permanent adjustment to the levy limit base per capita of the governmental subdivision for future levy years.

Subd. 3. An additional levy approved pursuant to subdivision 1 at a general or special election held prior to October 1 in any levy year may be levied in that same levy year and in any levy years thereafter. An additional levy approved pursuant to subdivision 1 at a general or special election held after September 30 in any levy year shall not be levied in that same levy year, but may be levied in the subsequent levy year and in levy years thereafter.

Subd. 4. An additional levy approved by the majority of the voters of the governmental subdivision pursuant to subdivision 1 is over and above the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 and shall not be subject to the penalty provisions of section 275.51, subdivision 4. A levy limit base per capita adjustment approved by the majority of the voters of the governmental subdivision pursuant to subdivision 1 is a permanent adjustment to the levy limit base per capita established pursuant to section 275.51, subdivision 3, and shall not be subject to the penalty provisions of section 275.51, subdivision 4.

Subd. 5. Notwithstanding any statute, special law, ordinance or charter provision to the contrary, it shall require approval of a majority of those voting on the question to pass a referendum pursuant to subdivision 1.

Subd. 6. Notwithstanding any statute, special law, ordinance or charter provision to the contrary, the governing body of a governmental subdivision may call and hold special elections pursuant to this section.

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Sec. 17. Minnesota Statutes 1971, Chapter 275, is amended by adding a section to read:

**[275.59] GOVERNMENTAL SUBDIVISIONS UNDER 500 POPULATION; EXEMPTION FROM LEVY LIMITS.** Commencing with levy year 1973 and thereafter, taxes payable in 1974 and thereafter, the provisions of sections 275.50 to 275.56 shall not apply to any city, village, borough or town with village powers whose population according to the latest state or federal census is under 500.

Sec. 18. Minnesota Statutes 1971, Section 414.01, is amended by adding a subdivision to read:

Subd. 15. When a commission order enlarges an existing municipality or creates a new municipality, the commission shall indicate in its order the estimated increased costs to such municipality as the result of such annexation or consolidation, and the time period that such municipality would be allowed a special levy for these increased costs pursuant to section 275.50, subdivision 5, clause (s). This subdivision shall apply to annexations or consolidations of municipalities in levy year 1971 or a subsequent levy year.

## ARTICLE V

Section 1. Minnesota Statutes 1971, Section 287.12, is amended to read:

**287.12 TAXES, HOW APPORTIONED.** All taxes paid to the county treasurers under the provisions of sections 287.01 to 287.12 shall be apportioned, ~~one-sixth~~ 95 percent to the general fund of the state, ~~one-sixth and five percent~~ to the county revenue fund, and the balance to be divided equally between the school district and the city, village, or town in which the real estate described in the mortgage is situated. ~~Where the amount determined to be apportionable in any instance to any given school district, city, village or town is less than \$1, such amount shall be retained in the county revenue fund.~~

Sec. 2. The provisions of this article shall be effective for all payments required to be made after December 31, 1973.

## ARTICLE VI

Section 1. Minnesota Statutes 1971, Section 290.081, is amended to read:

**290.081 INCOME OF NONRESIDENTS, RECIPROCITY.** (a) The compensation received for the performance of personal or professional services within this state by an individual who resides

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and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under chapter 290, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state upon income derived from the performance of personal or professional services within such other state and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state on the gross income earned within such other state and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state allows residents of this state a credit against the taxes imposed by such state for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state on income earned

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within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

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

## ARTICLE VII

Section 1. Minnesota Statutes 1971, Section 290.17, is amended to read:

**290.17 GROSS INCOME, ALLOCATION TO STATE.** Items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of non-resident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state;

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property

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employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state; income or gains from intangible personal property wherever held, whether in trust or otherwise shall be assigned to this state if the recipient of such income or gains is domiciled within this state, or if the grantor of any trust is domiciled within this state and such income or gains would be taxable to such grantor under sections 290.28 or 290.29;

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1);

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1). For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

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(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 2. Minnesota Statutes 1971, Section 290.19, Subdivision 1, is amended to read:

**290.19 NET INCOME; ALLOCATION TO STATE, METHODS.** Subdivision 1. **COMPUTATION, BUSINESS CONDUCTED PARTLY WITHIN STATE; APPORTIONMENT.** The taxable net income from a trade or business carried on partly within and partly without this state shall be computed by deducting from the gross income of such business, wherever derived, deductions of the kind permitted by section 290.09, so far as connected with or allocable against the production or receipt of such income. The remaining net income shall be apportioned to Minnesota as follows:

(1) If the business consists of the mining, producing, smelting, refining, or any combination of these activities of copper and nickel ores, or of the manufacture of personal property and the sale of said property within and without the state, the remainder shall be apportioned to Minnesota on the basis of the percentage obtained by taking the arithmetical average of the following three percentages:

(a) The percentage which the sales made within this state ~~and through, from or by offices, agencies, branches or stores within this state~~ is of the total sales wherever made;

(b) The percentage which the total tangible property, real, personal, and mixed, owned or rented, and used by the taxpayer in this state during the tax period in connection with such trade or business is of the total tangible property, real, personal, or mixed, wherever located, owned or rented and, used by the taxpayer in connection with such trade or business during the tax period; and,

(c) The percentage which the taxpayer's total pay-rolls paid or incurred in this state or paid in respect to labor performed in this state in connection with such trade or business is of the taxpayer's total pay-rolls paid or incurred in connection with such entire trade or business;

(d) The percentage of such remainder to be assigned to this state shall not be in excess of the sum of the following percent-

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ages: 70 percent of the percentage determined under clause (1) (a), 15 percent of the percentage determined under clause (1) (b), and 15 percent of the percentage determined under clause (1) (c);

(2) (a) In all other cases the remainder shall be apportioned to Minnesota on the basis of the percentage obtained by taking the arithmetical average of the following three percentages:

(1) The percentage which the sales, gross earnings, or receipts from business operations, in whole or in part, within this state bear to the total sales, gross earnings, or receipts from business operations wherever conducted;

(2) The percentage which the total tangible property, real, personal, and mixed, owned or rented, and used by the taxpayer in this state during the tax period in connection with such trade or business is of the total tangible property, real, personal, or mixed, wherever located, owned, or rented, and used by the taxpayer in connection with such trade or business during the tax period; and

(3) The percentage which the taxpayer's total pay-rolls paid or incurred in this state or paid in respect to labor performed in this state in connection with such trade or business is of the taxpayer's total pay-rolls paid or incurred in connection with such entire trade or business;

(4) The percentage of such remainder to be assigned to this state shall not be in excess of the sum of the following percentages: 70 percent of the percentage determined under clause (2) (a) (1), 15 percent of the percentage determined under clause (2) (a) (2), and 15 percent of the percentage determined under clause (2) (a) (3);

(b) If the methods prescribed under clause (2) (a) will not properly reflect taxable net income assignable to the state, there may be used, if practicable and if such use will properly and fairly reflect such income, the percentage which the sales, gross earnings, or receipts from business operations, in whole or in part, within this state bear to the total sales, gross earnings, or receipts from business operations wherever conducted; or the separate or segregated accounting method;

(3) The sales, pay-rolls, earnings, and receipts referred to in this section shall be those for the taxable year in respect of which the tax is being computed. The property referred to in this section shall be the average of the property owned or used by the taxpayer during the taxable year in respect of which the tax is being computed;

~~(4) For the purposes of this section, in determining the amount of sales made within Minnesota, there shall be excluded therefrom~~

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~~sales negotiated or effected in behalf of the taxpayer by agents or agencies chiefly situated at, connected with, or sent out from premises for the transaction of business owned or rented by the taxpayer or by his agents or agencies outside the state and sales otherwise determined by the commissioner to be attributable to the business conducted on such premises. If the commissioner finds that the taxpayer maintains an office, warehouse or other places of business outside the state for the purpose of reducing its tax under this section it shall in determining the amount of taxable net income include therein the proceeds of sales attributed by the taxpayer to the business conducted at such place outside the state.~~

Sec. 3. Minnesota Statutes 1971, Section 290.19, is amended by adding a subdivision to read:

Subd. 1a. DETERMINATION OF SALES MADE WITHIN THIS STATE. For purposes of this section the following rules shall apply in determining whether or not sales are made within this state.

Sales of tangible personal property are made within this state if the property is delivered or shipped to a purchaser within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point or other conditions of the sale.

Sales made by or through a corporation which is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code of 1954, as amended through December 31, 1972, shall not be considered to have been made within this state.

Sec. 4. This article is effective for taxable years beginning after December 31, 1973.

## ARTICLE VIII

Section 1. Minnesota Statutes 1971, Section 290.361, Subdivision 4, is amended to read:

Subd. 4. **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~~

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~~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.~~

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.~~

~~(e) 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. 2. After November 30, 1973 no adjustments shall be made to the November 30, 1973 distributions or prior distributions required to be made to the several county auditors pursuant to Minnesota Statutes, Section 290.361, Subdivision 4. Any amounts appropriated for this purpose shall lapse after November 30, 1973 and shall revert to the general fund.

Sec. 3. The provisions of this article shall be effective for all payments required to be made after November 30, 1973.

## ARTICLE IX

Section 1. Minnesota Statutes 1971, Section 290.982, is amended to read:

290.982 **CLAIMANT.** Claimant means a person who has filed a claim under sections 290.981 to 290.992, who was domiciled in this state during the entire calendar year preceding the year in which he files claim for relief, who resided in a rented or leased ~~private commercial~~ unit on which ad valorem taxes are accrued ~~operated for profit, or in a rented or leased unit owned temporarily due to foreclosure by the federal housing administration,~~ for not less than the last six months of the calendar year covered by the claim. When a unit is occupied by two or more individuals and more than one such individual is able to qualify as a claimant, such individuals may determine between them as to who the claimant shall be, and all amounts paid for the unit during the selected claimant's occupancy shall be considered as 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.

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

Sec. 2. Minnesota Statutes 1971, 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 7½ ~~10~~ percent of the total amount paid by the claimant during the taxable year as rent for the occupancy of real property used as the place of residence of his household. The credit shall not exceed ~~\$90~~ \$120 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. 3. Minnesota Statutes 1971, Section 290.99, is amended to read:

**290.99 NO RELIEF ALLOWED IN CERTAIN CASES.** No claim for relief under sections 290.981 to 290.992 shall be allowed to any person who is a recipient of public funds for the payment of rent during the period for which the claim is filed. ~~No claim for relief under sections 290.981 to 290.992 shall be allowed to any person residing in a rental unit the rental of which is subject to regulations of a governmental agency, federal, state or local.~~

Sec. 4. The provisions of this article shall be effective for all years beginning after December 31, 1972.

## ARTICLE X

Section 1. Minnesota Statutes 1971, Section 297.13, Subdivision 1, is amended to read:

**297.13 REVENUE, DISPOSAL.** Subdivision 1. **CIGARETTE TAX APPORTIONMENT FUND.** 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 general fund and credited to a special account to be known as the "natural resources account," which is hereby created. Expenditures shall be made from said 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. 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 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~~

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

~~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 general fund and credited ~~11.9 percent to a special account to be known as the "cigarette tax apportionment account," which account is hereby created, but in no event shall the amount credited to the account be less than that credited to such 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 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 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. 2. Minnesota Statutes 1971, Sections 297.13, Subdivisions 2, 3, 4, 5, 6, 7 and 8; 297.15, and 297.16 are repealed.

Sec. 3. After August 15, 1973 no adjustments shall be made to the August 15, 1973 payments or prior payments made to the treasurers of the several counties, cities, villages and boroughs pursuant to Minnesota Statutes, Section 297.13, Subdivision 2. Any amounts appropriated for this purpose shall lapse after August 15, 1973 and shall revert to the general fund.

Sec. 4. The provisions of this article shall be effective for all payments required to be made after December 31, 1973.

## ARTICLE XI

Section 1. Minnesota Statutes 1971, Section 340.60, Subdivision 1, is amended to read:

**340.60 LIQUOR RECEIPTS.** Subdivision 1. **PAID INTO STATE TREASURY.** ~~Except as provided in the following subdivisions,~~ All taxes, penalties, license fees, and receipts of every kind, character, and description provided for and payable to the state under the terms and provisions of the intoxicating liquor act and

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sections 340.44 to 340.56, including all moneys collected by the liquor control commissioner under rules and regulations established by him such as certificate labels, truck labels, case labels, and any other form that he may establish, shall be paid into the state treasury the same as other departmental receipts, and are to be credited to the revenue general fund of the state.

