Notwithstanding section 204C.18, subdivision 1, or other law to the contrary, a person entitled to inspect the duplicate registration file or receive a copy of a current precinct list under section 201.091, must also be informed of the party choice of any voter who voted in the most recent presidential primary under this chapter.

Sec. 10. **[207A.09] RULEMAKING AUTHORITY.**

The secretary of state shall adopt rules to implement the provisions of this chapter as follows:

(1) to implement section 9;

(2) to determine a method for verifying the signatures on nominating petitions and petitions in place of filing fees for the presidential primary;

(3) to determine the format of the presidential primary ballots; and

(4) to determine the manner of paying or reimbursing the costs to the counties of conducting the presidential primary.

Sec. 11. **REGIONAL PRIMARY STUDY.**

The secretary of state shall study the feasibility of Minnesota's joining any other state to hold a regional presidential primary and shall report conclusions to the chairs of the general legislation, veterans affairs and gaming committee in the house of representatives and the elections and ethics committee in the senate by February 1, 1991.

Sec. 12. **REPEALER.**

Minnesota Statutes 1989 Supplement, section 207A.05, is repealed.

Presented to the governor April 28, 1990

Signed by the governor May 3, 1990, 5:51 p.m.

CHAPTER 604—H.F.No. 2478

An act relating to the financing and operation of government in Minnesota; providing a taxpayer bill of rights; updating references to the Internal Revenue Code; imposing an annual fee on corporations and partnerships; changing the computation of state aids to local units of governments; modifying the computation and administration of taxes and property tax refunds; changing tax rates and providing exemptions; requiring payment of the prevailing wage for financial assistance; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; modifying the requirements

for the collection and expenditure of tax increments; requiring studies; imposing and transferring powers and duties; changing certain effective dates; allowing the sale of certain tax-forfeited land in Otter Tail county; authorizing special levies by the cities of Bayport, Windom, Rosemount, Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids, and Goodhue, Koochiching, Douglas, Mille Lacs, and Becker counties; authorizing issuance of bonds by the city of Bemidji; Beltrami and Ramsey counties; special school district No. 1, Minneapolis; independent school district No. 625, St. Paul; independent school district No. 709, Duluth; independent school district No. 316, Coleraine; independent school district No. 381, Lake Superior; independent school district No. 695, Chisholm; independent school district No. 696, Ely; independent school district No. 697, Eveleth; independent school district No. 699, Gilbert; independent school district No. 692, Babbitt; and independent school district No. 710, St. Louis county; providing a fund balance correction for independent school district No. 624, White Bear Lake; authorizing transfer of certain Hennepin county money; appropriating money; amending Minnesota Statutes 1988, sections 3.885, by adding a subdivision; 16A.1541; 116.07, subdivision 4h; 124.195, subdivision 7; 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.87, subdivision 2; 169.86, subdivision 1; 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 271.12; 271.19; 273.124, by adding subdivisions; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 275.125, subdivision 10; 275.55; 279.06; 281.17; 289A.50, as added, by adding a subdivision; 290.068, subdivision 1; 290.31, subdivision 1; 290.9725; 290A.03, subdivision 11, and by adding a subdivision; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 297.07, subdivision 5; 297A.01, subdivisions 15 and 16; 297A.25, subdivision 36, and by adding subdivisions; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.043, subdivision 5; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivisions 11, 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding a subdivision; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 473.845, subdivision 4; 475.53, by adding a subdivision; 477A.011, by adding subdivisions; 477A.012, subdivisions 1, 3, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 4; 477A.13; 500.24, subdivision 4; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; and 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 103B.3369, subdivisions 5 and 7; 115A.981, subdivision 3; 124.10, subdivision 2; 124.83, subdivision 6; 136D.27, subdivision 3; 136D.74, subdivision 2b; 136D.87, subdivision 3; 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.119, subdivision 2; 278.05, subdivision 4; 282.01, subdivision 1; 290.01, subdivision 19; 290.9201, by adding a subdivision; 290A.04, subdivision 5; 375.192, subdivision 2; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 3.982; 60A.15, subdivision 1; 124.83, subdivision 1; 256.025, subdivision 4; 272.02, subdivision 4; 273.064; 273.123, subdivision 4; 273.13, subdivisions 22, 23, 24, and 25, as amended; 273.1398, subdivisions 1, 2, and 6; 273.371, subdivision 1; 275.065, subdivisions 1, 3, and 6; 275.07, subdivisions 1 and 3; 275.50, subdivision 5; 275.51, subdivisions 3f, as amended, 3h, and 4; 276.04, subdivision 2; 290.05, subdivision 1; 290.06, subdivisions 1 and 21; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, 8, and by adding a subdivision; 290A.04, subdivisions 2a and 2h; 357.021, subdivision 1a; 469.171, subdivision 7a; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision

New language is indicated by underline, deletions by ~~strikeout~~.

10; 469.190, subdivisions 1, 2, and 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 25; 477A.013, subdivisions 3, 5, and 6; Laws 1959, chapter 462, section 3, subdivision 10, as amended; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapter 326, article 3, section 49; chapter 335, article 3, sections 38, 44, 54, subdivision 8, and 58, as amended; chapter 353, section 13; Laws 1989, First Special Session chapter 1, article 5, section 52; Laws 1990, chapter 480, article 1, section 3, subdivision 14; and article 8, section 18; proposing coding for new law in Minnesota Statutes, chapters 116J; 134; 270; 273; 289A; 290; and 469; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; 115A.928; 375.192, subdivision 1; 383A.65; Minnesota Statutes Second 1989 Supplement, sections 273.1398, subdivision 2b; 290.06, subdivision 1a; and 290A.045; Laws 1987, chapter 348, section 51, subdivision 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

TAXPAYERS' BILL OF RIGHTS

Section 1. **[270.0602] BASIS FOR EVALUATION OF DEPARTMENT OF REVENUE EMPLOYEES.**

The department of revenue must not use tax enforcement results to impose individual revenue quotas with respect to employees or their immediate supervisors who are directly involved in assessment or collection activities. The department may, however, use individual performance with regard to number of cases completed and, in the case of collections employees, dollars collected, as factors in evaluating an employee and not be considered as failing to comply with this section.

Sec. 2. **[270.0603] DISCLOSURE OF RIGHTS OF TAXPAYERS.**

Subdivision 1. **IN GENERAL.** The commissioner of revenue shall, as soon as practicable, but not later than 180 days after the date of enactment of this act, prepare statements that set forth in simple and nontechnical terms:

(1) the rights and obligations of the department of revenue and the taxpayer during an audit;

(2) the procedures by which a taxpayer may appeal an adverse decision of the department, including administrative and judicial appeals;

(3) the procedures for filing refund claims and filing of taxpayer complaints; and

(4) the procedures that the department may use in enforcing the tax laws, including assessment, jeopardy assessment, levy and distraint, and the filing of liens.

Subd. 2. **TRANSMISSION TO LEGISLATURE.** The commissioner shall provide drafts of the statements required under subdivision 1 to the chairs of the house of representatives and senate tax committees for proposed revisions of the statements.

Subd. 3. **DISTRIBUTION.** The appropriate statement prepared in accordance with subdivisions 1 and 2 must be distributed by the commissioner to all taxpayers contacted with respect to the determination or collection of a tax, other than the providing of tax forms. Failure to receive the statement does not invalidate the determination or collection action.

Sec. 3. Minnesota Statutes 1988, section 270.07, is amended by adding a subdivision to read:

Subd. 6. **ABATEMENT OF PENALTY.** (a) A request for abatement of penalty under subdivision 1, under section 289A.60, subdivision 4, or under paragraph (c), must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may, except as limited under subdivision 1, file an administrative appeal as provided in section 289A.65 or appeal to tax court as provided in section 271.06.

If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to tax court as provided in section 271.06.

(c) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

Sec. 4. Minnesota Statutes 1989 Supplement, section 270.10, subdivision 1a, is amended to read:

Subd. 1a. **NOTIFICATION TO TAXPAYER.** At the same time that notice of the assessment, determination, or order of the commissioner is given to a taxpayer, the taxpayer must be notified in writing of the right to appeal to the tax court, and if applicable, to the small claims division. Except in the case of mathematical or clerical errors, the notice must contain a description of the basis for, including applicable law and other factors considered in the determi-

nation, and a listing of the amounts of tax due, interest, additions to tax, and penalties. Failure to provide all the required information does not invalidate the notice for purposes of satisfying statutory notice requirements if the notice contains sufficient information to advise the taxpayer that an assessment, order, or other determination has been made. The taxpayer may request further clarification within the time provided for appealing the determination. In any notice of assessment, determination, or order dealing with property valuation or assessment for property tax purposes by the commissioner of revenue or a local unit of government, the taxpayer must be notified in writing that a taxpayer must appeal to the town or city board of equalization and to the county board of equalization before appealing to the small claims division of the tax court, except for those taxpayers whose original assessments are determined by the commissioner of revenue.

Sec. 5. **[270.272] PROCEDURES INVOLVING IN-PERSON TAXPAYER INTERVIEWS.**

Subdivision 1. **RECORDING OF INTERVIEWS.** (a) In connection with an interview with a taxpayer relating to the audit or collection of a tax, and on advance request of the taxpayer, an employee of the department of revenue shall allow the taxpayer to make an audio recording of the interview at the taxpayer's expense and with the taxpayer's equipment.