Sec. 2. Minnesota Statutes 1971, Section 340.60, Subdivisions 2, 3, 4, 5, 6 and 7 are repealed.

Sec. 3. After August 15, 1973 no adjustments shall be made to the August 15, 1973 payments or prior payments made to the treasurers of the several counties, cities, villages and boroughs pursuant to Minnesota Statutes, Section 340.60, Subdivision 3. Any amounts appropriated for this purpose shall lapse after August 15, 1973 and shall revert to the general fund.

Sec. 4. The provisions of this article shall be effective for all payments required to be made after August 15, 1973.

## ARTICLE XII

Section 1. The significant increase in ad valorem taxes in recent years is a major concern of the legislature in view of the impact of such increases upon all economic groups within the state, but with particular emphasis upon certain home owners, renters and farmers. The legislature attributes this steadily increasing property tax burden to the rising costs of local government, increased school and welfare expenditures, and a continuing and strong inflationary effect on real property values.

In Extra Session Laws 1971, Chapter 31, Article XIII, the legislature created a tax study commission to examine Minnesota's total tax structure as its equity and distribution methods relate to the general economic needs and development of the state, the special needs of employment and job opportunity and the revenue needs and sources of revenue available to the state and to its political subdivisions.

The tax study commission is herewith directed to focus particular attention on the process of assessing and classifying real and personal property for ad valorem tax purposes, in order that the legislature may be able to achieve a reasonable balance between the total revenue requirements of the state and its political subdivisions and that portion of such revenues that should be raised by property taxes.

No appropriation is made for the purposes of this article, as funds are being made available to the tax study commission in other sections of the law.

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

## ARTICLE XIII

Section 1. Minnesota Statutes 1971, Section 297A.14, 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 four percent of the sales price of sales at retail of any of the aforementioned items made to such person after 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.

Notwithstanding any other provisions of section 297A.01 to 297A.44 to the contrary, the cost of paper and ink products exceeding \$100,000 in any calendar year, used or consumed in producing a publication as defined in section 297A.25, subdivision 1, clause (i) is subject to the tax imposed by this section.

Sec. 2. Minnesota Statutes 1971, Section 297A.25, Subdivision 1, 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 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;

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(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 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 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, pocketbooks, 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, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricul-

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tural 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, research, development, design or 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; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(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 as provided in section 297A.14~~) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any 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 exempt;

(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 a state 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

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

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 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 airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

(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 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.

(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;

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

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

(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.

(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 360.654, if the aircraft is resold while the permit is in effect.

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

(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.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to Minnesota Statutes, Section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

Sec. 3. Minnesota Statutes 1971, Section 297A.252, is repealed.

Sec. 4. The provisions of this article shall be effective after December 31, 1973.

#### ARTICLE XIV

Section 1. Minnesota Statutes 1971, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. **CLASS 3B.** Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead, shall constitute class 3b and shall be valued and assessed at 20 percent of the market value thereof. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 80 120 acres, regardless of whether or not the market value is in excess of \$12,000, for all purposes except the payment of principal and interest on non-school district bonded indebtedness, shall be reduced by 35 45 percent of the tax; provided that the amount of

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said reduction shall not exceed ~~\$250~~ \$325. Valuation subject to relief shall be limited to ~~80~~ 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. 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 3. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 124.03, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 2. Minnesota Statutes 1971, Section 273.13, Subdivision 7, 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 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 non-school district bonded indebtedness, shall be reduced by ~~35~~ 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed ~~\$250~~ \$325. 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 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, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; 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

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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 non-school district bonded indebtedness, shall be reduced by ~~35~~ 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed ~~\$250~~ \$325. 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 $\frac{1}{3}$  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. 3. This article is effective for taxes assessed in 1973 and payable in 1974 and thereafter.

#### ARTICLE XV

Section 1. Minnesota Statutes 1971, Chapter 273, is amended by adding a section to read:

[273.011] DEFINITIONS. Subdivision 1. WORDS, TERMS, PHRASES. Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of sections 1 to 3 shall have the meanings given to them.

Subd. 2. QUALIFIED HOME OWNER. The term "qualified home owner" means:

(a) (i) A person 65 years of age or older; or

(ii) The surviving spouse of a decedent, if such decedent was 65 years of age or older at his death, and such spouse has not remarried; and

(b) Who owns property as his homestead, and title to the property so used is held:

(i) In his name as owner of the fee; or

(ii) Only in his name and that of his spouse as joint tenants or tenants in common; or

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

(iii) Only in his name, or his name and that of his spouse as owner of an estate for life or an estate for years.

Subd. 3. QUALIFIED PROPERTY. The term "qualified property" means property which meets all of the following conditions:

(i) Is a single family dwelling, or is part of a multifamily dwelling, or is a portion of a multipurpose structure, or is a mobile home as defined in section 168.011 which is used for the purposes described in section 273.13, subdivision 7, together with one acre of land most contiguous to the structure or mobile home, provided title to such land is held by the person who owns the title to the property described herein; and

(ii) Is the homestead of a "qualified home owner."

Subd. 4. BASE TAX. The term "base tax" means the ad valorem tax legally due with respect to "qualified property" in the year preceding the year in which the "qualified home owner" thereof attains such status prior to June 1, unless such "qualified home owner" qualified for such status at an earlier date by reason of subdivision 2, clause (a) (ii) of this section; provided that where such status is attained on or after June 1, except as provided in the preceding sentence, the "base tax," notwithstanding the provisions of subdivision 5, shall be the "ad valorem tax" legally due in such year.

Subd. 5. CURRENT TAX. The term "current tax" means the ad valorem tax legally due and payable on "qualified property" in the year following the year of assessment.

Subd. 6. AD VALOREM TAX. The term "ad valorem tax" means the tax on "qualified property" exclusive of all special taxes payable thereon.

Subd. 7. The masculine gender shall include the feminine and the single shall include the plural.

Subd. 8. Where "qualified property" is part of a multidwelling or multipurpose structure, the valuation of the "qualified property" area shall be determined by apportionment.

Sec. 2. Minnesota Statutes, Chapter 273, is amended by adding a section to read:

[273.012] QUALIFIED PROPERTY TAX CREDIT. Subdivision 1. When used in this section, words and phrases defined in section 1 shall have the meanings given to them unless the language or context clearly indicates that a different meaning is intended.

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

Subd. 2. Where the "current tax" on "qualified property" is in excess of the "base tax" on such property, there shall be allowed to the "qualified home owner" thereof a credit an equal amount to the excess of current tax over base tax as hereinafter provided under Minnesota Statutes, Chapter 290. In the event that a "qualified home owner" entitled to the credit provided herein dies prior to the receipt thereof, his surviving spouse shall be entitled to such credit. If there be no spouse surviving him, the right to such credit shall lapse.

Sec. 3. Minnesota Statutes, Chapter 290, is amended by adding a section to read:

[290.066] SPECIAL PROPERTY TAX CREDIT. Subdivision 1. A person entitled to an amount equal to the qualified property tax credit allowed by section 2 shall file a claim with the department of taxation on or before June 30. The department of taxation shall make available suitable forms with instructions for the claimant, including a form which may be included with or as a part of the individual income tax blank. The claim shall be in such form as the commissioner may prescribe.

Subd. 2. Such claim shall be subject to the provisions of sections 290.0604, 290.0605, 290.061, 290.0611, 290.0612, 290.0614, and 290.0615, where applicable.

Subd. 3. In the event that a "qualified home owner," in addition to the credit provided in this section, is entitled to a credit under article XVI, section 1, he shall not include the amount of taxes refunded under this section in the amount of property tax on which the credit allowed by article XVI, section 1, is calculated.

Subd. 4. There is hereby appropriated from the general fund the necessary amounts to pay the claims allowed by this section.

Sec. 4. This article is effective for all "base taxes" due and payable after December 31, 1972, and is effective for all "current taxes" due and payable after December 31, 1973.

## ARTICLE XVI

Section 1. Minnesota Statutes 1971, Chapter 290, is amended by adding a section to read:

[290.0618] LIMITS. The amount of any claim pursuant to sections 290.0601 to 290.0616 and article XVI, section 1, shall be determined in accordance with the following schedule:

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

<u>Property Tax</u>		<u>Total Household Income</u>				
		<u>At Least:</u>				
		<u>0</u>	<u>1,500</u>	<u>2,000</u>	<u>2,500</u>	<u>3,000</u>
		<u>But Less Than:</u>				
		<u>1,499</u>	<u>1,999</u>	<u>2,499</u>	<u>2,999</u>	<u>3,499</u>
<u>At</u>	<u>But</u>	<u>Than Your Senior Citizens Tax Credit Is:</u>				
<u>Least</u>	<u>Less Than</u>	<u>\$ 22</u>	<u>\$ 21</u>	<u>\$ 19</u>	<u>\$ 16</u>	<u>\$ 12</u>
0	25	25	21	19	16	12
25	50	45	42	38	32	25
50	75	68	64	56	49	38
75	100	90	85	75	65	50
100	125	112	106	94	81	62
125	150	135	128	112	98	75
150	175	158	149	131	114	88
175	200	180	170	150	130	100
200	225	202	191	169	146	112
225	250	225	212	188	162	125
250	275	248	234	206	179	138
275	300	270	255	225	195	150
300	325	292	276	244	211	162
325	350	315	298	262	228	175
350	375	338	319	281	244	188
375	400	360	340	300	260	200
400	425	382	361	319	276	212
425	450	405	382	338	292	225
450	475	428	404	356	309	238
475	500	450	425	375	325	250
500	525	472	446	394	341	262
525	550	495	468	412	358	275
550	575	518	489	431	374	288
575	600	540	510	450	390	300
600	625	562	531	469	406	312
625	650	585	552	488	422	325
650	675	608	574	506	439	338
675	700	630	595	525	455	350
700	725	652	616	544	471	362
725	750	675	638	562	488	375
750	775	698	659	581	504	388
775	800	720	680	600	520	400

<u>Property Tax</u>		<u>Total Household Income</u>				
		<u>At Least:</u>				
		<u>3,500</u>	<u>4,000</u>	<u>4,500</u>	<u>5,000</u>	<u>5,500</u>
		<u>But Less Than:</u>				
		<u>3,999</u>	<u>4,499</u>	<u>4,999</u>	<u>5,499</u>	<u>5,999</u>
<u>At</u>	<u>But</u>	<u>Than Your Senior Citizens Tax Credit Is:</u>				
<u>Least</u>	<u>Less Than</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 1</u>
0	25	9	5	4	2	1
25	50	18	10	8	5	2
50	75	26	15	11	8	4

Changes or additions indicated by underline, deletions by strikeout.

Property Tax	Total Household Income					
	At Least:					
	3,500	4,000	4,500	5,000	5,500	
But Less Than:						
	3,999	4,499	4,999	5,499	5,999	
At Least	But Less Than	Your Senior Citizens Tax Credit Is:				
75	100	35	20	15	10	5
100	125	44	25	19	12	6
125	150	52	30	22	15	8
150	175	61	35	26	18	9
175	200	70	40	30	20	10
200	225	79	45	34	22	11
225	250	88	50	38	25	12
250	275	96	55	41	28	14
275	300	105	60	45	30	15
300	325	114	65	49	32	16
325	350	122	70	52	35	18
350	375	131	75	56	38	19
375	400	140	80	60	40	20
400	425	149	85	64	42	21
425	450	158	90	68	45	22
450	475	166	95	71	48	24
475	500	175	100	75	50	25
500	525	184	105	79	52	26
525	550	192	110	82	55	28
550	575	201	115	86	58	29
575	600	210	120	90	60	30
600	625	219	125	94	62	31
625	650	228	130	98	65	32
650	675	236	135	101	68	34
675	700	245	140	105	70	35
700	725	254	145	109	72	36
725	750	262	150	112	75	38
750	775	271	155	116	78	39
775	800	280	160	120	80	40

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

Sec. 2. Minnesota Statutes 1971, Section 290.0604, is amended to read:

290.0604 FILING TIME LIMIT, LATE FILING. ~~No claim in respect of property taxes accrued in 1969 or in respect of 1969 rent constituting property taxes accrued shall be paid or allowed unless such claim is actually filed with and in the possession of the department of taxation on or before June 30, 1970. Thereafter, subject to the same conditions and limitations, claims must be filed on or before June 30 of each succeeding year for which the property taxes accrued or rent constituting property taxes have~~

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accrued. Any claim for property taxes accrued shall be filed with the department of taxation on or before June 30 of the year in which such property taxes are due and payable. Any claim for rent constituting property taxes accrued shall be filed on or before June 30 of the year following the year in which such rent was paid. The commissioner may extend the time for filing these claims, as provided in section 290.0615.

A claim filed after the original or extended due date shall be allowed, however the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent. In any event no claim shall be allowed if the claim is not filed on or before two years after the original or extended due date for the filing of the claim.

Sec. 3. This article is effective for all claims filed on or after January 1, 1974 based on property taxes due and payable in 1974 and thereafter for each succeeding year, and for rent constituting property taxes accrued for 1973 and thereafter for each succeeding year.

Sec. 4. Minnesota Statutes 1971, Sections 290.0607 and 290.0617 are repealed.

## ARTICLE XVII

Section 1. Minnesota Statutes 1971, Section 477A.01, Subdivision 1, is amended to read:

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~~ \$35 for each person residing in the territory comprising each county for the calendar year ~~1972~~ 1974 and ~~\$27~~ \$36 for the calendar year ~~1973~~ 1975 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory.

Sec. 2. Minnesota Statutes 1971, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. The county government shall receive 85 percent of 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.

Sec. 3. Minnesota Statutes 1971, Section 477A.01, Subdivision 3, is amended to read:

Subd. 3. Each taxing authority in each county, other than the county, the school districts and the cities, villages and towns, shall

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

receive in ~~1972~~ 1974 and ~~1973~~ 1975 a distribution equal to the distribution it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Section 273.69.

Sec. 4. Minnesota Statutes 1971, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. The balance of the distributions in 1974 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 limitation and special levies of each city, village and town for taxes payable in 1971 1973 bears to the total dollar amount of the levies levy limitations and special levies of all the cities, villages and towns for taxes payable in 1973.

The balance of the distribution in 1975 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 limitation and special levies of each city, village and town for taxes payable in 1974 bears to the total dollar amount of the levy limitations and special levies of all cities, villages and towns for taxes payable in 1974.

For the purposes of this subdivision, the levy limitation of a city, village or town with village powers for taxes payable in 1973 or 1974 shall be the limitation established for such governmental unit pursuant to Minnesota Statutes, Sections 275.50 to 275.56, as determined by the department of taxation. For the purposes of this subdivision, the special levies of a city, village or town with village powers for taxes payable in 1973 or 1974 shall be the amounts of the governmental unit's tax levy payable in 1973 or 1974 which the department of taxation determines to be qualified special levies pursuant to Minnesota Statutes, Section 275.50, Subdivision 5, before the reduction pursuant to Minnesota Statutes 1971, Section 477A.02, Clause (c). Furthermore, cities, villages and towns with village powers under 500 population, according to the latest state or federal census, and towns without village powers, shall receive distributions in 1974 and 1975, pursuant to this subdivision, based on their levies payable in 1973 and 1974, respectively.

Sec. 5. Minnesota Statutes 1971, Section 477A.01, Subdivision 5, is amended to read:

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, 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.~~

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

(a) The department of taxation shall calculate the aggregate of the following aids (before adjustments for prior year aid payments) for each city, village, town, and county government within each county subject to the provisions of subdivision 1 or within the territory specified in subdivision 7:

(1) 1973 local government aids pursuant to Minnesota Statutes 1971, Section 477A.01;

(2) 1973 cigarette tax distribution aids pursuant to Minnesota Statutes 1971, Section 297.13;

(3) 1973 liquor tax distribution aids pursuant to Minnesota Statutes 1971, Section 340.60;

(4) The November 30, 1972 and May 31, 1973 distributions of bank excise tax aids pursuant to Minnesota Statutes 1971, Section 290.361;

(5) Fifty percent of the 1973 inheritance tax distribution to counties pursuant to Minnesota Statutes 1971, Section 291.33;

(6) Seventy percent of the amount county governments were entitled to receive and 100 percent of the amount city, village, and town governments were entitled to receive in 1973 pursuant to Minnesota Statutes 1971, Section 287.12;

(7) 1973 gross earnings aid to cities, villages, towns and counties pursuant to Minnesota Statutes 1971, Sections 276.15 to 276.18; 368.39 to 368.42; and 373.20 to 373.24.

(b) If the total amount distributed to the several taxing authorities within a county pursuant to subdivision 1 or to the territory specified in subdivision 7 is less than the aggregate of aids to the several taxing authorities within such county or territory, except school districts, as calculated by the department of taxation pursuant to clause (a), the state shall supply and distribute the difference from the general fund which shall be distributed as part of the distribution to the several taxing authorities within the territory specified in subdivision 7.

Sec. 6. Minnesota Statutes 1971, Section 477A.01, Subdivision 6, is amended to read:

~~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. (a) The department of taxation shall calculate the aggregate of the following aids (before adjustments for prior year aid payments) for each~~

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city, village, town and county government within each county subject to the provisions of subdivision 1:

(1) 1973 local government aids pursuant to Minnesota Statutes 1971, Section 477A.01;

(2) 1973 cigarette tax distribution aids pursuant to Minnesota Statutes 1971, Section 297.13;

(3) 1973 liquor tax distribution aids pursuant to Minnesota Statutes 1971, Section 340.60;

(4) The November 30, 1972 and May 31, 1973 distribution of bank excise tax aids pursuant to Minnesota Statutes 1971, Section 290.361;

(5) 1973 gross earnings aids to cities, villages, towns and counties pursuant to Minnesota Statutes 1971, Sections 276.15 to 276.18; 368.39 to 368.42; 373.20 to 373.24;

(6) Fifty percent of the 1973 inheritance tax distribution to counties pursuant to Minnesota Statutes 1971, Section 291.33;

(7) Seventy percent of the amount county governments were entitled to receive and 100 percent of the amount city, village, and town governments were entitled to receive in 1973 pursuant to Minnesota Statutes 1971, Section 287.12.

(b) If the amount distributed to a city, village, borough, town or county government pursuant to subdivision 2 or subdivision 4 is less than the aggregate of aids for such county government, city, village, borough, or town as calculated by the department of taxation pursuant to clause (a), the amount distributed to it shall be raised to the amount for such county, city, village, borough or township as calculated by the department of taxation pursuant to clause (a), and the distributions to each of the other cities, villages, boroughs and towns and the county government shall be proportionately reduced as necessary to supply the difference.

Sec. 7. Minnesota Statutes 1971, Section 477A.01, Subdivision 7, is amended to read:

Subd. 7. In the territory comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, the state shall distribute ~~\$27~~ \$36 for each person residing in the territory for the calendar year ~~1972~~ 1974 and ~~\$29~~ \$37 for the calendar year ~~1973~~ 1975 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the territory.

Sec. 8. Minnesota Statutes 1971, Section 477A.01, Subdivision 8, is amended to read:

Subd. 8. The seven county governments shall receive in total, in ~~1972~~ 1974, ~~18.5~~ 16 percent of ~~\$26~~ \$36 times the population of the

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seven counties, and, in ~~1973~~ 1975, ~~17.5~~ 16 percent of ~~\$28~~ \$37 times the population of the seven counties. That distribution in 1974 shall be divided among the seven county governments in the proportion that the levy of each payable in 1971 1973 bears to the total levy of the seven. That distribution in 1975 shall be divided among the seven county governments in the proportion that the levy of each payable in 1974 bears to the total levy of the seven. For the purposes of this subdivision the levy of a county payable in 1973 and 1974 shall exclude that portion of the levy which was subject to the penalty provisions of Minnesota Statutes, Section 275.51, Subdivision 4, as amended, and shall be before the reduction pursuant to Minnesota Statutes 1971, Section 477A.02, Clause (c). 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.

Sec. 9. Minnesota Statutes 1971, Section 477A.01, Subdivision 9, is amended to read:

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~~ 1974 and ~~1973~~ 1975, a distribution equal to the distribution to which it was entitled in 1971 pursuant to Minnesota Statutes 1969, Section 273.69.

Sec. 10. Minnesota Statutes 1971, Section 477A.01, Subdivision 10, is amended to read:

Subd. 10. In ~~1972~~ 1974 ~~\$26~~ \$36 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.

Sec. 11. Minnesota Statutes 1971, Section 477A.01, Subdivision 11, is amended to read:

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 shall be divided among the cities, villages, boroughs and towns in the proportion that the dollar amount of the levy limitation and special levies of each for taxes payable in 1971 1973 bears to the dollar amount of the levies levy limitations and special levies of all cities, villages, boroughs and towns in the seven named counties. For the purposes of this subdivision limitation of a city, village, borough or town with village powers for taxes payable in 1973 shall be the limitation established for such governmental unit pursuant to Minnesota~~

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Statutes, Sections 275.50 to 275.56, as determined by the department of taxation. For the purposes of this subdivision, the special levies of a city, village, borough or town with village powers for taxes payable in 1973 shall be the amounts of the governmental unit's tax levy payable in 1973 which the department of taxation determines to be qualified special levies pursuant to Minnesota Statutes, Section 275.50, Subdivision 5, before the reduction pursuant to Minnesota Statutes 1971, Section 477A.02, Clause (c). Furthermore, cities, villages, boroughs and towns with village powers under 500 population, according to the latest state or federal census, and towns without village powers, shall receive distributions in 1974, pursuant to this subdivision, based on their levies payable in 1973.

Sec. 12. Minnesota Statutes 1971, Section 477A.01, Subdivision 13, is amended to read:

Subd. 13. In 1973 1975 ~~\$28~~ \$37 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.

Sec. 13. Minnesota Statutes 1971, Section 477A.01, Subdivision 14, is amended to read:

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 shall be divided among the cities, villages, boroughs and towns in the proportion that the dollar amount of the levy limitation and special levies of each for taxes payable in 1971~~ 1974 bears to the dollar amount of the levies levy limitations and special levies of all cities, villages, boroughs and towns in the seven named counties. For purposes of this subdivision the levy limitation of a city, village, borough or town with village powers for taxes payable in 1974 shall be the limitation established for such governmental unit pursuant to Minnesota Statutes, Sections 275.50 to 275.56, as determined by the department of taxation. For the purposes of this subdivision, the special levies of a city, village, borough or town with village powers for taxes payable in 1974 shall be the amounts of the governmental unit's tax levy payable in 1974 which the department of taxation determines to be qualified special levies pursuant to Minnesota Statutes, Section 275.50, Subdivision 5, before the reduction pursuant to Minnesota Statutes 1971, Section 477A.02, Clause (c). Furthermore, cities, villages, boroughs, and towns with village powers under 500 population, according to the latest state or federal census, and towns without village powers, shall receive distributions in 1975, pursuant to this subdivision, based on their levies payable in 1974.

Sec. 14. Minnesota Statutes 1971, Section 477A.01, Subdivision 16, is amended to read:

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~~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 section, 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.~~

(a) The department of taxation shall calculate the aggregate of the following aids (before adjustments for prior year aid payments) for each city, village, borough, town, and county government within the territory specified in subdivision 7:

(1) 1973 local government aids pursuant to Minnesota Statutes 1971, Section 477A.01;

(2) 1973 cigarette tax distribution aids pursuant to Minnesota Statutes 1971, Section 297.13;

(3) 1973 liquor tax distribution aids pursuant to Minnesota Statutes 1971, Section 340.60;

(4) The November 30, 1972 and May 31, 1973 distribution of bank excise tax aids pursuant to Minnesota Statutes 1971, Section 290.361;

(5) Fifty percent of the 1973 inheritance tax distribution to counties pursuant to Minnesota Statutes 1971, Section 291.33;

(6) Seventy percent of the amount county governments were entitled to receive and 100 percent of the amount city, village, borough and town governments were entitled to receive in 1973 pursuant to Minnesota Statutes 1971, Section 287.12;

(7) 1973 gross earnings aids to cities, villages, towns and counties pursuant to Minnesota Statutes 1971, Sections 276.15 to 276.18; 368.39 to 368.42; 373.20 to 373.24.