(b) An employee of the department may record an interview described in paragraph (a) if the taxpayer is informed of the recording before the interview and a transcript or copy of the recording is made available to the taxpayer on the taxpayer's request, provided the department is reimbursed by the taxpayer for the cost of transcribing or copying the recording.

Subd. 2. **SAFEGUARDS.** (a) Before or at the start of an initial interview, an employee of the department shall provide to the taxpayer in the case of an audit interview an explanation of the audit process and the taxpayer's rights under that process and, in the case of a collection interview, an explanation of the collection process and the taxpayer's rights under that process.

(b) If a taxpayer requests to consult with an attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department at any time during an interview, except an interview initiated by an administrative subpoena, the interview must be suspended for no more than 30 days.

Subd. 3. **REPRESENTATIVES HOLDING POWER OF ATTORNEY.** An attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department who has a written power of attorney executed by the taxpayer may represent the taxpayer in an interview described in subdivision 1. The taxpayer may be required to accompany the representative only if an administrative subpoena is issued. In this instance, with the consent of an immediate supervisor and after ten days' notice to the representa-

tive, the department employee may notify the taxpayer directly that the employee believes the representative is unreasonably delaying the examination or investigation process.

Subd. 4. **NOT TO APPLY TO CERTAIN INVESTIGATIONS.** This section does not apply to criminal investigations or investigations relating to the conduct of an employee of the department.

Sec. 6. **[270.273] TAXPAYER ASSISTANCE ORDERS; TAXPAYER'S RIGHTS ADVOCATE.**

Subdivision 1. **AUTHORITY TO ISSUE.** On application filed by a taxpayer with the department of revenue taxpayer's rights advocate, in the form, manner, and in the time prescribed by the commissioner, and after thorough investigation, the taxpayer's rights advocate may issue a taxpayer assistance order if, in the determination of the taxpayer's rights advocate, the manner in which the state tax laws are being administered is creating or will create an unjust and inequitable result for the taxpayer.

Subd. 2. **TERMS OF A TAXPAYER ASSISTANCE ORDER.** A taxpayer assistance order may require the department to release property of the taxpayer levied on, cease any action, or refrain from taking any action to enforce the state tax laws against the taxpayer, until the issue or issues giving rise to the order have been resolved.

Subd. 3. **AUTHORITY TO MODIFY OR RESCIND.** A taxpayer assistance order issued by the taxpayer's rights advocate under this section may be modified or rescinded by the commissioner.

Subd. 4. **SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.** The running of the period of limitation with respect to an action described in subdivision 2 is suspended from the date of the taxpayer assistance order until the expiration date of the order or, if modified, the expiration date of the modified order or, if rescinded, the date of the rescission.

Subd. 5. **INDEPENDENT ACTION OF TAXPAYER'S RIGHTS ADVOCATE.** This section does not prevent the taxpayer's rights advocate from taking action in the absence of an application under subdivision 1.

Subd. 6. **TAXPAYER'S RIGHTS ADVOCATE.** For purposes of this section, the term "taxpayer's rights advocate" includes a designee of the taxpayer's rights advocate. The taxpayer's rights advocate shall represent the interests of taxpayers who have grievances against the department in connection with an audit or collection activity, and shall report directly to the commissioner. A determination of the taxpayer's rights advocate under this section to issue or to not issue a taxpayer assistance order is final, and cannot be appealed to the tax court or any other court.

Sec. 7. **[270.274] REVIEW OF JEOPARDY ASSESSMENT AND LEVY PROCEDURES.**

Subdivision 1. **ADMINISTRATIVE REVIEW.** Within five days after a jeopardy assessment or collection is made to assess or collect a tax administered by the commissioner of revenue, the commissioner shall provide the taxpayer with a written statement of the information relied on in making the assessment or levy. Within 30 days after the written statement is provided or, if not provided, within 35 days after the assessment or levy, the taxpayer may request the commissioner to review the action taken. After a request for review, the commissioner shall determine whether the assessment or levy is reasonable and whether the amount assessed or demanded as a result of the action is appropriate under the circumstances.

Subd. 2. **JUDICIAL REVIEW.** A determination by the commissioner under subdivision 1 is appealable to the tax court in the manner provided by law, and the appeal must be expeditiously heard by the court. If the court determines that the making of the assessment or levy is unreasonable, or that the amount assessed or demanded is inappropriate, the court may order the commissioner to release the levy, abate the assessment, redetermine in whole or in part the amount assessed or demanded, or take other action. A determination by the court under this subdivision is final and may not be appealed by either party.

Subd. 3. **BURDEN OF PROOF.** In a proceeding under subdivision 2, the burden of proving that the assessment or collection of the tax was jeopardized by delay is on the commissioner. Regarding the issue of whether the amount assessed or demanded as a result of the action is appropriate, the commissioner shall provide a written statement explaining the basis for determining the amount, and the burden is on the taxpayer to show that the statement is incorrect or invalid.

Sec. 8. **[270.275] CIVIL DAMAGES FOR FAILURE TO RELEASE LIEN.**

Subdivision 1. **IN GENERAL.** (a) A taxpayer may bring a civil action for damages against the commissioner in district court when an employee or the department has knowingly or negligently:

(1) failed to release a lien as required by section 270.69, subdivision 11; or

(2) failed to release a lien within 30 days after satisfaction of the liability on which the lien is based.

(b) An action under paragraph (a), clause (2), must be preceded by 30 days written notice by the taxpayer to the commissioner and the taxpayer's rights advocate that the lien has not been released. An action under paragraph (a) must be commenced within two years after the date the right of action accrued.

Subd. 2. **DAMAGES.** On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the sum of actual, direct economic damages sustained by the plaintiff due to the actions of the defendant, plus the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.

Subd. 3. **MITIGATION OF DAMAGES.** Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.

Sec. 9. **[270.276] CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.**

Subdivision 1. **IN GENERAL.** If in connection with the collection of previously determined delinquent taxes from a taxpayer of a state tax administered by the commissioner of revenue, an employee of the department recklessly or intentionally disregards a state tax law or rule, the taxpayer may bring a civil action for damages against the commissioner in district court within two years after the date the right of action accrues.

Subd. 2. **DAMAGES.** On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the lesser of $100,000, or the sum of (1) actual, direct economic damages sustained by the plaintiff as a proximate result of the reckless or intentional actions of the employee and (2) the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.

Subd. 3. **LIMITATIONS.** A judgment for damages must not be awarded under subdivision 2 unless the court determines that the plaintiff has exhausted the administrative remedies available to the plaintiff within the department. Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.

Subd. 4. **PENALTIES FOR PROCEDURES INSTITUTED PRIMARILY FOR DELAY.** When it appears to the district court that:

(1) proceedings before it under this section have been instituted or maintained by the taxpayer primarily for delay;

(2) the taxpayer's position in such proceeding is frivolous or groundless; or

(3) the taxpayer unreasonably failed to pursue available administrative remedies,

the district court, in its decision, may require the taxpayer to pay to the department of revenue a penalty not in excess of $25,000. The penalty may be assessed and, upon notice and demand, may be collected in the same manner as a tax.

Sec. 10. Minnesota Statutes 1989 Supplement, section 270.69, subdivision 11, is amended to read:

Subd. 11. **ERRONEOUS LIENS.** After the filing of a notice of lien under this section on the property or rights to property of a person, the person may appeal to the commissioner, in the form and at the time prescribed by the commissioner, alleging an error in the filing of the lien and requesting its release. If the commissioner ~~of revenue~~ determines that the filing of the notice of any lien was erroneous, within 14 days after the determination, the commissioner must issue a certificate of release of the lien. The certificate must include a statement that the filing of the lien was erroneous. In the event that the ~~claim~~ lien is erroneous and is not released within the 14-day period, reasonable attorney fees shall be paid. Damages must be paid in accordance with section 3.736, subdivision 7.

Sec. 11. Minnesota Statutes 1988, section 270.70, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY OF COMMISSIONER.** If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest and costs properly payable. The term "levy" includes the power of distraint and seizure by any means.

Sec. 12. Minnesota Statutes 1988, section 270.70, subdivision 2, is amended to read:

Subd. 2. **NOTICE AND DEMAND; COLLECTION BY LEVY; JEOPARDY COLLECTION.** Before a levy is made, notice and demand for payment of the amount due ~~shall~~ must be given to the person liable for the payment or collection of the tax at least ~~ten~~ 30 days prior to the levy. If the commissioner has reason to believe that collection of the tax is in jeopardy, notice and demand for immediate payment of the tax may be made by the commissioner. If the tax is not paid, the commissioner may proceed to collect by levy without regard to the ~~ten day~~ period provided herein. The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that sets forth in simple and nontechnical terms:

(1) the administrative appeals available to the taxpayer with respect to the levy and sale; and

(2) the alternatives available to the taxpayer that can prevent a levy, including installment payment agreements under section 270.67, subdivision 2.

Sec. 13. Minnesota Statutes 1988, section 270.70, subdivision 4, is amended to read:

Subd. 4. **STAY OF SALE.** (a) Where a jeopardy assessment or any other assessment has been made by the commissioner, the property seized for collection of the tax shall not be sold until the time has expired for filing an appeal of the assessment with the tax court pursuant to chapter 271. If an appeal has been filed, no sale shall be made unless the taxes remain unpaid for a period of more than 30 days after final determination of the appeal by the tax court or by the appropriate judicial forum.

(b) Notwithstanding clause (a), seized property may be sold if

(i) the taxpayer consents in writing to the sale, or

(ii) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that such property cannot be kept without great expense.