(b) If the amount distributed to a city, village, borough, town, or county in 1974 or 1975 in the seven named counties pursuant to this section is less than the aggregate of aids for such county, city, village, borough, or town as calculated by the department of taxation pursuant to clause (a), the amount distributed to it shall be raised to the amount for such county, city, village, borough or town as calculated by the department of taxation pursuant to clause (a), and the distributions to each of the other counties, cities, villages, boroughs and towns shall be proportionately reduced as necessary to supply the difference.

Sec. 15. Minnesota Statutes 1971, Section 477A.01, Subdivision 17, is amended to read:

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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~~ 1974 and 1973 1975.

Sec. 16. An amount sufficient to make payments provided by this article is appropriated for 1974 and 1975 to the commissioner of taxation from the general fund for distributions provided by this article. Notwithstanding Minnesota Statutes, Section 16.17, or any other law to the contrary, the appropriations made by this section shall not lapse but shall continue until January 1, 1976.

Sec. 17. Minnesota Statutes 1971, Section 477A.01, Subdivisions 12 and 15, are repealed, for payments required to be made to political subdivisions after December 31, 1973.

## ARTICLE XVIII

Section 1. Minnesota Statutes 1971, Section 290.0601, Subdivision 6, is amended to read:

Subd. 6. **CLAIMANT.** Claimant means a person who has filed a claim under sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, has attained either the age of 65 or was a recipient of "supplementary security income for the aged, blind, and disabled" provided under the social security amendments of 1972 (P.L. 92-603) during the calendar year for which the claim is filed, and was domiciled in this state during the entire calendar year for which the claim for relief under sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, section 1, was filed. In the case of claim for rent constituting property taxes accrued the claimant shall have rented property during any part of the calendar year for which he files claim for relief under sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, section 1. When two individuals are able to meet the qualifications for a claimant and are husband and wife, they may determine between them as to 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 may be a claimant, provided he meets the requirements therefor. Each such claimant shall use only the rent constituting property taxes or property taxes accrued paid by him.

Sec. 2. Minnesota Statutes 1971, Section 290.0601, Subdivision 9, is amended to read:

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

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, or was a recipient of "supplementary security income for the aged, blind, and disabled" under the social security amendments of 1972 (P.L. 92-603), he may be eligible for the credit allowed by sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, section 1. 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 farm, 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~~ 290.0616 and article XVI, section 1, the "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.

Sec. 3. Minnesota Statutes 1971, Section 290.061, is amended to read:

**290.061 PROOF OF CLAIM.** Every claimant under sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, section 1, shall supply to the department of taxation, in support of his claim, reasonable proof of age, proof of "supplementary security income for the aged, blind, and disabled" received, rent paid, name and address of owner or managing agent of property rented, property taxes accrued, changes of homestead, household membership, household income, size and nature of property claimed as the homestead

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and a statement that the property taxes accrued, used for purposes of sections 290.0601 to ~~290.0617~~ 290.0616 and article XVI, section 1, have been or will be paid by him and that there are no delinquent property taxes on the homestead.

Sec. 4. This article is effective January 1, 1974, and shall apply to property taxes and rent constituting property taxes accrued in 1973 and subsequent years.

#### ARTICLE XIX

Section 1. Minnesota Statutes 1971, Section 291.33, Subdivision 2, is amended to read:

Subd. 2. ~~Twenty Ten~~ percent of the amount as determined under the provisions of subdivision 1 shall be paid to each of such counties.

Said payments shall be transmitted to the county auditor of each county, to be placed to the credit of the county revenue fund. It shall be the duty of the state treasurer to pay warrants therefor out of any funds in the state treasury not otherwise appropriated. The moneys necessary to pay such warrants are hereby appropriated out of any moneys in the state treasury not otherwise appropriated.

Sec. 2. After November 1, 1973, no adjustments shall be made to the distributions resulting from the commissioner's November 1, 1973 determination or to the distributions required to have been made in prior years pursuant to Minnesota Statutes, Section 291.33. Any amounts appropriated for this purpose shall lapse after November 1, 1973 and shall revert to the general fund.

Sec. 3. The provisions of this article shall be effective for all payments required to be made in 1974 and years thereafter.

#### ARTICLE XX

Section 1. Minnesota Statutes 1971, Chapter 272, is amended by adding a section to read:

**[272.039] LEGISLATIVE FINDINGS AND CONCLUSIONS RELATED TO THE TAXATION OF MINERALS OWNED SEPARATELY FROM THE SURFACE.** The legislature finds, for the reasons stated below, that a class of real property has been created which, although not exempt from taxation, is not assessed for tax purposes and does not, therefore, contribute anything toward the cost of supporting the governments which protect and preserve the continued existence of the property. These reasons are as follows:  
(1) In the case of Washburn v. Gregory, 1914, 125 Minn. 491, 147

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N.W. 706, the Minnesota Supreme Court determined that where mineral interests are owned separately from the surface interests in real estate, the mineral interest is a separate interest in land, separately taxable, and does not forfeit if the overlying surface interest forfeits for nonpayment of taxes due on the surface interest; (2) Since this 1914 decision, mineral interests owned separately from the surface have been valued and assessed for tax purposes, as a practical matter, only if the value of the minerals has been determined through drilling and drill core analysis; and (3) The absence of any taxation of mineral interests owned separately from the surface, except where drilling analysis is available, has encouraged the separation of ownership of surface and mineral estates and resulted in the creation of hundreds of thousands of acres of untaxed mineral estate lands which thus are immune from tax forfeiture. The legislature also finds that the province of Ontario in Canada, which has land ownership patterns and mineral characteristics similar to that of Minnesota, has imposed a tax of \$.50 an acre on minerals owned separately from the surface since 1968, and \$.10 an acre before that. The legislature further finds that the identification of separately owned mineral interests by taxing authorities requires title searches which are extremely burdensome and, where no public tract index is available, prohibitively expensive. This result is caused in part by the decision in Wichelman v. Messner, 1957, 250 Minn. 88, 83 N.W. (2d) 800, where the so called "40 year law" was held inapplicable to mineral interests owned separately from surface interests. On the basis of the above findings, and for the purpose of requiring mineral interests owned separately from surface interests to contribute to the cost of government at a time when other interests in real property are heavily burdened with real property taxes, the legislature concludes that the taxation of severed mineral interests as provided in section 3 of this article is necessary and in the public interest, and provides fair taxation of a class of real property which has escaped taxation for many years. The legislature further concludes that such a tax is not prohibited by Minnesota Constitution, Article 18. The legislature concludes finally that the amendments and repeals made by this act to Minnesota Statutes, Sections 93.52 to 93.58, are necessary to provide adequate identification of mineral interests owned separately from the surface and to prevent the continued escape from taxation of obscure and fractionalized severed mineral interests.

Sec. 2. Minnesota Statutes 1971, Section 272.04, Subdivision 1, is amended to read:

**272.04 MINERAL, GAS, COAL, AND OIL OWNED APART FROM LAND; SPACE ABOVE AND BELOW SURFACE.** Subdivision 1. When any mineral, gas, coal, oil, or other similar interests in real estate are owned separately and apart from and independ-

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ently of the rights and interests owned in the surface of such real estate, such mineral, gas, coal, oil, or other similar interests may be assessed and taxed separately from such surface rights and interests in such real estate, including but not limited to the taxation provided in section 3 of this act, and may be sold for taxes in the same manner and with the same effect as other interests in real estate are sold for taxes.

Sec. 3. Minnesota Statutes 1971, Section 273.13, is amended by adding a subdivision to read:

Subd. 2a. CLASS 1b. "Mineral interest", for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the register of deeds or registrar of titles pursuant to Minnesota Statutes, Sections 93.52 to 93.58, constitute class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of \$.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest filed pursuant to sections 93.52 to 93.58 is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times \$.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2. No such tax on mineral interests is due and payable on the following: (a) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; (b) Mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed under the provisions of section 4.

Sec. 4. [362.40] **LOANS TO INDIANS LIVING ON AND OFF RESERVATION.** Subdivision 1. For purposes of this section the following terms shall have the meanings ascribed to them herein.

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Subd. 2. "Indian" means a person of one-quarter or more Indian blood.

Subd. 3. "Census" means the most recent census taken by the Minnesota department of manpower services.

Subd. 4. "Reservation residents" means Indians living on reservations at the time of the census.

Subd. 5. "Nonreservation residents" means Indians living off reservations in Minnesota at the time of the census, and who are enrolled members of a Minnesota-based tribe or band.

Subd. 6. "Person" means an individual Indian, or a partnership comprising Indians only, or a corporation whose stock is owned wholly by Indians.

Subd. 7. "Tribal council" means the reservation business committee or equivalent duly constituted tribal authority.

Subd. 8. The remaining 20 percent of the tax revenue received by the county auditor under section 3 shall be remitted by the county auditor to the state treasurer and shall be deposited in the general fund in special accounts identified as "reservation residents loan accounts" and a "nonreservation residents loan account." The amount to be credited to each reservation residents loan account shall be that percentage of the amount received from all the counties pursuant to subdivision 8 as the number of Indians living on such reservation bears to all the Indians in Minnesota, according to the census. The amount remaining shall be credited to the nonreservation residents loan account. The amounts credited to each of these special accounts shall be used solely for making loans to Indians, in the manner provided by subdivisions 9 and 10.

Subd. 9. A reservation resident, desiring to make a loan for the purpose of starting a business enterprise or expanding a going business, shall make application to the state department of economic development. The department shall prescribe the necessary forms, and advise the prospective borrower as to the condition under which his application may be expected to receive favorable consideration. Thereafter the application shall be forwarded to the tribal council, which is empowered either to approve or reject the application. If the application is approved, the tribal council shall forward the application, together with all relevant documents pertinent thereto, to the state auditor, who shall draw his warrant in favor of the tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic develop-

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ment. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to such reservation residents loan account. The tribal council shall secure a bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of such reservation residents loan account during the fiscal year. Ten percent of the total amount made available to any tribal council during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.

Subd. 10. A nonreservation resident desiring to make a loan for the purpose of starting a business enterprise or expanding a going business shall make application to the state department of economic development, on forms prescribed by the department. The department is empowered to either accept or reject the application, based upon guidelines and conditions essentially similar to those used for the purpose of recommending approval or rejection of reservation residents by the tribal council under subdivision 9 of this section. If the application is approved by the state department of economic development, the department shall forward the application, together with all the relevant documents pertinent thereto, to the state auditor, who shall draw his warrant in favor of the commissioner of economic development, with appropriate notations identifying the borrower. The department of economic development shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the department. The department of economic development shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent shall be charged. When any portion of a debt is repaid, the department of economic development shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to the nonreservation residents loan account.

Subd. 11. Loans made under subdivisions 9 and 10 shall be limited to a period of 20 years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 40 years, and shall be a lien on the real property so acquired.

Subd. 12. Any person misrepresenting facts regarding the Indian ancestry of a prospective borrower for the purpose of securing a loan under subdivisions 9 and 10, whether such borrower

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be an individual, partnership or corporation, shall be guilty of a gross misdemeanor.

Subd. 13. The county auditor shall remit the tax revenue received yearly to the state treasurer as required by subdivision 8 no later than December 15.

Subd. 14. There is appropriated annually an amount equal to the tax revenue allotted under subdivisions 9 and 10.

Sec. 5. Minnesota Statutes 1971, Section 93.52, Subdivision 2, is amended to read:

Subd. 2. Except as provided in subdivision 3, from and after January 1, 1970, every owner of a fee simple interest in minerals, hereafter referred to as a mineral interest, in lands in this state, which interest is owned separately from the fee title to the surface of the property upon or beneath which the mineral interest exists, shall file for record in the register of deeds office or, if registered properly, in the registrar of titles office in the county where the mineral interest is located a verified statement citing sections 93.52 to 93.58 and setting forth his address, his interest in the minerals, and ~~either both~~ both (1) the legal description of the property upon or beneath which the interest exists, ~~or and~~ and (2) the book and page number ~~or the document number~~, in the records of the register of deeds or registrar of titles, of the instrument by which the mineral interest is created or acquired. ~~Every five years thereafter the owner, or his successor in interest, shall renew the filing of a verified statement which shall contain the information as above required.~~ No statement may be filed for record which contains mineral interests from more than one government section unless the instrument by which the mineral interest is created or acquired includes mineral interests from more than one government section. The register of deeds and registrar of titles shall file with the county auditor a copy of each document so recorded within 60 days after recording in the office of register of deeds or registrar of titles.

Sec. 6. Minnesota Statutes 1971, Section 93.55, is amended to read:

**93.55 FAILURE TO FILE OR RE-FILE.** If the owner of a mineral interest fails to file the verified statement required by section 93.52, before January 1, 1975, as to any interests owned on or before ~~September 30, 1974~~ December 31, 1973, or within ~~90 days~~ one year after acquiring such interests as to interests acquired after ~~September 30, 1974~~ December 31, 1973, and not previously filed under section 93.52, ~~or if the owner fails to re-file such verified statement within five years after the last filing,~~ the mineral may be leased by the commissioner of natural resources as

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~~agent for the owner, his successor, and assigns, in the manner provided hereafter interest shall forfeit to the state. The owner's failure to file the verified statement is deemed consent by the owner to such leasing. Thereafter the mineral interest may be leased in the same manner as provided in Minnesota Statutes, Section 93.335, for the lease of minerals and mineral rights becoming the absolute property of the state under the tax laws, except that no permit or lease issued pursuant to this section shall afford the permittee or lessee any of the rights of condemnation provided in section 93.05, as to overlying surface interests. After the mineral interest has forfeited to the state pursuant to this section, a person claiming an ownership interest before the forfeiture may recover the fair market value of the interest, only in the following manner. An action must be commenced within six years after the forfeiture under this section to determine the ownership and the fair market value of the mineral interests in the property both at the time of forfeiture and at the time of bringing the action. The action shall be brought in the manner provided in Minnesota Statutes, Chapter 559, for an action to determine adverse claims, to the extent applicable. The person bringing the action shall serve notice of the action on the commissioner of natural resources in the same manner as is provided for service of notice of the action on a defendant. The commissioner may appear and contest the allegations of ownership and value in the same manner as a defendant in such actions. Persons determined by the court to be owners of the interests at the time of forfeiture to the state under this section may present to the state auditor a verified claim for refund of the fair market value of the interest. A copy of the court's decree shall be attached to the claim. Thereupon the state auditor shall refund to the claimant the fair market value at the time of forfeiture or at the time of bringing the action, whichever is lesser, less any taxes, penalties, costs, and interest which could have been collected during the period following the forfeiture under this section, had the interest in minerals been valued and assessed for tax purposes at the time of forfeiture under this section. There is appropriated from the general fund to the persons entitled to a refund an amount sufficient to pay the refund. The forfeiture provisions of this section do not apply to mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests, so long as a tax is imposed and no forfeiture under the tax laws is complete. However, if the mineral interest is valued under other tax laws, but no tax is imposed, the mineral interest forfeits under this section if not filed as required by this section.~~

Sec. 7. Minnesota Statutes 1971, Section 93.58, is amended to read:

93.58 PUBLICATION OF ACT. Sections 93.52 to 93.58, as amended or repealed by this article, together with the other

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sections of this 1973 article, shall be published once during the first week of each month in a legal newspaper in each county in the months of October, November, and December of the year 1969 1973 by the commissioner of natural resources at county expense. Sections 93.52 to 93.58 also shall be published by the commissioner of natural resources at least once in 1969 1973 in two publications related to mining activities which have nationwide circulation. Failure to publish as herein provided shall not affect the validity of sections 93.52 to 93.58 or the other sections of this article.

Sec. 8. SEVERABILITY. If any provision of sections 1 through 7 of this article or the application thereof to any person, agency, department or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of sections 1 through 7 are severable.

Sec. 9. REPEALER. Minnesota Statutes 1971, Sections 93.53, 93.54, 93.56, and 93.57 are repealed.

Sec. 10. EFFECTIVE DATE. Except for section 7, which is effective upon final enactment, this article is effective as of January 1, 1974. As soon as possible after final enactment but before the effective date of this article the register of deeds and registrar of titles in each county shall file with the county auditor a copy of each document recorded pursuant to Minnesota Statutes, Sections 93.52 to 93.58, before the effective date of this article.

## ARTICLE XXI

Section 1. [245A.01] GENERAL ASSISTANCE ACT; DECLARATION OF POLICY; CITATION. Subdivision 1. The objectives of sections 1 to 30 are to provide a sound administrative structure for public assistance programs; to maximize the use of federal funds for public assistance purposes; to provide property tax relief; and to provide an integrated public assistance program for all persons in the state without adequate income or resources to maintain a subsistence reasonably compatible with decency and health.

It is hereby declared to be the policy of this state that persons unable to provide for themselves and not otherwise provided for by law, who meet the eligibility requirements of this article and do not refuse suitable employment, shall be entitled to receive such grants of general assistance and such services as may be necessary to maintain a subsistence reasonably compatible with decency and health. The furnishing of such assistance and services is a matter of public concern and a necessity in promoting the public health and welfare.

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A principal objective in providing general assistance and services shall be to aid those persons who can be helped to become self-supporting or to attain self-care. To achieve this aim, the commissioner shall establish minimum standards of assistance for general assistance. The standard for cash payments to recipients shall be, as to shelter, 100 percent, and as to other budgetary items, 50 percent, of those established for the federally aided assistance programs; provided, however, that no general assistance payment shall exceed an amount, which when computed for the time period for which it is made, exceeds the equivalent on a weekly basis of 40 times the hourly federal minimum wage prevailing when the payment is made; and provided further that persons receiving general relief on the effective date of this article shall continue to be eligible therefor. In order to maximize the use of federal funds, the commissioner shall promulgate regulations, to the extent permitted by federal law for eligibility for the emergency assistance program, under the terms of this article for general assistance. The commissioner shall provide by regulation for the eligibility for general assistance of persons with seasonal income, and may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient. The strengthening and preservation of the family unit shall be a principal consideration in the administration of this article and all general assistance policies shall be formulated and administered so as to further this objective.

Subd. 2. Sections 1 to 30 may be cited as the general assistance article.

Sec. 2. [245A.02] DEFINITIONS. Subdivision 1. The terms defined in this section shall have the meanings given them unless otherwise provided or indicated by the context.

Subd. 2. "Commissioner" means the commissioner of public welfare or his designee.

Subd. 3. "Department" means the department of public welfare.

Subd. 4. "General assistance" means cash payments to persons unable to provide themselves with a reasonable subsistence compatible with decency and health and who are not otherwise provided for under the laws of this state or the United States. It shall include cash payments for goods, shelter, fuel, food, clothing, light, necessary household supplies, and personal need items. General assistance shall not include payments for foster care, child welfare services, medical, dental, hospitalization, nursing care, drugs, or medical supplies. It is the intent of this article that these items be provided by local agencies in accordance with programs in effect at the time of the passage of this article. Vendor payments may be made only as provided for in sections 9 and 11.

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Subd. 5. "Family" means two or more individuals who are related by blood, marriage or adoption, who are living in a place or residence maintained by one or more of them as his or their own home, and at least one of whom is a child who is not married to another of such individuals and is in the care of or dependent upon another of such individuals.

Subd. 6. "Child" means an individual who is under the age of 18.

Subd. 7. "Childless couple" means two individuals who are related by marriage and who are living in a place of residence maintained by them as their own home.

Subd. 8. "Income" means earned and unearned income reduced by amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

Subd. 9. "Earned income" means remuneration for services performed as an employee, and net earnings from self-employment.

Subd. 10. "Unearned income" means all other income including any payments received as an annuity, retirement or disability benefit, including veteran's or workmen's compensation; old age, survivors and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or family assistance program; rents, dividends, interest and royalties; and support and alimony payments except that such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is under a legal duty to support another family member.

Subd. 11. "State aid" means state aid to local agencies for general assistance expenditures as provided for in this article.

Subd. 12. "Local agency" means the county welfare boards in the several counties of the state except that it may also include any multicounty welfare boards or departments where those have been established in accordance with law.

Sec. 3. [245A.03] RESPONSIBILITY TO PROVIDE GENERAL ASSISTANCE. Subdivision 1. Every local agency shall provide general assistance to persons residing within its jurisdiction who meet the need requirements of this article. General assistance shall be administered according to law and rules and regulations promulgated by the commissioner pursuant to the provisions of this article.

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Subd. 2. State aid shall be paid to local agencies for 50 percent of all general assistance grants up to the standards of section 1, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 1, subdivision 1.

Sec. 4. [245A.04] DUTIES OF THE COMMISSIONER. In addition to any other duties imposed by law, the commissioner shall:

(1) Supervise the administration of general assistance by local agencies as provided in this article;

(2) Promulgate uniform rules and regulations consistent with law for carrying out and enforcing the provisions of this article to the end that general assistance may be administered as uniformly as possible throughout the state; rules and regulations shall be furnished immediately to all local agencies and other interested persons; in promulgating rules and regulations, the provisions of Minnesota Statutes, Chapter 15, shall apply;

(3) Allocate moneys appropriated for general assistance to local agencies as provided in this article;

(4) Accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use in this state for general assistance;

(5) Cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under this article;

(6) Cooperate to the fullest extent with other public agencies empowered by law to provide vocational training, rehabilitation, or similar services;

(7) Gather and study current information and report at least annually to the governor and legislature on the nature and need for general assistance, the amounts expended under the supervision of each local agency, and the activities of each local agency and publish such reports for the information of the public;

(8) Report at least annually to the governor and legislature the cost of living in the various counties and metropolitan areas as related to the standards of assistance and the amounts expended for assistance, and make this information available to the public.

Sec. 5. [245A.05] ELIGIBILITY FOR GENERAL ASSISTANCE. Subdivision 1. STANDARDS. Each person or family whose

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income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance; provided that no individual shall be eligible for general assistance if he is eligible for any of the following federally aided assistance programs: emergency assistance, aid to families with dependent children, supplemental security income for the aged, blind, or disabled; or any successor to the above.

Subd. 2. USE OF FEDERAL FUNDS. Notwithstanding any law to the contrary, if any person otherwise eligible for general assistance would, but for state statutory restriction or limitation, be eligible for a federally aided assistance program providing benefits equal to or greater than those of general assistance, he shall be eligible for that federally aided program and ineligible for general assistance; provided, however, that (a) nothing in this section shall be construed to extend eligibility for federally aided programs to persons not otherwise eligible for general assistance; (b) this section shall not be effective to the extent that federal law or regulation require new eligibility for federal programs to persons not otherwise eligible for general assistance; and (c) nothing in this section shall deny general assistance to a person otherwise eligible who is determined ineligible for a substitute federally aided program.

Sec. 6. [245A.06] AMOUNT OF ASSISTANCE. Subdivision 1. General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual or family, the total amount equals the applicable standard of assistance established by the commissioner for general assistance.

Subd. 2. Notwithstanding the provisions of subdivision 1 of this section, a grant of general assistance may be made to an eligible individual or family for one or more items encompassed within the definition of general assistance where the applicant or recipient requests temporary assistance not exceeding 30 days and an emergency situation appears to exist if the individual is ineligible for the federally aided program of emergency assistance.

Sec. 7. [245A.07] TIME OF PAYMENT OF ASSISTANCE. An applicant for general assistance shall be deemed presumptively eligible if his sworn application on its face demonstrates that he is within the eligibility criteria established by this article and any applicable rules and regulations of the commissioner. General assistance shall be immediately granted to such presumptively eligible applicant without the necessity of first securing action by the board of the local agency.

If upon verification and due investigation it appears that the applicant swore falsely and such false information materially affected his eligibility for general assistance or the amount of his

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general assistance grant, the local agency shall refer the matter to the county attorney. The county attorney may commence a criminal prosecution or a civil action for the recovery of any general assistance wrongfully received, or both.

Sec. 8. [245A.08] **EXCLUSION FROM RESOURCES.** Subdivision 1. In determining eligibility of a family or individual there shall be excluded the following resources:

(1) Property which does not exceed that permitted under the federally aided assistance program known as aid to families with dependent children; provided, however, that the commissioner may provide by rule and regulation more restrictive eligibility standards and levels of payment for general assistance if it is determined that funds available are not adequate to meet projected need; and

(2) Other property, including real or personal property used as a home, which has been determined, in accordance with and subject to limitations contained in rules and regulations promulgated by the commissioner, to be essential to the family or individual as a means of self-support or self-care or which is producing income that is being used for the support of the individual or family. The commissioner shall further provide by rule and regulation for those situations in which property may be retained by the family or individual where there is a reasonable probability that in the foreseeable future the property will be used for the self-support of the individual or family.