The tax court has jurisdiction to review a determination made under clause (b)(ii). Review is commenced by motion of the commissioner or the taxpayer. The order of the court in response to the motion is reviewable in the same manner as any other decision of the tax court.

Sec. 14. Minnesota Statutes 1988, section 270.70, subdivision 8, is amended to read:

Subd. 8. **SURRENDER OF PROPERTY SUBJECT TO LEVY.** Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the commissioner, shall be liable personally to the state of Minnesota in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for the collection of which such levy has been made. Any amount recovered under this subdivision shall be credited against the tax liability for the collection of which such levy was made. A financial institution need not surrender funds on deposit until ten days after service of the levy.

Sec. 15. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 17. **UNECONOMICAL LEVY.** No levy may be made on property if the amount of the expenses that the commissioner estimates would be incurred by the department with respect to the levy and sale of the property exceeds the fair market value of the property at the anticipated time of levy.

Sec. 16. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 18. **LEVY ON APPEARANCE DATE OF SUBPOENA.** No levy

may be made on the property of a person on the day on which the person, or an officer or employee of the person, is required to appear in response to a subpoena issued by the commissioner to collect unpaid taxes, unless the commissioner determines that the collection of the tax is in jeopardy.

Sec. 17. Minnesota Statutes 1988, section 270.701, is amended by adding a subdivision to read:

Subd. 6. **RIGHT TO REQUEST SALE OF SEIZED PROPERTY WITHIN 60 DAYS.** The owner of property seized by levy may request that the commissioner offer to sell the property within 60 days after the request, or within a longer period requested by the owner. The request must be complied with unless the commissioner determines and notifies the owner within that period that compliance is not in the best interests of the state of Minnesota. A determination by the commissioner not to comply with the request is appealable to the tax court in the manner provided by law.

Sec. 18. Minnesota Statutes 1988, section 270.709, subdivision 1, is amended to read:

Subdivision 1. **RELEASE OF LEVY.** ~~It shall be lawful for the commissioner to release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release shall not operate to prevent any subsequent levy.~~ The commissioner shall release a levy on all or part of the property or rights to property levied on and shall promptly notify the person on whom the levy was made that the levy has been released if: (1) the liability for which the levy was made is satisfied or has become unenforceable by lapse of time; (2) release of the levy will facilitate collection of the liability; (3) the taxpayer has entered into an installment payment agreement under section 270.67, subdivision 2, unless the agreement provides otherwise, or unless release of the levy will jeopardize the status of the department as a secured creditor; or (4) the fair market value of the property exceeds the liability, and release of the levy on a part of the property can be made without hindering collection. In the case of tangible personal property essential in carrying on the trade or business of the taxpayer, the commissioner shall provide for an expedited determination under this subdivision. A release of levy under this subdivision does not prevent a subsequent levy on the property released.

Sec. 19. Minnesota Statutes 1988, section 271.12, is amended to read:

271.12 **WHEN ORDER EFFECTIVE.**

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal

therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly; and provided further, the tax court may enjoin enforcement of the order of the commissioner being appealed. If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to the person by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at the rate specified in section 270.76 from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court.

If, within 120 days after a decision of the tax court becomes final, the commissioner does not refund the overpayment determined by the court, together with interest, on motion by the taxpayer, the tax court shall have jurisdiction to order the refund of the overpayment and interest, and to award reasonable litigation costs for bringing the motion. If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 20. Minnesota Statutes 1988, section 271.19, is amended to read:

271.19 **COSTS AND DISBURSEMENTS.**

Upon the determination of any appeal under this chapter before the tax court, or of any review hereunder by the supreme court, the costs and disbursements may be taxed and allowed in favor of the prevailing party and against the losing party as in civil actions. In any case where a person liable for a tax or other obligation has lost an appeal or review instituted by the person, and the tax court or court shall determine that the person instituted the same merely for the purposes of delay, or that the taxpayer's position in the proceedings is frivolous, additional costs, commensurate with the expense incurred and services performed by the agencies of the state in connection with the appeal, but not exceeding $5,000 in any case, may be allowed against the taxpayer, in the discretion of the tax court or court. Costs and disbursements allowed against any such person shall be added to the tax or other obligation determined to be due, and shall be payable therewith. To the extent described in section 3.761, where an award of costs and attorney fees is authorized under section 3.762, the costs and fees shall be allowed against the state, including expenses incurred by the taxpayer to administratively protest or appeal to the department of revenue the order, decision, or report of the commissioner that is the subject of the tax

court proceedings. Costs and disbursements allowed against the state or other public agencies shall be paid out of funds received from taxes or other obligations of the kind involved in the proceeding, or other funds of the agency concerned appropriated and available therefor. Witnesses in proceedings under this chapter shall receive like fees as in the district court, to be paid in the first instance by the parties by whom the witnesses were called, and to be taxed and allowed as herein provided.

Sec. 21. Minnesota Statutes, section 289A.50, as added in Laws 1990, chapter 480, article 1, section 23, is amended by adding a subdivision to read:

Subd. 9. **PETITION IN TAX COURT; REFUND OF INTEREST.** Notwithstanding any other law, within one year after a decision of the tax court upholding an assessment of the commissioner of revenue becomes final, if the taxpayer has paid the assessment in full, plus interest calculated by the commissioner, the taxpayer may petition the tax court to reopen the case solely for a determination that the interest paid exceeds the interest legally due, and if so, the amount of the overpayment. A determination of overpayment of interest under this subdivision is a determination of overpayment of tax under section 271.12, and is reviewable in the same manner as any other decision of the tax court.

Sec. 22. **ALTERNATIVE DISPUTE RESOLUTION; LETTER RULINGS; STUDY.**

The commissioner of revenue shall study the cost, feasibility, and means of implementation of (1) an arbitration procedure for resolving disputes between taxpayers and the department of revenue without court litigation, and (2) publication and dissemination of administrative determinations, decisions, and rulings of the department of revenue, through the use of private letter rulings or otherwise. In preparing the study, the commissioner shall consult with the bar association and society of certified public accountants. The commissioner shall report the results of the study to the legislature by January 7, 1991.

Sec. 23. **EFFECTIVE DATES.**

Section 1 is effective for evaluations occurring on or after August 1, 1990.

Sections 2 and 22 are effective the day following final enactment.

Section 3 is effective for advice given on or after August 1, 1990.

Section 4 is effective for notices of assessment issued on or after August 1, 1990.

Section 5 is effective for interviews occurring on or after August 1, 1990.

Section 6 is effective for taxpayer assistance applications filed on or after August 1, 1990.

New language is indicated by underline, deletions by ~~strikeout~~.

Section 7 is effective for jeopardy assessments and levies made on or after August 1, 1990.

Sections 8 and 9 are effective for causes of action arising on or after August 1, 1990.

Section 10 is effective for liens filed on or after August 1, 1990.

Sections 11, 15, and 16 are effective August 1, 1990.

Sections 12, 14, and 18 are effective for levies issued on or after August 1, 1990.

Sections 13 and 17 are effective for property seized on or after August 1, 1990.

Sections 19 and 20 are effective for tax court appeals filed on or after August 1, 1990.

Section 21 is effective for interest payments made on or after August 1, 1990.

ARTICLE 2

INCOME, GROSS PREMIUMS, AND FRANCHISE TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. **DOMESTIC AND FOREIGN COMPANIES.** (a) On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets ~~at the end of the preceding calendar year exceed~~ on December 31, 1989, exceeded $1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **NET INCOME.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

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

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

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

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

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, ~~and~~ the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act

of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

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

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

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

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets ~~at the end of the preceding calendar year exceed~~ on December 31, 1989, exceeded $1,600,000,000.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. **COMPUTATION, CORPORATIONS.** The franchise tax imposed upon corporations shall be computed by applying to their taxable income the rate of ~~9.5~~ 9.8 percent.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 21, is amended to read:

Subd. 21. **ALTERNATIVE MINIMUM TAX; FACTORS TAX.** (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year equals the lesser of (1) the excess of the tax under ~~this section~~ subdivision 1 for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for the taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was ~~paid~~ incurred.

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax

under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

Sec. 6. Minnesota Statutes 1988, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **CREDIT ALLOWED.** A corporation, other than a corporation with a valid election in effect under section ~~290.9725~~ 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, is allowed a credit against the portion of the franchise tax ~~imposed by this chapter~~ computed under section 290.06, subdivision 1, for the taxable year equal to:

(a) 5 percent of the first $2 million of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base period research expenses; and

(b) 2.5 percent on all of such excess expenses over $2 million.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 290.091, subdivision 2, is amended to read:

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

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

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

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the ~~portion of the~~ Minnesota charitable contribution deduction ~~that constitutes an item of tax preference under section 57(a)(6) of the Internal Revenue Code~~;

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

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

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

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

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

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1987~~ 1989.

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

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

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

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

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. **TAX IMPOSED.** ~~(a)~~ In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) ~~seven~~ 5.8 percent of Minnesota alternative minimum taxable income less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

~~(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds $5,000,000, the amount under paragraph (a), clause (1), is the greater of~~

~~(1) $500 or~~

~~(2) the amount otherwise determined.~~

~~The provisions of this paragraph do not apply to corporations subject to tax under section 60A.15, subdivision 1; real estate investment trusts; and regulated investment companies or a fund thereof.~~

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE MINIMUM TAXABLE INCOME.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f) and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for ~~100 percent~~ certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

New language is indicated by underline, deletions by ~~strikeout~~.

(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 290.0921, is amended by adding a subdivision to read:

Subd. 3a. **EXEMPTIONS.** The following entities are exempt from the tax imposed by this section:

(1) cooperatives taxable under subchapter T of the Internal Revenue Code or organized under chapter 308 or a similar law of another state;

(2) corporations subject to tax under section 60A.15, subdivision 1;

(3) real estate investment trusts;

(4) regulated investment companies or a fund thereof; and

(5) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 8, is amended to read:

Subd. 8. **CARRYOVER CREDIT.** (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, paragraph (a), clause (1), ~~multiplied by the sum of one plus the surtax percentage under section 290.06, subdivision 1a,~~ for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year ~~multiplied by the sum of one plus the surtax percentage rate under section 290.06, subdivision 1a.~~ In computing the amount of alternative minimum tax

(i) the adjustment under section 56(c)(3) of the Internal Revenue Code must not be made;

(ii) the full amount of the charitable contribution deduction under section 290.21, subdivision 3, must be deducted in computing Minnesota alternative minimum taxable income; and

(iii) in the case of a corporation subject to an occupation tax under section 298.01 the tax preference for depletion under section 57(a)(1) of the Internal Revenue Code must be deducted in computing Minnesota alternative minimum taxable income.

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1~~, and a surtax imposed on that tax under section 290.06, subdivision 1a~~.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the ~~five~~ taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was paid.

Sec. 12. **[290.0922] MINIMUM FEE; CORPORATIONS.**

Subdivision 1. **IMPOSITION.** (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 290.37, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:	the tax equals:
less than $500,000	$0
$ 500,000 to $ 1,000,000	$100
$ 1,000,000 to $ 4,999,999	$300
$ 5,000,000 to $ 9,999,999	$1,000
$10,000,000 to $19,999,999	$2,000
$20,000,000 or more	$5,000

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code

of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:	the tax equals:
less than $500,000	$0
$ 500,000 to $ 1,000,000	$100
$ 1,000,000 to $ 4,999,999	$300
$ 5,000,000 to $ 9,999,999	$1,000
$10,000,000 to $19,999,999	$2,000
$20,000,000 or more	$5,000

Subd. 2. **EXEMPTIONS.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05 other than insurance companies exempt under subdivision 1, paragraph (d);

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989; and

(5) town and farmers' mutual insurance companies.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

Subd. 3. **DEFINITION.** "Minnesota sales or receipts," "Minnesota property," and "Minnesota payrolls" have the meanings given in section 290.092, subdivision 4.

Sec. 13. Minnesota Statutes 1988, section 290.31, subdivision 1, is amended to read:

Subdivision 1. **PARTNERS, NOT PARTNERSHIP, SUBJECT TO TAX.** A partnership as such shall not be subject to the income tax imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

Sec. 14. Minnesota Statutes 1989 Supplement, section 290.9201, is amended by adding a subdivision to read:

Subd. 11. **EXCEPTION FROM WITHHOLDING FOR PUBLIC SPEAKERS.** The provisions of subdivisions 7 and 8 shall not be effective for compensation paid to nonresident public speakers before January 1, 1992, if the compensation paid to the speaker is less than $2,000 or is only a payment of the speaker's expenses.

Sec. 15. Minnesota Statutes 1988, section 290.9725, is amended to read:

290.9725 **S CORPORATION.**

For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1987. An S corporation shall not be subject to the taxes imposed by this chapter, except the taxes imposed under sections 290.0922, 290.92, 290.9727, 290.9728, and 290.9729.

Sec. 16. **INSTRUCTION TO REVISOR.**

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1989" for the words "Internal Revenue Code of 1986, as amended through December 31, 1988" wherever it occurs in chapters 290, 290A, and 291 except for the use of the phrase in section 290.01, subdivision 19, and section 290.92, subdivision 1, paragraph (1).

Sec. 17. **FEDERAL CHANGES.**

The changes made by sections 7841, 7304(a), 7817, 7110, 7815, 7816, 7811(d) of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and sections 202, 203, and 204 of Public Law Number 101-140 that affect the computation of gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, the credit for research and experimental expenditures as defined in Minnesota Statutes, section 290.068, subdivision 2, the credit for state death taxes allowable as defined in Minnesota Statutes, section 291.03, subdivision 1, and the federal alternative minimum taxable income as defined in Minnesota Statutes, section 290.091, subdivision 2, shall be in effect at the same time they become effective for federal income and estate tax purposes.

Sec. 18. **SEVERABILITY; INSURANCE TAXATION.**

(a) If the provision of Minnesota Statutes, section 60A.15, subdivision 1, enacted in section 1, providing a reduced insurance premiums tax rate to mutual insurance companies is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that section 1 be invalid and the otherwise applicable insurance premiums tax rates apply.

(b) If the provision of Minnesota Statutes, section 290.05, subdivision 1, clause (d), enacted in section 3, exempting a mutual insurance company from taxation under the corporate franchise tax is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the corporate franchise tax to other insurance companies, the legislature intends that the exemption enacted in section 3 be invalid and the corporate franchise tax apply.

Sec. 19. **ESTIMATED TAXES; EXCEPTION.**

For taxable years beginning after December 31, 1989, but before January 1, 1991, the commissioner of revenue may not assess any additions to tax that are the result of a corporation's failure to make sufficient estimated tax payments due to the changes in this article.

Sec. 20. **SMALL BUSINESS TAX STUDY.**

The department of revenue shall conduct a study of the state and local tax burden in relation to ability to pay for businesses with combined Minnesota property, payroll, and sales of less than $5,000,000 per year. The study shall present the state and local tax burden, net of federal income tax considerations, for representative businesses of various sizes, legal structures, and levels of profitability. The study shall relate tax burden to such measures of ability to pay as taxable income, economic income, assets, and sales. The study shall be submitted to the chairpersons of the tax committee of the house of representatives and senate by December 1, 1990.

Sec. 21. **REPEALER.**

Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1a, is repealed.

Sec. 22. **EFFECTIVE DATE.**

Section 1 is effective for premiums paid after December 31, 1989. The provisions of section 12 are effective for taxable years beginning after December 31, 1990 for insurance companies domiciled in a state that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees. Section 14 is effective the day following final enactment. The remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.

ARTICLE 3

PROPERTY TAXES

Section 1. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. **FINANCIAL ASSISTANCE.** The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants may be used to employ persons and to obtain and use information necessary to:

(1) develop comprehensive local water plans under section 110B.04 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and

(2) implement comprehensive local water plans.

A base grant shall be awarded to a county that levies a tax at the rate established under section 275.50, subdivision 5, paragraph (z), in an amount equal to $37,500 less the amount raised by that levy. If the amount necessary to implement the local water plan for the county is less than $37,500, the amount of the base grant shall be the amount that, when added to the levy amount, equals the amount required to implement the plan.

Sec. 2. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 7, is amended to read:

Subd. 7. **RULES.** The board shall adopt rules that:

(1) establish performance criteria for grant administration for local implementation of state delegated or mandated programs that recognize regional variations in program needs and priorities;

(2) recognize the unique nature of state delegated or mandated programs;

(3) specify that program activities contracted by a county to another local unit of government are eligible for funding; and

~~(4) require that grants from the board may not exceed the amount matched by participating local units of government; and~~

~~(5)~~ specify a process for the board to establish a base level grant amount that all participating counties may be eligible to receive.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.10, subdivision 2, is amended to read:

Subd. 2. ~~The county auditor shall at the time of making the March and November tax settlements of each year apportion to the several districts the~~

~~amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund.~~ The county auditor each year shall apportion to the school districts within the county the amount received from powerline taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund. The ~~apportionment~~ apportionments shall be made in proportion to each district's net tax capacity within the county in the prior year. The apportionments shall be made and amounts distributed to the school districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a school district from the county school fund shall be included in the first half distribution of property taxes to the school district. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Sec. 4. Minnesota Statutes 1988, section 124.195, subdivision 7, is amended to read:

Subd. 7. **PAYMENTS TO SCHOOL NONOPERATING FUNDS.** Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

Sec. 5. **[134.342] ALLOCATION OF LEVY AUTHORITY.**

Subdivision 1. **AUTHORITY.** A regional public library system board may adopt a written resolution to assume responsibility for the allocation of the regional library system levy authority throughout the region. If adopted, the board shall furnish a list to the commissioners of revenue and education by July 1 of the levy year, containing the name of each member city, town, and county that will be participating in that regional system.

Subd. 2. **DETERMINATION OF LEVY LIMITATION.** The levy limitation for a regional library system is equal to the sum of the total maximum amount allowable for operating regional library services for all member cities, towns, and counties within the region subject to the levy limitation under section 275.50, subdivision 5, clause (o). If a member city or town of a regional library system is not subject to the levy limitations under sections 275.50 to 275.56, the commissioner of revenue shall determine a levy limitation for the purposes of this section as if the member were subject to the provisions of section 275.50, subdivision 5, clause (o). The commissioner of revenue shall

determine the total maximum amount allowable for the regional library system and shall certify the total amount to the regional library board and to the commissioner of education by August 1 of the levy year.

Subd. 3. **ALLOCATION OF AUTHORITY.** A regional public library system board that has resolved to allocate library levy authority among its member cities, towns, and counties shall allocate the amount, up to the total amount certified to the board by the commissioner of revenue, and shall notify each member city, town, and county by August 15 of the levy year of its respective share of the total library levy for the region. Each member city, town, or county located in the region shall levy the amount negotiated and agreed upon by the board and each member city, town, or county.