Subd. 2. Notwithstanding any other provision of this article, the commissioner shall provide by rule and regulation for the exclusion of property from the determination of eligibility for general assistance when it appears likely that the need for general assistance will not exceed 30 days and an undue hardship would be imposed on an individual or family by the forced disposal of such property.

Sec. 9. [245A.09] **FORM OF PAYMENT; VENDOR PAYMENTS.** Subdivision 1. All grants of general assistance shall be paid in cash and with such frequency as the commissioner shall determine. The commissioner may provide by rule and regulation for the making of general assistance payments in different time periods for various reasonable classifications of recipients.

Subd. 2. Notwithstanding the provisions of subdivision 1, the commissioner shall provide by rule and regulation for situations in which vendor payments may be made by local agencies because of the inability of the recipient to manage his general assistance grant for his own or family's benefit.

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Sec. 10. [245A.10] HEARINGS PRIOR TO REDUCTION; TERMINATION; SUSPENSION OF GENERAL ASSISTANCE GRANTS. No grant of general assistance except one made pursuant to section 6, subdivision 2 or section 8, subdivision 2, shall be reduced, terminated or suspended unless the recipient receives notice and is afforded an opportunity to be heard prior to any action by the local agency.

Nothing herein shall deprive a recipient of his right to full administrative and judicial review of an order or determination of a local agency as provided for in section 12 subsequent to any action taken by a local agency after a prior hearing.

Sec. 11. [245A.11] WORK INCENTIVE AND REGISTRATION. Subdivision 1. Every person who is a recipient of general assistance and not employed shall be required, unless exempt by subdivision 6, to register with the state employment service of the department of manpower services and the local agency and accept any suitable employment that is offered him.

Subd. 2. The local agency shall provide a general assistance work program for persons who qualify for assistance but who are unable to gain employment through the state employment service of the department of manpower services. Local agencies shall adopt a list of work priorities to be met through the employment of eligible recipients when such recipients are unable to gain employment through the state employment service or through their own initiative. The local agency may assign the recipient such work as he is able to perform but which is not that ordinarily performed and which would supplement but not replace projects which are ordinarily performed by regular employees of the county.

Subd. 3. General assistance work program recipients shall be paid at the same wage rates as county employees doing similar work, and the number of hours of work assigned to a recipient shall be determined by the needs of himself and his family including expenses incidental to his employment.

Subd. 4. A local agency may contract with the federal government, or with any department, agency, subdivision or instrumentality of the state, for the services of general assistance work program recipients on such terms and conditions as may be agreed upon, with or without consideration paid to the local agency.

Subd. 5. General assistance work program recipients are employees of the local agencies within the meaning of workmen's compensation laws, but not retirement or civil service laws.

Subd. 6. No person shall be required to register with the commissioner or state employment service if he is:

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(1) A person with illness, incapacity, or advanced age;

(2) A child attending a school or college full time;

(3) A person whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

(4) A person who has been referred to or applied for a work training, work experience, vocational rehabilitation or other such similar program; provided that the period of time such person is exempted from the registration requirements of subdivision 1, while awaiting acceptance into such program, does not exceed 30 days; or

(5) An adult member of a household with children in which another adult is employed full time or has registered with the state employment service or been accepted in a work training program.

Subd. 7. Any person who objects to being required to register with the commissioner or state employment service, shall be entitled to a prior hearing in accord with the provisions of section 10 on the issue of whether such person comes within the exemptions contained in subdivision 6, clause (1), (2), (3), or (4).

Subd. 8. (1) Any person who refuses to accept suitable employment when offered him shall lose his eligibility for general assistance and, if a member of a family receiving general assistance, that portion of the grant attributable to said person shall not be paid.

The commissioner may further provide by rule and regulation that vendor payments may be made with respect to any family in which a person who is obligated to accept suitable employment has refused to do so.

(2) The provisions of section 10 providing for notice and opportunity to be heard prior to a decision to reduce, suspend or terminate benefits shall be applicable to determinations made under clause (1) of this subdivision.

Subd. 9. The commissioner shall establish procedures to insure that any recipient of general assistance desiring to improve his ability to support himself and his family shall be promptly referred to the department of manpower services or any other agency, public or private, operating a work training, work experience, vocational rehabilitation or other similar program.

Sec. 12. [245A.12] ADMINISTRATIVE AND JUDICIAL REVIEW. Subdivision 1. Any applicant or recipient aggrieved by any order or determination of a local agency may appeal from such

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order or determination to the commissioner of public welfare. The aggrieved applicant or recipient shall file with the local agency a notice of appeal within 30 days of the receipt by him of the order or determination of the local agency, provided that the order or determination is in writing and contains a statement advising the applicant or recipient of his right to appeal and the procedures for perfecting same.

If the order or determination of the local agency is not in writing or does not contain the appeal procedure statement referred to above, the 30-day period shall not be tolled until the applicant or recipient is properly notified in accordance with the provisions of this subdivision.

Notwithstanding the absence of proper notice or order or determination, the applicant or recipient may appeal to the commissioner by filing with the local agency any writing which states with reasonable clarity his dissatisfaction with or desire to obtain review of the determination or order of the local agency.

Subd. 2. Upon receipt the local agency shall immediately forward the notice of appeal to the commissioner. Within 30 days of the receipt of the notice of appeal, the commissioner shall provide the applicant or recipient with the opportunity for a hearing before the commissioner or his legal representative. The local agency shall be a party to the proceeding before the commissioner.

Subd. 3. The commissioner may, upon his own motion, review any decision made by a local agency and may make such additional investigation as he deems necessary.

Subd. 4. Within 30 days from the date of the hearing before the commissioner or his legal representative, a decision in writing making findings of fact and conclusions of law shall be rendered.

Subd. 5. Any applicant or recipient aggrieved by the determination by the commissioner may, within 30 days after notice of such decision is mailed, appeal from the decision or determination of the commissioner to the district court of the county in which the application was filed by serving a written notice of such appeal upon the commissioner and all other parties to the administrative hearing and by filing the original of such notice together with proof of service with the clerk of the district court of the county. No filing fee or other fees normally exacted by the clerk of district court upon the filing of a case shall be required.

A summary of the issues involved, a copy of all supporting papers, a transcript of any testimony, and a copy of the decision of the commissioner shall be filed with the court. The court shall

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summarily, upon ten days' written notice, try and determine the appeal upon the record of the commissioner as certified by the commissioner and in the determination thereof shall be governed by the standard of review applicable to contested proceedings under Minnesota Statutes, Chapter 15. No new or additional evidence shall be taken on such appeal or introduced by any party to such hearing or appeal in a district court unless such new or additional evidence in the sound discretion of the court is necessary to a more equitable disposition of the appeal. If the court shall find that the order of the commissioner is not sustained by substantial evidence or is not in accord with applicable legal principles, the court shall make an order declaring the order of the commissioner null and void, giving the reasons therefor, and shall order the commissioner to take further action in the matter not inconsistent with the determination of the court. During the pendency of any appeal, if the commissioner has awarded general assistance, it shall be paid pending the determination of the appeal.

Subd. 6. Any party aggrieved by the determination of the district court may appeal to the supreme court in like manner as appeals are taken in civil actions, except that no filing fee shall be required by the clerk of the district court or supreme court.

The determination of the district court shall remain in effect during the pendency of any appeal to the supreme court.

**Sec. 13. [245A.13] MANDAMUS TO COMPEL PAYMENT OF GENERAL ASSISTANCE.** Subdivision 1. Notwithstanding the provisions of section 12 providing for administrative and judicial review of local agency determinations, a person denied general assistance by the local agency may apply to the district court of the county in which his application was filed and the district court shall order the payment of general assistance if the person establishes:

(1) The substantial likelihood that he is eligible for and entitled to general assistance, and

(2) The person or family will suffer irreparable injury if general assistance is not granted without delay.

Subd. 2. The denial by a district court of a writ of mandamus shall not affect the right or scope of administrative or judicial review as set forth in section 16 of this article.

**Sec. 14. [245A.14] VIOLATIONS.** Whoever obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or by impersonation, or other fraudulent device:

(1) Assistance to which he is not entitled; or

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(2) Assistance greater than that to which he is reasonably entitled;  
shall be considered to have violated Minnesota Statutes, Section 256.98, and shall be subject to the criminal and civil penalties provided therein.

Sec. 15. [245A.15] RELATIVE'S RESPONSIBILITY. The financial responsibility of a relative for an applicant or recipient of general assistance shall not extend beyond the relationship of a spouse, or a parent of an applicant or recipient who is a child.

Sec. 16. [245A.16] GENERAL ASSISTANCE TO BE ALLOWED AS CLAIM IN PROBATE COURT. On the death of any person who received any general assistance under this article, or on the death of the survivor of a married couple, either or both of whom received general assistance, the total amount paid as general assistance to either or both, without interest, shall be allowed as a claim against the estate of such person or persons by the court having jurisdiction to probate the estate.

Sec. 17. [245A.17] DATA PROCESSING PROCEDURES. The local agency shall, to the extent permitted by federal law or regulation, in addition to any other necessary records and procedures, provide for the inclusion of all general assistance records in any data processing system established for the medical assistance program, in accordance with procedures established by the commissioner.

Sec. 18. [245A.18] RESIDENCE; COUNTY OF FINANCIAL RESPONSIBILITY; DETERMINATION. Subdivision 1. In determining the county of financial responsibility, in all matters concerning legal settlement of the poor, the definitions and rules of this section shall apply.

Subd. 2. "County of financial responsibility" means (a) the county in which an individual resides; or (b) if an individual is a patient in a hospital, nursing home, or boarding care home, as defined in Minnesota Statutes, Section 144.50, at the time of making application, and immediately prior thereto resided in another county, then that other county; or (c) the above provisions notwithstanding, if an individual is a recipient of medical assistance, the county from which he is receiving medical assistance.

Subd. 3. PROCEDURE WHEN COUNTY OF FINANCIAL RESPONSIBILITY IS IN QUESTION. If upon the investigation the local agency decides that the application was not filed in the county of financial responsibility as defined by this section, but that the applicant is otherwise eligible for assistance, it shall, while providing assistance to the applicant, transmit a copy of the

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application, together with the record of any investigation made by it and a copy of its decision, to the state agency, and to the agency of the county which it has decided is the county of financial responsibility. The state agency shall thereupon promptly decide any question of financial responsibility and make an order referring the application to the local agency of the proper county for further action, including reimbursement by such county of any assistance which another county has provided to the applicant in accordance with this subdivision. The state agency may make such investigation as it deems proper before making its decision. It shall prescribe rules and regulations for carrying into effect this subdivision. The order of the state agency shall be binding upon the local agency involved and the applicant or recipient, shall be complied with by that agency unless reversed on appeal as provided in this article, and shall be so complied with pending any such appeal.

**Sec. 19. [245A.19] ABOLITION OF TOWNSHIP SYSTEM OF POOR RELIEF.** Subdivision 1. The town system for caring for the poor in each of the counties in which it is in effect is hereby abolished. The county welfare board of each county shall administer general assistance under the provisions of this article.

Subd. 2. All county welfare boards affected by this article are hereby authorized to take over for the county as of the effective date of this section, the ownership of all case records relating to the administration of poor relief.

**Sec. 20. [245A.20] TRANSFER OF TOWN EMPLOYEES.** Subdivision 1. The term "merit system" as used herein shall mean the rules for a merit system of personnel administration for employees of county welfare boards adopted by the commissioner of public welfare in accordance with the provisions of Minnesota Statutes, Section 393.07, including the merit system established for Hennepin county pursuant to Laws 1965, Chapter 855, as amended, the federal social security article as amended, and merit system standards and regulations issued by the federal social security board and the United States children's bureau.

Subd. 2. All employees of any municipality or town who are engaged full time in poor relief work therein on the effective date of this section shall be retained as employees of the county and placed under the jurisdiction of its welfare board.

All transferred employees shall be blanketed into the merit system with comparable status, classification, longevity, and seniority, and subject to the administrative requirements of the county welfare board. Employees with permanent status under any civil service provision on the effective date of this article shall be granted permanent status under the merit system at comparable classifications and in accordance with work assignments made

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under the authority of the county welfare board as provided by the merit system rules.