The board shall certify to the commissioners of revenue and education by September 1 of the levy year, the levy amount allocated to each member city, town, and county in the regional library system.

Subd. 4. **NON-ALLOCATED REGIONAL LIBRARY LEVY LIMITATION.** A city, town, or county located within a regional library system that does not allocate library levy authority under subdivisions 1 to 3 but is subject to the levy limitations under sections 275.50 to 275.56, shall levy according to section 275.50, subdivision 5, clause (o), to pay the operating costs of a regional library system.

Sec. 6. Minnesota Statutes 1988, section 169.86, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION FOR PERMIT.** The commissioner, with respect to highways under the commissioner's jurisdiction, and local authorities, with respect to highways under their jurisdiction, may, in their discretion, upon application in writing and good cause being shown therefor, issue a special permit, in writing, authorizing the applicant to move a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this chapter, or otherwise not in conformity with the provisions of this chapter, upon any highway under the jurisdiction of the party granting such permit and for the maintenance of which such party is responsible.

Permits relating to over-width, over-length manufactured homes shall not be issued to persons other than manufactured home dealers or manufacturers for movement of new units owned by the manufactured home dealer or manufacturer, until the person has presented a statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid. Upon payment of the most recent single year delinquent personal property or current year taxes only, the county auditor or treasurer must issue a taxes paid statement to a manufactured home dealer or a financial institution desiring to relocate a manufactured home that has been repossessed. This statement must be dated within 30 days of the contemplated move. The statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have

been paid, may be made by telephone. If the statement is obtained by telephone, the permit shall contain the date and time of the telephone call and the names of the persons in the auditor's office and treasurer's office who verified that all personal and real property taxes had been paid.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 272.02, subdivision 4, is amended to read:

Subd. 4. **CONVERSION TO EXEMPT OR TAXABLE USES.** (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to December 20 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by December 20, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before August 1 of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 273.064, is amended to read:

273.064 **EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.**

The county assessor shall examine the assessment appraisal records of each local assessor anytime after ~~January 15~~ December 1 of each year and shall immediately give notice in writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon reexamination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than August 1 and if unpaid as of September 1 of the assessment

year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 9. Minnesota Statutes 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. 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 the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. 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 net tax capacity 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 section 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.

Sec. 10. Minnesota Statutes 1989 Supplement, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing, or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 11. Minnesota Statutes 1989 Supplement, section 273.119, subdivision 2, is amended to read:

Subd. 2. **REIMBURSEMENT FOR LOST REVENUE.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the ~~times~~ time provided in section ~~477A.015~~ 473H.10, subdivision 3, for payment ~~of local government aid~~ to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 273.123, subdivision 4, is amended to read:

Subd. 4. **STATE REIMBURSEMENT.** The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions, other than school districts, containing the property at the time distributions are made under section ~~477A.015~~ 473H.10, subdivision 3, in the same proportion that the ad valorem tax is distributed.

Sec. 13. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 3a. **MANUFACTURED HOME PARK COOPERATIVE.** When a manufactured home park is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land for each homestead. The manufactured home park shall be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:

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

(2) the occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation; and

(3) the corporation or association organized under chapter 308A is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to member residents of the manufactured home park who hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

Sec. 14. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 15. **RESIDENCE OF DISABLED CHILD OF OWNER.** The principal residence of an individual who has a permanent disability as defined in section 290A.03, subdivision 10, shall be classified as a homestead if the residence is wholly owned by a parent or both parents of the individual. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the information necessary for the assessor to determine whether homestead classification under this subdivision is warranted.

Sec. 15. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 16. **HOMESTEAD ACQUIRED UNDER EMINENT DOMAIN.** If a home classified as a homestead under section 273.13, subdivision 22, is acquired from the owner under eminent domain proceedings, a home purchased by the owner for use as a homestead within six months of the date of acquisition under eminent domain must be classified by the assessor as class 1 homestead property under section 273.13, subdivision 22, for taxes payable in the following year, notwithstanding the provisions of subdivision 9. The homeowner must apply to the assessor for classification under this subdivision within 30 days of the purchase of the home. The homeowner must provide the assessor with the information necessary for the assessor to determine that the property qualifies for homestead under this subdivision. The assessor may require the homeowner to submit an affidavit.

Sec. 16. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. **CLASS 1.** (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first $68,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds $68,000 but does not exceed ~~$100,000~~ $110,000 has a class rate of two percent of its market value. The market value of class 1a property that exceeds ~~$100,000~~ $110,000 has a class rate of three percent of its market value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) 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, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first $32,000 market value of class 1b property has a net class rate of ~~.4~~ .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of .4 percent of the first $32,000 of market value for taxes payable in 1990, .6 percent of the first $32,000 of market value for taxes payable in 1991, .8 percent of the first $32,000 of market value for taxes payable in 1992, and one percent of market value in excess of $32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 17. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. **CLASS 2.** (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than ~~$100,000~~ $110,000, the value of the remaining land including improvements equal to the difference between ~~$100,000~~ $110,000 and the market value of the house, garage, and surrounding one acre

of land has a net class rate of ~~.4~~ .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over ~~$100,000~~ $110,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes payable in 1990~~, 1.4 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the ~~$100,000~~ $110,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, ~~and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross tax capacity of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, ~~and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means 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. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). ~~"Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.~~

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

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

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

Sec. 18. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. **CLASS 3.** (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of 3.3 percent of the first $100,000 of market value for taxes payable in 1990, 3.2 percent for taxes payable in 1991, 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over $100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of ~~2.4~~ 2.3 percent of the first $50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first $100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 25, as amended by Laws 1990, chapter 480, article 7, section 7, is amended to read:

Subd. 25. **CLASS 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) ~~post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;~~

~~(3)~~ manufactured homes not classified under any other provision;

~~(4)~~ (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to ~~buildings the construction or rehabilitation of which began after May 1, 1988, and to~~ a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For ~~this purpose~~ purposes of this clause, property is devoted to a commercial ~~use~~ purpose on a specific day if ~~it~~ any portion of the property is used, or ~~offered~~ available for use for residential occupancy, and a fee is charged for ~~the use~~ residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located

within two miles of the class 4c property with which it is used. Class 4c property classified in this clause ~~and clause (6)~~ also includes the remainder of class 1c resorts; ~~and~~

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; ~~and~~

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of ~~2.4~~ 2.3 percent of market value, except that manufactured home park property under clause (8) has a class rate of 3 percent of market value for taxes payable in 1991 and 2.3 percent of market value for taxes payable in 1992, and thereafter.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a class rate of 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at ~~2.4~~ 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. **PAYMENT.** The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them ~~and the credit reimbursements~~ to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall homestead and agricultural credit aid be payable on the part of a levy to which homestead and agricultural credit aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 273.371, subdivision 1, is amended to read:

Subdivision 1. **REPORT REQUIRED.** Every electric light, power, gas, water, express, stage, and transportation company and pipeline doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, and 273.37. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available.

Sec. 22. Minnesota Statutes 1988, section 273.42, subdivision 1, is amended to read:

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average tax capacity rate of taxes levied for all purposes throughout the county after disparity reduction aid is applied, and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Sec. 23. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **PROPOSED LEVY.** Notwithstanding any law or charter to the contrary, on or before September 1, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year. If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 1, the city shall be deemed to have certified its levies for those taxing jurisdictions. For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns ~~with a population over 5,000~~, counties, school districts, and special taxing districts. The commissioner of revenue shall determine what constitutes a special taxing district for purposes of this section. Intermediate school districts that levy a tax under chapter 136D, joint powers

boards established under sections 124.491 to 124.496, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **NOTICE OF PROPOSED PROPERTY TAXES.** (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), for taxes levied in 1990 and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, ~~as determined by the state demographer,~~ and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 25. Minnesota Statutes 1988, section 275.065, is amended by adding a subdivision to read:

Subd. 5a. **PUBLIC ADVERTISEMENT.** (a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or in the case of a school district, a property tax levy, at a public hearing. The notice must be published not less than two days nor more than six days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The

advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district must not include references to budget hearings or to adoption of a budget:

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199-/school district services that will be provided in 199- and 199-).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199- if the budget now being considered is approved.

199- Property Taxes	Proposed 199- Property Taxes	199- Increase or Decrease
$.....	$.....	.....%

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 26. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. **PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.** Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The ~~adopted~~ property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a; ~~and~~

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The ~~commissioner of revenue~~ county auditor shall provide for the coordination of hearing dates ~~so that a taxing authority does not schedule public meetings on the days scheduled for the hearing by another taxing authority~~ for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 27. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, ~~towns,~~ counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before five working days after December 20. The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1, except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a), by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by

the amount under section 273.1398, subdivision 5a, and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit aid was further allocated between portions of its levy pursuant to section 273.1398, subdivision 2, paragraph (b)(2), the levy or fund to which the homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 29. Minnesota Statutes 1988, section 275.125, subdivision 10, is amended to read:

Subd. 10. **CERTIFICATION OF LEVY LIMITATIONS.** By August 15, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 15 as well as adjustments to final pupil unit counts.

A school district ~~shall have the right to~~ may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over ~~not to exceed~~ two calendar years.

Sec. 30. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in ~~1989~~ 1990 payable in ~~1990~~ 1991 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or 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;

(c) 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; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) 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;

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

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission 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;

(g) 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 or town with statutory city powers in a 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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action 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, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. This limit may be redistributed according to the provisions of section 134.342. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs~~; and~~.

If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3)~~.~~;

(w) pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county is operating under a department of corrections directive that limits the capacity of a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

(x) for taxes levied in 1990 and 1991, payable in 1991 and 1992 only, pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(y) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;

(z) for a county, provide an amount needed to fund comprehensive local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises $1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises $1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;

(aa) pay the unreimbursed county costs for court-ordered family-based serv-

ices and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.

If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:

(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f when determining the current year levy limitation.

(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or clause (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and

(bb) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and this act.

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 31. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. **ADJUSTED LEVY LIMIT BASE.** For taxes levied in 1989 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) three percent for taxes levied in 1989 and subsequent years;

(b) a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2)

the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;

(c) the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year under section 275.58, subdivisions 1 and 2;

(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed $250,000;

(e) for levy year 1989, an amount of $1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of $862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and

(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivision 1. The adjustment shall be determined by the department of revenue.

For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990.

For taxes levied in 1990, the adjusted levy limit base of a city is reduced by an amount equal to the percent of the city's revenue base used in determining aid reductions under section 477A.013, subdivision 7. For taxes levied in 1990, the adjusted levy limit base of a county is reduced by one-half of the amount equal to the percent of the county's revenue base used in determining aid reductions under section 477A.012, subdivision 5.

Sec. 32. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 4, is amended to read:

Subd. 4. If 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 tax capacity rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 477A.011 to 477A.014, or homestead and agricultural credit aid under section 273.1398, or taconite aids under sections 298.28 and 298.282 shall be reduced 33 cents for each full dollar the levy exceeds the limitation. If a penalty under this subdivision or section 275.55, subdivision 1, is assessed against taconite

aids, then the amount of the penalty must be distributed as provided in section 298.28, subdivision 11, paragraph (a).

Sec. 33. Minnesota Statutes 1988, section 275.55, is amended to read:

275.55 **STATE REVIEW AND REGULATION OF LEVIES.**

Subdivision 1. **REVIEW; PENALTIES FOR VIOLATIONS.** The commissioner of revenue, or 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 issue, in accordance with chapter 14, rulings interpreting sections 275.50 to 275.56, and to take such other administrative actions as the commissioner deems necessary in order to carry out the provisions of sections 275.50 to 275.56. If the commissioner of revenue takes administrative action or any other action authorized by this section to enforce the provisions of sections 275.50 to 275.56, the commissioner 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 of the department of revenue pertaining thereto, describe the corrective action required, including, in the case of an 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.011 to 477A.014, or homestead and agricultural credit aid pursuant to section 273.1398, or taconite aids pursuant to sections 298.28 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 there is a reasonable basis for delay. County auditors, in addition to duties otherwise provided by law, shall cooperate with the commissioner in establishing such procedures and enforcing the provisions of sections 275.50 to 275.56.

Subd. 2. **EXCESS LEVIES FOR 1992.** Notwithstanding the provisions of subdivision 1, for a home rule charter city, statutory city, or town that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the city or town in 1992. Notwithstanding the provisions of subdivision 1, for a county that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the county in 1992. The amount of the penalty imposed on the county, city, or town and the state aids affected shall be as determined under section 275.51, subdivision 4.

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. **CONTENTS OF TAX STATEMENTS.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total tax capacity rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total tax capacity rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes

payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10; and

(6) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, ~~or a county that has adopted the provisions of Laws 1989, First Special Session chapter 1, article 9, section 81,~~ for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

~~(d) For taxes payable in 1990, the commissioner shall prescribe language notifying taxpayers that state aid dollars were transferred from the city or town to the school district. The language must notify taxpayers that the transfer results in an increase in city or town taxes and a decrease in school taxes that is unrelated to spending decisions of the city or town and school district. The commissioner may prescribe that the amount of the transfer be stated. The commissioner may provide that the statement required under this clause be included as a separate enclosure.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 278.05, subdivision 4, is amended to read:

Subd. 4. **SALES RATIO STUDIES AS EVIDENCE.** The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining education aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. The department of revenue sales ratio study shall be prima facie evidence of the level of assessment. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date,

(c) there is an adequate sample size, and

(d) the median ratio of the same classification of property in the same county, city, or town as the subject property is lower than 90 percent, except that in the case of a county containing a city of the first class, the median ratio for the county shall be the ratio determined excluding sales from the first class city within the county.

If a reduction in value on the grounds of discrimination is granted based on the above criteria, the reduction shall equal the difference between ~~90 percent~~ (1) the ratio for the petitioner's property less five percentage points and (2) the median ratio determined by the court. In order to receive relief on the basis of discrimination, the petitioner must establish the ratio of the assessor's estimated market value to the actual fair market value for the property.

Sec. 36. Minnesota Statutes 1988, section 281.17, is amended to read:

281.17 **PERIOD FOR REDEMPTION.**

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is ~~two~~ three years from the date of sale. The period of redemption for ~~other~~ all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 37. Minnesota Statutes 1989 Supplement, section 282.01, subdivision 1, is amended to read:

Subdivision 1. **CLASSIFICATION; ~~USE; EXCHANGE~~.** It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. ~~All~~ Parcels of land becoming the property of the state in trust under ~~the provisions of any~~ law ~~now existing or hereafter enacted~~ declaring the forfeiture of lands to the state for taxes~~,~~ shall be classified by the county board of the county ~~wherein such~~ in which the parcels lie as conservation or nonconservation. ~~Such~~ In making the classification ~~shall be made with consideration, among other things, to~~ the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. ~~Such~~ The classification, furthermore, ~~shall aid: to~~ must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; ~~to~~ facilitate reduction of governmental expenditures; ~~to~~ conserve and develop the natural resources; and ~~to~~ foster and develop agriculture and other industries in the districts and places best suited ~~thereto~~ to them.

In making ~~such~~ the classification the county board may ~~make~~ use ~~of such data and~~ information ~~as may be~~ made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information ~~pertinent thereto~~ at the time ~~such~~ the classification is made. ~~Such~~ The lands may be reclassified from time to time as the county board may ~~deem~~ consider necessary or desirable, except ~~as to~~ for conservation lands held by the state free from any trust in favor of any taxing district.

If ~~any such~~ the lands are located within the boundaries of ~~any~~ an organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale ~~shall~~ must first be approved by the town board of ~~such~~ the town or the governing body of ~~such~~ the municipality ~~insofar as~~ in which the lands are located ~~therein are concerned~~. The town board of the town or the governing body of the municipality ~~will be deemed~~ is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it ~~shall, within 90 days of the request for classification or reclassification and sale,~~ must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 90 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for one year.

Subd. 1a. **CONVEYANCE; GENERALLY.** ~~Any~~ Tax-forfeited lands may be sold by the county board to ~~any~~ an organized or incorporated governmental subdivision of the state for any public purpose for which ~~such~~ the subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts ~~upon~~ on application of ~~any~~ a state agency for ~~any~~ an authorized use at not less than their value as determined by the county board. The commissioner of revenue may convey by deed in the name of the state ~~any~~ a tract of tax-forfeited land held in trust in favor of the taxing districts~~,~~ to ~~any~~ a governmental subdivision for ~~any~~ an authorized public use, ~~provided that~~ if an application is submitted to the commissioner ~~with~~ which includes a statement of facts as to the use to be made of the tract and the need therefor and the recommendation of the county board.

Subd. 1b. **CONVEYANCE; TARGETED NEIGHBORHOOD LANDS.** (a) Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, outside the metropolitan area, as defined in section 473.121, subdivision 2, the commissioner of revenue ~~shall~~ may convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the recommendation of the county board.

(b) Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, in a county in the metropolitan area, as defined in section 473.121, subdivision 2, the commissioner of revenue shall convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the county board.

(c) The application under paragraph (a) or (b) must include a statement of facts as to the use to be made of the tract, the need therefor, and a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property.

Subd. 1c. **DEED OF CONVEYANCE.** The deed of conveyance ~~shall~~ must be ~~upon~~ on a form approved by the attorney general and ~~shall~~ must be conditioned ~~upon~~ on continued use for the purpose stated in the application~~; provided, however, that.~~ If, however, the governing body of ~~such~~ the governmental subdivision by resolution determines that some other public use ~~shall~~ should be made of ~~such~~ the lands, and ~~such~~ the change of use is approved by the county board and an application for ~~such~~ change of use is made to, and approved by, the commissioner, ~~such~~ the changed use may be made ~~of such lands~~ without ~~the necessity of the governing body~~ conveying the lands back to the state and securing a new conveyance ~~from the state to the governmental subdivision~~ for ~~such~~ the new public use.

Subd. 1d. **FAILURE TO USE; CONVEYANCE TO STATE.** ~~Whenever any~~ When a governmental subdivision to which ~~any~~ tax-forfeited land has been conveyed for a specified public use as provided in this section ~~shall fail~~ fails to put ~~such~~ the land to ~~such~~ that use, or to some other authorized public use as provided ~~herein~~ in this section, or ~~shall abandon such~~ abandons that use, the governing body of the subdivision shall authorize the proper officers to convey the ~~same~~ land, or ~~such portion thereof~~ the part of the land not required for an authorized public use, to the state of Minnesota~~, and such~~. The officers shall execute a deed of ~~such~~ conveyance ~~forthwith, which~~ immediately. The conveyance ~~shall be~~ is subject to the approval of the commissioner and ~~in~~ its form must be approved by the attorney general~~, provided, however, that~~. A sale, lease, transfer, or other conveyance of ~~such~~ tax-forfeited lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 ~~shall not be~~ is not an abandonment of ~~such~~ use and ~~such~~ the lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by ~~this~~ subdivision 1e will then terminate. No vote of the people ~~shall be~~ is required for ~~such~~ the conveyance.