The determination of proper job allocation shall be the responsibility of the personnel officer or director as provided under merit system rules applicable to the county involved with the right of appeal of allocation to the merit system council or personnel board by any employee affected by this transfer.

All transferred employees shall receive salaries for the classification to which they are allocated in accordance with the schedule in effect for county welfare board employees and at a salary step which they normally would have received had they been employed by the county welfare board for the same period of service they had previously served under the civil service provisions of any municipality or town; provided, however, that no salary shall be reduced as a result of the transfer.

All accumulated sick leave of transferred employees in the amount of 60 days or less shall be transferred to the records of the county welfare board and such accumulated sick leave shall be the legal liability of the county welfare board. All accumulated sick leave in excess of 60 days shall be paid in cash to transferred employees by the municipality or town by which they were employed prior to their transfer, at the time of transfer. In lieu of the cash payment, the municipality or town shall, at the option of the employee concerned, allow a leave of absence with pay, prior to transfer, for all or part of the accumulated sick leave.

Subd. 3. Employees of municipalities and towns engaged in the work of administering poor relief who are not covered by civil service provisions shall be blanketed into the merit system subject to a qualifying examination. Employees with one year or more service shall be subject to a qualifying examination and those with less than one year's service shall be subject to an open competitive examination.

Subd. 4. All vacation leave of employees referred to in subdivision 2 of this section, accumulated prior to their transfer to county employment shall be paid in cash to them by the municipality or town by which they were employed prior to their transfer, and at the time of their transfer. In lieu of the cash payment, the municipality or town shall, at the option of the employee concerned, allow a leave of absence with pay, prior to such transfer, for all or part of the accumulated vacation time.

**Sec. 21. [245A.21] CONTINUATION OF RETIREMENT SYSTEM FOR FORMER MINNEAPOLIS EMPLOYEES.**  
Subdivision 1. Each employee of the city of Minneapolis who is transferred to and employed by the county under the provisions of

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section 20 and who is a contributing member of a retirement system organized under the provisions of Minnesota Statutes, Chapter 422, shall continue to be a member of that system and entitled to all of the benefits conferred thereby and subject to all the restrictions of chapter 422, unless he applies to cancel his membership within six months after the effective date of this article.

Subd. 2. The cost to the public of that portion of the retirement allowances or other benefits accrued while any such employee was in the service of the city of Minneapolis shall remain an obligation of the city and a tax shall be levied and collected by it to discharge its obligation as provided by Minnesota Statutes, Chapter 422.

Subd. 3. The cost to the public of the retirement allowances or other benefits accruing to employees so transferred to and employed by the county shall be the obligation of and paid by the county at such time as the retirement board shall fix and determine in accordance with chapter 422. The county shall pay to the municipal retirement fund an amount certified to the county auditor of the county by the retirement board as the cost of the retirement allowances and other benefits accruing and owing to such county employees. The cost to the public of the retirement allowances as herein provided shall be paid from the county revenue fund by the county auditor upon receipt of certification from the retirement board as herein provided, and the county board is authorized to levy and collect such taxes as may be necessary to pay such costs.

Sec. 22. Minnesota Statutes 1971, Section 245.77, is amended to read:

**245.77. LEGAL SETTLEMENT OF PERSONS RECEIVING ASSISTANCE; ACCEPTANCE OF FEDERAL FUNDS.** In the event federal funds become available to the state for purposes of reimbursing the several local agencies of the state for costs incurred in providing financial relief to poor persons under the liability imposed by section 261.03, or for reimbursing the state and counties for categorical aid assistance furnished to persons who are eligible for such assistance only because of the United States Supreme Court decision invalidating state residence requirements the commissioner of public welfare is hereby designated the state agent for receipt of such funds. Upon receipt of any federal funds the commissioner shall in a uniform and equitable manner use such funds to reimburse counties, ~~towns, cities and villages~~ for expenditures made in providing financial relief to poor persons. The commissioner is further authorized to promulgate rules and regulations, consistent with the rules and regulations promulgated by the Secretary of Health, Education and Welfare, governing the reimbursement provided for by this provision.

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Sec. 23. Minnesota Statutes 1971, Section 261.04, Subdivision 1, is amended to read:

**261.04 LIABILITY OF ESTATE.** Subdivision 1. **SUPPORT, MAINTENANCE, CARE, OR BURIAL.** When any person is furnished or provided with support, maintenance, care, including care at the University of Minnesota hospitals, or burial as a poor person ~~by any county, city, town, village, or borough~~ county so furnishing such aid shall have a claim therefor against the person or his estate for the reasonable value thereof, which claim may be presented and prosecuted by such municipality ~~county~~ at its option upon discovery of any property belonging to the poor person or to his estate.

Sec. 24. Minnesota Statutes 1971, Section 261.063, is amended to read:

**261.063 TAX LEVY FOR SOCIAL SECURITY MEASURES; DUTIES OF COUNTY BOARD.** The board of county commissioners of each county shall annually levy taxes and fix a rate sufficient to produce the full amount required for general assistance, old age assistance, aid to dependent children, and any other social security measures wherein there is now or may hereafter be county participation, sufficient to produce the full amount necessary for each such item, including administrative expenses, for the ensuing year, within the time fixed by law in addition to all other tax levies and tax rates, however fixed or determined, and any commissioner who shall fail to comply herewith shall be guilty of a gross misdemeanor and shall be immediately removed from office by the governor.

Sec. 25. Minnesota Statutes 1971, Section 275.09, Subdivision 3, is amended to read:

Subd. 3. **TOWN PURPOSES.** There shall be levied annually on each dollar of taxable property, except such as is by law otherwise taxable, as assessed and entered on the tax lists for town purposes, such amount as is voted at any legal town meeting, the rate of which tax shall not exceed, exclusive of such sums as are voted at the annual town meeting for road and bridge purposes ~~and for the support of the poor~~, ten mills in any town having a population of more than 7,000, excluding the population of any cities or villages therein, five mills in any town having a taxable valuation of \$100,000 or more, and the amount of which shall not exceed \$350 in any town having a taxable valuation of less than \$100,000, and the rate of which shall not exceed one percent in any town. The rate of tax for road and bridge purposes in any town shall not exceed the rate provided by section 164.04, and the tax for poor purposes shall not exceed five mills. In any town in which the amount levied within the above limitations is not sufficient to

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enable the town to carry on its necessary governmental functions, the electors, during the business hours, after disposing of the annual report, may make an additional levy of not to exceed five mills to enable the town to carry on such necessary governmental functions.

Sec. 26. Minnesota Statutes 1971, Section 376.424, is amended to read:

**376.424 CHARGES; PAYMENT.** The county sanatorium commission shall fix the amount to be charged for the care, treatment and maintenance of any such nontuberculous patient, which charge shall equal all costs of such hospitalization of such patient. Any person who is afflicted with a malady, deformity or ailment, other than tuberculosis, which can probably be remedied by hospital care, service and treatment, and who is unable to pay the charges, may be admitted to the sanatorium for care, treatment and maintenance upon application of the county, ~~town, village, borough, or city~~ responsible for the care of such person under the provisions of the statutes governing the relief of the poor, and such charges shall be paid by the county, ~~town, village, borough, or city~~ making such application.

Sec. 27. Minnesota Statutes 1971, Section 393.01, Subdivision 3, is amended to read:

**Subd. 3. COUNTY BOARD TO BE WELFARE BOARD IN CERTAIN COUNTIES.** ~~In any county containing a city of the first class operating under a home rule charter, wherein there is established in such city a board of public welfare for administration of poor relief in such city only, In the county of Hennepin the board of county commissioners shall be the county welfare board. In such counties county the members shall be reimbursed by the county for expenses actually incurred in the performance of their official duties under the provisions of this chapter. In such counties county the county auditor shall be ex officio secretary of the board, but shall have no voice in its proceedings. In such counties the system of caring for the poor in effect at the time of the passage of this chapter shall be continued, subject to all provisions of law relating thereto, except that, if such county is operating under the township system of caring for the poor, such towns, villages, and cities of the second, third and fourth classes therein may, by resolution of its governing body, agree with the county welfare board that the latter shall supervise and administer the poor relief fund in such town, village, or city, or contract with any one or more of the public subdivisions of the county for the purpose of jointly supervising and administering the poor relief funds in such towns, villages or cities. In any such county the powers and duties of such board of public welfare shall not be affected by the provisions of this chapter. Such board of public~~

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~~welfare, in administering poor relief funds granted by any state agency authorized so to do by law, shall comply with all standards of administration and procedure prescribed by such agency.~~

Sec. 28. Minnesota Statutes 1971, Section 393.07, Subdivision 2, is amended to read:

Subd. 2. **ADMINISTRATION OF PUBLIC WELFARE.** The county welfare board, ~~except as provided in section 393.01, subdivision 3, and~~ subject to the supervision of the commissioner of public welfare, shall administer all forms of public welfare, both for children and adults, responsibility for which now or hereafter may be imposed on the commissioner of public welfare by law, including general assistance, aid to dependent children, old age assistance, aid to the blind, child welfare services, mental health services, and other public assistance or public welfare services. The duties of the county welfare board shall be performed in accordance with the standards, rules and regulations which may be promulgated by the commissioner of public welfare to achieve the purposes intended by law and in order to comply with the requirements of the federal social security act in respect to public assistance and child welfare services, so that the state may qualify for grants-in-aid available under that act. The county welfare board shall supervise wards of the commissioner and, when so designated, act as agent of the commissioner of public welfare in the placement of his wards in adoptive homes or in other foster care facilities.

Sec. 29. Minnesota Statutes 1971, Section 393.08, Subdivision 1, is amended to read:

**393.08 ESTIMATES FURNISHED TO COUNTY BOARD.**  
Subdivision 1. On or before the first day of July each year the county welfare board, ~~except any such board referred to in section 393.01, subdivisions subdivision 3 and 4,~~ shall submit to the county board of commissioners an estimate of the amount needed by it to perform its duties, including expenses of administration, and the county board of commissioners shall consider the estimates so submitted and, if approved, shall levy a tax as provided by law for the purposes. In the event the estimate is not approved, the county board of commissioners shall confer with the county welfare board and adjust a budget in accordance with the facts and levy a tax for the amount required.

In counties referred to in section 393.01, subdivision 3, the estimate required shall not include ~~poor relief in such counties or~~ institutional requirements in any city of the first class located therein. The tax levy by the county board of commissioners in such counties shall be such as is required for public assistance and categories of aid under the federal social security act, and shall be separate and distinct from other levies made by it. The governing

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body of any such city of the first class may annually levy a tax for ~~poor relief institutional requirements~~ as authorized by such home rule charter, on the real and personal property within the corporate limits of such city. Such tax levy and the proceeds thereof shall be subject to the same control and supervision as is imposed on any existing public welfare tax levy.

~~On the 25th day of July of each year the county welfare board referred to in section 393.01, subdivision 4, shall present its estimate of the amount needed by it to perform its duties, including expense of administration, to the board of county commissioners of any such county and the council of the city of the first class located in such county. Said board and said council may appoint a welfare budget advisory committee to study said budget provided that said welfare budget advisory committee must report its recommendation to said board and said council not later than September 1 of each year. The board of county commissioners of such county and the city council of such city shall jointly adopt a budget for such county welfare board and such action of such board of county commissioners and such city council in so adopting such budget shall be taken not later than September 20th of each year. The cost of all such relief, including the maintenance of any almshouse, sanatorium, or hospital maintained by such county and city shall be paid 72½ percent by such county and 27½ percent by such city.~~

In counties referred to in section 393.01, subdivision 7, the estimate required to fund the public welfare programs of the single welfare department, including expense of administration, shall be submitted to the boards of county commissioners who are parties to the agreement. Each board of county commissioners shall consider the estimate so submitted and shall confer with the board of county commissioners from the other counties who are a party to the agreement in determining the amount of funds to be assessed against each county for purposes of funding the welfare program.