Subd. 1e. **REVERSION.** ~~In case any such~~ If the tax-forfeited land ~~shall~~ is not ~~be so~~ conveyed to the state in accordance with subdivision 1d, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the ~~same~~ land to have reverted to the state, and shall serve a notice ~~thereof~~ of reversion, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned~~, provided, that~~. No declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put ~~such~~ land to ~~such~~ the use specified or from the date of abandonment of ~~such~~ that use if ~~such~~ the lands have been put to ~~such~~ that use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service ~~as herein required~~. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy ~~thereof~~ of the notice of appeal by certified mail to the commissioner of revenue, and filing a copy ~~thereof~~ for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as ~~herein~~ provided in this subdivision, the declaration of reversion ~~shall be~~ is final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Subd. 1f. **EXCHANGE.** ~~Any~~ A city of the first class ~~now or hereafter having~~ with a population of 450,000, or over, or its board of park commission-

ers, which has acquired tax-forfeited land for a specified public use ~~pursuant to the terms of~~ under this section, may convey ~~said~~ the land in exchange for other land of substantially equal worth located in ~~said~~ the city ~~of the first class, provided that~~. The land conveyed to ~~said~~ the city ~~of the first class now or hereafter having a population of 450,000, or over~~, or its board of park commissioners, in exchange ~~shall be~~ is subject to the public use and reversionary provisions of this section~~;~~. The tax-forfeited land so conveyed ~~shall~~ is thereafter ~~be~~ free ~~and discharged~~ from the public use and reversionary provisions of this section~~, provided that said~~. The exchange shall in no way affect the ~~mineral or~~ mineral rights of the state of Minnesota, if any, in the lands ~~so~~ exchanged.

Sec. 38. Minnesota Statutes 1989 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. ~~Notwithstanding section 270.07,~~ Upon written application by the owner of the property, ~~if the application seeks a reduction in estimated market value not in excess of $10,000,~~ the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. ~~The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07.~~ No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed $10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 39. Minnesota Statutes 1989 Supplement, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20 each year, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1 each year, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of the tax, which shall be an amount bearing the same proportion to the total levy agreed on by the commission as the net tax capacity of the county bears to the net tax capacity of the region. For taxes levied in 1990 and thereafter, the maximum ~~amount~~ amounts of ~~any levy~~ levies made for the purposes of sections 462.381 to 462.398 ~~shall not exceed 0.00403 percent of market value on all taxable property in the region.~~ are the following amounts, less the sum of regional planning grants from the state planning agency to that region: for Region 1, $180,337; for Region 2, $150,000; for Region 3, $353,110; for Region 5, $195,865; for Region 6E, $197,177; for Region 6W, $150,000; for Region 7E, $158,653; for Region 8, $206,107; for Region 9, $343,572. The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the commission in the same manner as other taxes are distributed to political subdivisions.

Sec. 40. Minnesota Statutes 1988, section 469.059, subdivision 11, is amended to read:

Subd. 11. **PROCEDURE.** Tax-forfeited lands in an industrial development district that are vested in the state shall be conveyed to the port authority that is developing the district for one dollar per tract. The port authority may use and later resell the land for purposes of sections 469.048 to 469.068.

In conveying tax-forfeited land to a port authority, the state may not retain a possibility of reverter or right of reentry as it does under section 282.01, subdivision ~~1~~ 1e.

The commissioner of revenue shall convey tax-forfeited parcels in an industrial development district to the port authority, if the authority petitions for conveyance under sections 469.048 to 469.068 and pays one dollar per tract.

The attorney general shall approve the form of the deed of conveyance. The port authority shall receive absolute title to the tract, subject only to a reservation of minerals and mineral rights, under section 282.12. The deed of convey-

ance must not contain a restriction on the use of the premises. The conveyance divests the state of all further right, title, claim or interest in the tracts, except for the reservation of minerals and mineral rights.

Sec. 41. Minnesota Statutes Second 1989 Supplement, section 469.171, subdivision 7a, is amended to read:

Subd. 7a. **PROPERTY TAX CREDIT; APPROPRIATION.** There is annually appropriated from the general fund to the commissioner of revenue the amounts required to reimburse taxing jurisdictions for the revenue lost due to the property tax credit provided in subdivision 1, clause (4). Payment shall be made to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Payment shall be made to taxing jurisdictions, other than school districts, at the ~~times~~ time provided in section ~~477A.015~~ 473H.10, subdivision 3.

Sec. 42. Minnesota Statutes Second 1989 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF TAX; STATE REIMBURSEMENT.** (a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross tax capacity of those properties by applying the appropriate classification percentages. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times 105 percent of the previous year's statewide average tax capacity rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner

of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. ~~Payments~~ Payment shall be made by the state ~~at the times provided in section 477A.015~~ on December 15 to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 43. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 6, is amended to read:

Subd. 6. **AID ADJUSTMENT.** For calendar year 1990, there shall be an amount equal to 3.4 percent of the town's or city's adjusted net tax capacity computed using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, subtracted from the aid amounts computed under subdivision 1, in the case of towns, and under subdivisions 3 and 5 in the case of cities. For cities, the subtraction will be made first from the aid computed under subdivision 3. If the subtraction amount under this section is greater than the aid amount computed under subdivision 3, the remaining amount will be subtracted from the aid computed under subdivision 5. The resulting amounts shall be the town's local government aid or the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city or town cannot be less than zero. If the subtraction amount under this section is greater than the amount for any town or city computed under subdivisions 1, 3, and 5, the remaining amount shall be subtracted from the town's or city's homestead and agricultural credit aid under section 273.1398, subdivision 2.

For purposes of this subdivision, "adjusted net tax capacity" means the city's total net tax capacity using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, as adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district.

An increase in a city's property tax levy for taxes payable in 1990 attributable to the amount deducted from the city's aids under this subdivision is exempt from the city's per capita levy limit under section 275.11 ~~and~~, from the city's percentage of market value levy limit under section 412.251 or 426.04, and from any limitation on levies under a city charter.

Sec. 44. Laws 1989, chapter 326, article 3, section 49, is amended to read:

Sec. 49. **EFFECTIVE DATE.**

Section 9 is effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, 1990, on lands other than tax-forfeited lands, and is effective July 1, 1991, on tax-forfeited lands.

~~Section,~~ Sections 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 45. Laws 1989, chapter 353, section 13, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

This act is effective July 1, 1989. Sections 6 and 9 apply to state land and tax-forfeited land sold after March 15, ~~1990~~ 1991.

Sec. 46. **ASSESSMENT OF MANUFACTURED HOME PARKS.**

Subdivision 1. **LIMITED VALUATION INCREASE.** (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value must be entered equally in the next two succeeding assessment years.

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

Subd. 2. **NOTICE TO PROPERTY OWNER.** (a) If an assessor has increased the estimated market value of property over that allowed in subdivision 1, the assessor must reduce the estimated market value to the amount allowed under subdivision 1.

(b) If an assessor has notified owners of property subject to subdivision 1 of an increase in estimated market value for taxes payable in 1991, the assessor must mail notice to the property owners by July 1, 1990. The notice must state that any increase in the estimated market value of manufactured home park land for taxes levied in 1990 over that for taxes levied in 1989 has been limited by this act.

Sec. 47. Laws 1989, First Special Session chapter 1, article 5, section 52, is amended to read:

Sec. 52. **EFFECTIVE DATE.**

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied ~~by cities and towns in 1991, payable in 1992 and thereafter, and for taxes levied by counties~~ in 1992, payable in 1993 and thereafter. Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied in ~~1991~~ 1992, payable in ~~1992~~ 1993, and thereafter. Sections 3 and 8 are effective for taxes levied in 1992, payable in 1993 and thereafter. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 48. Laws 1990, chapter 480, article 8, section 18, is amended to read:

Sec. 18. **EFFECTIVE DATE.**

Sections 1 to 8, 10, and ~~14~~ 15 are effective for taxes levied in 1989, payable in 1990, and thereafter.

Sections 9, 11 to 13, ~~15~~ 14, and 16 are effective January 1, 1991.

Section 17 is effective the day following final enactment.

Sec. 49. **CITY OF BAYPORT; LIBRARY LEVY.**

Subdivision 1. **LEVY AUTHORIZED.** Notwithstanding the limit in Minnesota Statutes, section 275.50, subdivision 5, clause (o), for taxes levied in 1990, payable in 1991, the city of Bayport may levy $156,158 to pay operating costs of the city library. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. For taxes levied in 1991 and thereafter, payable in 1992 and thereafter, the city may levy as a special levy the amount authorized under Minnesota Statutes, section 275.50, subdivision 5, clause (o). For purposes of determining the maximum levy increase under that section, the amount levied in 1990, payable in 1991, shall be the base amount.