Sec. 30. [245A.22] REIMBURSEMENT OF COUNTIES BY STATE RELATING TO PUBLIC ASSISTANCE. To the extent of appropriations available therefor, the department of public welfare shall reimburse counties up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs. No aid under this section shall be paid for salary costs of (a) single-county welfare directors; or (b) fiscal support personnel to the extent involved in the processing of public assistance claims and payments, or their supporting clerical staff; or (c) persons who are not regularly assigned employees of local agencies. Claims for reimbursement for expenditures made by the county shall be presented to the department by the respective

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counties at least four times per year in such manner as the commissioner shall prescribe. For the purposes of this section, the term "salary" shall include regular compensation not in excess of that paid similarly situated state employees, the employer's cost of health benefits and contributions to the appropriate retirement system, but shall not include travel or other reimbursable expenses. The commissioner shall, pursuant to the administrative procedures act, prior to making any payments, promulgate rules to implement this section.

Sec. 31. There is appropriated to the department of public welfare from the general fund the sum of \$12,000,000 for the biennium ending June 30, 1975, to enable the department to pay claims made pursuant to section 30. If this appropriation is insufficient to pay all approved claims pursuant to section 30, the commissioner shall make a pro rata reduction in payments.

Sec. 32. There is hereby appropriated to the commissioner of public welfare, for the biennium ending June 30, 1975, the sum of \$10,700,000 for the purpose of state aid for general assistance.

Sec. 33. Minnesota Statutes 1971, Sections 245.46, 261.01, 261.02, 261.03, 261.05, 261.06, 261.061, (261.064) 261.065, 261.066, 261.067, 261.07, 261.08, 261.10, 261.11, 261.123, 261.124, 261.125, 261.126, 261.14, 261.141, 261.142, 261.143, and 261.26 and 393.08, Subdivision 2, are repealed.

Sec. 34. This article is effective January 1, 1974.

## ARTICLE XXII

Section 1. Minnesota Statutes 1971, Section 290.06, Subdivision 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 12 percent. The amount of tax payable by a corporation required to file a return shall not be less than ~~\$10~~ \$100.

Sec. 2. The provisions of this article shall be effective for taxable years beginning after December 31, 1972.

## ARTICLE XXIII

Section 1. Minnesota Statutes 1971, Section 273.11, is amended to read:

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**273.11 VALUATION OF PROPERTY. Subdivision 1.** Except as provided in subdivision 2 herein, all property shall be valued at its market value. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property 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 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. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Subd. 2. In the case of property described in section 273.13, subdivisions 6, 7, 7B, 10, 12, 17, 17b, and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes where such property is held by the same owner, by the surviving spouse of a deceased owner, or by a surviving joint tenant, for a period of one year prior to any assessment date, the assessor after determining the value of any such property shall compare the value with that determined in the preceding assessment. If the increase exceeds five percent of the preceding valuation, the amount of the increase entered in the current assessment shall not exceed five percent; the excess (not exceeding five percent of the latest assessors market valuation or the full amount of the excess if the property is no longer held by the same owner, by the surviving spouse of a deceased owner, or by a surviving joint tenant) may be entered in the following years assessment, notwithstanding the provisions of section 273.17.

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Sec. 2. [273.11] Subd. 3. In the event that, for the assessment year 1973, the assessor has increased the value of such property by an amount in excess of the five percent limitation provided for in section 1 of this article, he shall mail revised statement notices advising the property owner of the reduction required by this article. The revised notice shall state that the reduction is made pursuant to a statute enacted by the 1973 legislature.

Sec. 3. [273.11] Subd. 4. The provisions of this article shall not be applicable to property that may have become subject to taxation since the last assessment.

Sec. 4. [273.11] Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in section 1 and section 2 shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of taxation as provided in section 270.11, 270.12 and 270.16, and any increase effected by these boards, the cumulative effect of which may increase property above the five percent permissible increase shall be invalid.

Sec. 5. The provisions of this article shall apply to the 1973 assessment and subsequent assessments.

#### ARTICLE XXIV

Section 1. Minnesota Statutes 1971, Section 272.02, Subdivision 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;

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(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 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 be exempted with respect to, 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, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1(c), except personal property which is part of an electric generating, transmission, or distribution system

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or a pipeline system transporting or distributing water, gas, or petroleum products.

(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.

Sec. 2. Minnesota Statutes 1971, Section 272.03, Subdivision 1, is amended to read:

**272.03 DEFINITIONS.** Subdivision 1. (a) **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.

(b) 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.

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(c) The term real property shall not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment.

Sec. 3. Minnesota Statutes 1971, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. **CLASS 3.** Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products, which are fixtures, 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, 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. 4. This article shall be effective for taxes assessed in 1973 and payable in 1974.

Sec. 5. [273.138] **ATTACHED MACHINERY AID.** Subdivision 1. Except as provided in subdivision 4, each county government, city, village, borough, township and school district which levied ad valorem taxes payable in 1973 shall receive reimbursement in 1974 and subsequent years for real property exempted from property taxation by section 1 of this article.

Subd. 2. Each county government, city, village, borough and township shall receive reimbursement in 1974 and subsequent years in an amount equal to the product of its total mill rate in levy year 1972, taxes payable in 1973, times the total 1972 assessed value of real property exempted from taxation by section 1 of this article which was located within the territory of such governmental unit. For the purpose of this subdivision, the "total mill rate" of a county government, city, village, borough or township includes mill rates for taxes levied by such governmental unit which were not levied on the entire taxable value of such governmental unit.

Subd. 3. Each school district shall receive reimbursement in 1974 and subsequent years in an amount equal to the product of its 1972 assessed value of real property exempted from taxation by section 1 of this article times the sum of its mill rates for the following levies:

(1) A levy for capital outlay, pursuant to Minnesota Statutes, Section 124.04;

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(2) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes, Section 275.125, Subdivision 3(6)(c);

(3) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes, Section 124.42;

(4) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes, Section 124.43;

(5) A levy to pay amounts required in support of a teacher retirement fund, pursuant to Minnesota Statutes, Section 422.13;

(6) A levy for additional maintenance cost in excess of 30 mills times the adjusted assessed valuation of the school district, pursuant to Minnesota Statutes, Section 275.125, Subdivision 3(4).

For the purpose of this subdivision, a school district mill rate for any of the forementioned levies which was not applied to the total taxable value of such school district shall be added to the forementioned sum of mill rates as if it had been applied to the entire taxable value of the school district.

Subd. 4. The provisions of this section do not apply to special taxing districts (determined by the department of taxation) or to county governments, cities, villages, boroughs, townships or school districts with less than \$1,000 assessed value, according to the 1972 assessment, of real estate exempted by section 1 of this article.

Subd. 5. The commissioner of taxation shall calculate the aids pursuant to subdivisions 2 and 3, basing all necessary calculations on the abstracts of assessment of real property for assessment year 1972 (transmitted to the commissioner of taxation pursuant to Minnesota Statutes, Section 270.11) as equalized by the state board of equalization pursuant to Minnesota Statutes, Sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to Minnesota Statutes, Section 275.29. He shall make payments directly to the affected taxing authorities in two equal parts on July 15 and November 15 of each year, commencing in 1974.

Subd. 6. If a county government, city, village, borough or township is subject to the provisions of Minnesota Statutes, Sections 275.50 to 275.56, the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1974 or a subsequent year shall be deducted from the taxing district's current levy year's levy limit base (determined pursuant to Minnesota Statutes, Section 275.51, Subdivision 3) in determining the taxing district's levy limitation for taxes payable in 1974 or such subsequent year as the case may be. The amount of aid calculated for a school district

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pursuant to subdivision 3 for 1974 or a subsequent year shall be deducted from the school district's maintenance levy limitation (established pursuant to Minnesota Statutes, Section 275.125, Subdivision 2), in determining the amount of taxes the school district may levy for general and special purposes for taxes payable in 1974 or such subsequent year as the case may be.

Sec. 6. There is hereby appropriated to the commissioner of taxation from the general fund an amount sufficient to make the payments provided by section 5 of this article.

## ARTICLE XXV

Section 1. Minnesota Statutes 1971, Section 290.361, Subdivision 2, 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 13.64 percent until July 1, 1973 January 1, 1974 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.

Sec. 2. The provisions of this article shall be effective on July 1, 1973.

## ARTICLE XXVI

Section 1. Minnesota Statutes 1971, Chapter 290, is amended by adding a section to read:

[290.0301] EMPLOYERS EXCISE TAX. Subdivision 1. For purposes of this section, the provisions of Minnesota Statutes, Chapter 268, are incorporated by reference herein, insofar as such provisions are applicable to the excise tax imposed by this section.

Subd. 2. Unless the language or context indicates that a different meaning is intended, the following words, terms and phrases, for purposes of sections 4 and 5 of this article, shall have the meanings given to them.

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

Subd. 3. EMPLOYER. The term "employer" means any employer except a person which is exempt under section 290.05, subdivision 1, (h), (i), (l) and (m) or those employers which are subject to the provisions of sections 294.21 to 294.28 or chapter 295, other than sections 295.32 to 295.43.

Subd. 4. TAXABLE COMPENSATION. "Taxable compensation" means the total wages, as defined in section 268.04, subdivision 25, but not limited as provided in clause (1) of said subdivision, paid by an employer, as defined in subdivision 3, to employees after June 30, 1973, excluding therefrom the first \$100,000 of compensation paid during an employer's fiscal or calendar taxable year. There shall be deducted in determining taxable compensation for any taxable year the sum of \$100,000 except that where the taxable year is a period of less than 12 months and in the case of taxable years ending on or before May 31, 1974 the deduction shall be proportionately reduced.

Subd. 5. TAXABLE NET INCOME. "Taxable net income" means the taxable net income as defined by sections 290.18 and 290.19 for the taxable year, without any allowances for (1) federal, state or foreign nation income taxes accrued or paid, (2) deductions for long term capital gains, (3) net operating loss deductions, and (4) non-business deductions.

Subd. 6. IMPOSITION OF TAX. (a) Except as provided in (b) an excise tax of two mills per dollar on the taxable compensation paid by an employer is hereby imposed on such employer.

(b) In the event that an employer other than an employer exempt under the provisions of section 290.05, has taxable net income for the taxable year of \$0 or less, the excise tax imposed by (a) shall be one mill instead of two mills. It is specifically provided that an employer taxable under this article but not taxable under section 290.05 shall be required to pay two mills on each dollar of taxable compensation.

Sec. 2. Minnesota Statutes 1971, Chapter 290, is amended by adding a section to read:

[290.92] PAYMENT OF TAX. Subdivision 1. The tax imposed by section 1 shall be remitted to the commissioner of taxation, (together with all returns and reports required hereunder) by any employer who has paid or is expected to pay taxable compensation, at the time and in the manner provided for payments of withholding tax by employers to the commissioner under section 290.92, subdivision 6.

Subd. 2. The provisions of section 290.92 and all rules and regulations promulgated by the commissioner in respect thereto shall be applicable to the tax imposed by this article where applicable.

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

Sec. 3. Minnesota Statutes 1971, Chapter 290, is amended by adding a section to read:

[290.922] REFUND AND APPROPRIATION. Any overpayment of the tax required to be paid by section 1 by reason of reduction in the mill rate or for any other reason, shall be refunded by the commissioner. There is appropriated to the commissioner the amount necessary to make such refundment.

#### ARTICLE XXVII

Section 1. Minnesota Statutes 1971, Sections 276.15; 276.16; 276.17; 276.18; 295.38; 368.39; 368.40; 368.41; 368.42; 373.20; 373.21; 373.22; 373.23; and 373.24 are repealed for all payments required to be made thereunder subsequent to December 31, 1973.

Approved May 24, 1973.

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#### CHAPTER 651—H.F.No.1306

[Coded in Part]

*An act relating to insurance; regulating the terms of certain insurance contracts; amending Minnesota Statutes 1971, Sections 62A.041; and 62C.14, by adding subdivisions; repealing Minnesota Statutes 1971, Section 309.176; and Laws 1971, Chapter 680, Section 2.*

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

Section 1. Minnesota Statutes 1971, Section 62A.041, is amended to read:

**62A.041 INSURANCE; CONTRACTS; TERMS; MATERNITY BENEFITS; UNMARRIED WOMEN.** Each group policy of accident and health insurance issued or renewed after June 4, 1971, shall provide the same coverage for maternity benefits to unmarried women and minor female dependents that it provides to married women including the wives of employees choosing dependent family coverage. Each group policy shall also provide the same coverage for the child of an unmarried mother as that provided for the child of an employee choosing dependent family coverage. ~~Any group policyholder contracting for a policy may request that the coverage required by this section be omitted.~~

Each individual policy of accident and health insurance ~~may~~ shall provide the same coverage for maternity benefits to unmar-

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