Subd. 2. **LOCAL APPROVAL; EFFECTIVE DATE.** This section is effective the day after approval by the governing body of the city of Bayport and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 3. **REVERSE REFERENDUM.** If the Bayport city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 50. **GOODHUE COUNTY; HISTORICAL SOCIETY LEVY.**

Subdivision 1. **LEVY AUTHORIZED.** For taxes levied in 1990 and 1991, payable in 1991 and 1992, Goodhue county may levy up to $225,000 each year on property in the county and use the proceeds of the levy for the county historical society. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Subd. 2. **LOCAL APPROVAL; EFFECTIVE DATE.** This section is effective the day after approval by the Goodhue county board and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 3. **REVERSE REFERENDUM.** If the Goodhue county board intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the

proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 51. **CITY OF WINDOM; HOSPITAL LEVY.**

Subdivision 1. **LEVY AUTHORIZED.** For taxes levied in 1990 and 1991, payable in 1991 and 1992, the city of Windom may levy an amount up to $50,000 each year to meet the operating costs of the operating deficit of the municipal hospital. The annual amount levied under this section shall not exceed the amount needed to meet the cost of the operating deficit of the hospital. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Subd. 2. **LOCAL APPROVAL; EFFECTIVE DATE.** This section is effective the day after approval by the governing body of the city of Windom and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 3. **REVERSE REFERENDUM.** If the Windom city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 52. **KOOCHICHING COUNTY; AMBULANCE SERVICE LEVY.**

For taxes levied in 1990, payable in 1991, and thereafter, Koochiching County may levy to pay the costs of ambulance service in a county subordinate service district under Minnesota Statutes, section 375B.09. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 53. **DOUGLAS COUNTY; SOLID WASTE MANAGEMENT LEVY.**

For taxes levied in 1990, payable in 1991, and thereafter, Douglas county may levy the amount necessary to pay the principal and interest on department of energy and economic development loans made to the Pope-Douglas solid waste board on June 10, 1985, and June 15, 1986, for solid waste management purposes. The levy must be made as provided under Minnesota Statutes, section 400.11.

This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

If the county utilizes this levy, and any part of the amount levied by the county in the previous levy year for the purposes specified under this section was included in the county's previous year's levy limitation computed under section 275.51, that amount must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

The levy authority under this section expires when the principal and interest has been paid.

Sec. 54. **MILLE LACS COUNTY; SPECIAL LEVY.**

For taxes levied in 1990, payable in 1991 only, Mille Lacs county may levy an amount equal to the expenditures from reserve funds used in 1990 to pay social service costs. The county must provide evidence to the commissioner of revenue that expenditures from reserve funds were made for this purpose. This levy may not exceed $694,000. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 55. **BECKER COUNTY; SPECIAL LEVY.**

For taxes levied in 1990, payable in 1991 only, Becker county may levy an amount equal to expenditures it made from reserve funds in calendar years 1987 and 1988. For purposes of this section, the reserves used in calendar year 1987 shall include money received under the federal revenue sharing program from previous years. This levy may not exceed $900,000. The county must provide evidence to the commissioner of revenue that it was eligible for a levy limit base adjustment for taxes levied in 1988 for use of reserve funds under Minnesota Statutes, section 275.51, subdivision 3j and did not receive the adjustment. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 56. **GOODHUE COUNTY; SPECIAL LEVY.**

For taxes levied in 1990, payable in 1991 only, Goodhue county may levy an amount equal to the reduction to its levy limit base, for taxes levied in 1989,

under Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, paragraph (i). This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 57. **BONDS AUTHORIZED.**

Subdivision 1. The governing body of the city of Bemidji or Beltrami county may sell and issue general obligation bonds or revenue bonds of the city or the county, respectively, to finance the construction and betterment of an airport terminal and other air navigation facilities as defined in Minnesota Statutes, section 360.013, or of other related facilities, including hangars, repair shops and other buildings, and equipment needed for the storage, repair, reconstruction, and servicing of aircraft. The bonds may be issued by the city or the county on its own behalf with the consent of both parties, or with the consent of the other on behalf of both of them. The bonds must be issued, sold and secured in accordance with Minnesota Statutes, chapter 475, except as provided in subdivisions 2 and 3. The facilities to be financed by the bonds are a public convenience from which a revenue is derived, and are not indebtedness under chapter 475 or any city charter.

Subd. 2. The aggregate principal amount of all bonds issued by the city or the county under this section which are outstanding and undischarged at any time shall not exceed $400,000.

Subd. 3. If either the city or the county issues bonds on behalf of both of them, the entity not issuing the bonds may levy ad valorem taxes on all taxable property within its corporate limits to pay the principal of and interest on the bonds as agreed upon before their issuance, and may irrevocably appropriate the collections of the taxes to the sinking fund established by the issuing entity for the payment of the bonds. The entity issuing the bonds may levy ad valorem taxes on all taxable property within its corporate limits for the years and in the amounts that, together with any taxes levied and appropriated by the nonissuing entity, will meet the requirements of Minnesota Statutes, section 475.61. Neither the taxes nor any additional taxes levied to eliminate any deficiencies in the collection thereof are subject to any limitation established by general or special law or charter as to rate or amount. The taxes may not be considered in determining the amount of any other taxes which may be levied subject to any such limitation.

Subd. 4. (a) After approval of a bond issue under subdivision 1 or the first approval of a tax levy to pay bond obligations under subdivision 3, the governing body of the city for a city action or the county for a county action shall publish notice of the action in its official publication. The bonds may be issued and sold or the tax levied without submitting the question to the voters, unless within 30 days after the date of publication a petition signed by qualified voters equal to five percent of the voters who voted in the last general election in the governmental subdivision is filed with the city or the county.

(b) If a petition is filed that meets the requirements of paragraph (a), the bonds may be issued or the tax levied upon obtaining the approval of a majority of the voters voting on the question at a special or regular election.

Sec. 58. **RAMSEY COUNTY; AUTHORIZATION FOR BONDS.**

Ramsey county may issue general obligation bonds in one or more series in an amount not to exceed $2,000,000, in the aggregate, to finance the restoration of the concourse of the St. Paul union depot as a facility for the arts and sciences, the proceeds of which may not be used for that purpose until $500,000 in operational funding has been committed by other sources. The bonds shall be issued pursuant to Minnesota Statutes, chapter 475, except that the bonds shall not be subject to its election requirements or debt limits. They shall not be subject to any other debt or tax levy limitations applicable to the county and shall not be considered in calculating amounts subject to any other debt or tax levy limitations. Levies by the county for debt servicing payment for the retirement of the bonds shall be exempt from and disregarded in the calculation of all tax levy limitations applicable to the county.

Sec. 59. **ROSEMOUNT; ARMORY LEVY.**

Subdivision 1. **ARMORY LEVY.** The city of Rosemount in Dakota county may levy not more than $95,000 per year and otherwise incur debt obligations under Minnesota Statutes, chapter 193 or 475 or both, to acquire and better an armory and to be serviced by the levy without regard to the limits on debt service and debt otherwise provided by chapter 193 or 475. This levy amount shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, clause (d).

Subd. 2. **REVERSE REFERENDUM.** If the city council proposes to pay the obligation under subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The 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 city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the county auditor, 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 commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to January 1, 1992.

Sec. 60. **JOINT POWERS LEVY; DRUG ENFORCEMENT.**

Notwithstanding Minnesota Statutes, sections 275.50 to 275.56, the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids may each levy for taxes levied in 1990, and thereafter, an amount up to $2 per capita to pay the costs incurred under a joint powers agreement for the salaries and benefits of peace officers whose primary responsibilities are to investigate controlled substance crimes under chapter 152 or to teach drug abuse resistance education curricula in schools.

Sec. 61. **DEBT SERVICE LEVY FOR CERTAIN CERTIFICATES OF INDEBTEDNESS.**

Subdivision 1. **LEVY.** Notwithstanding Minnesota Statutes, section 475.754, if a city has issued certificates of indebtedness under that section during calendar year 1989 in an amount not exceeding $150,000 for the purpose of meeting the unanticipated cost of repairing a major structural defect in a building that was undergoing renovation for which other obligations had been issued previously, any levy to pay the debt service on those certificates shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, paragraph (c).

Subd. 2. **REVERSE REFERENDUM.** If the city intends to exercise the authority provided by subdivision 1 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 62. **HENNEPIN COUNTY; AUTHORITY TO TRANSFER LIGHT RAIL MONEY.**

Notwithstanding any law to the contrary, the Hennepin county regional railroad authority may transfer any available money of the authority, including money in capital accounts, to Hennepin county to be expended to meet social service costs during 1990. The authority under this section to transfer the regional railroad authority levy applies only during calendar year 1990.

Sec. 63. **1989 POPULATION AND HOUSEHOLD ESTIMATES USED IN 1991 AID AND LEVY CALCULATIONS.**

Subdivision 1. **NOTIFICATION OF ESTIMATES.** Notwithstanding any other law, for estimates of population and number of households of local government subdivisions for 1989 only, under Minnesota Statutes, section 116K.04, subdivision 4, the estimates shall be communicated to the governing body of each subdivision by September 1, 1990.

Subd. 2. **1991 AID AND LEVY CALCULATIONS.** Notwithstanding any other law, for local government aids under Minnesota Statutes, section 273.1398 and chapter 477A and levy limit calculations under Minnesota Statutes, sections 275.51 to 275.56, for aids and levies payable in 1991 only, for local governmental subdivisions for which estimates of population and number of households for calendar year 1989 do not exist as of July 1, 1990, the following estimates of population and number of households will be used:

(1) For calculation of homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the household adjustment factor shall be equal to the number of households, for the most recently available estimate as of September 7, 1990, divided by the number of households from the year previous to the most recent estimate;

(2) For calculation of levy limits under Minnesota Statutes, section 275.51, the population or number of households shall be equal to the most recently available estimate of population or number of households as of July 1, 1990. If a more recent estimate of population or number of households becomes available by October 15, 1990, and use of this more recent estimate in the levy limit calculation would increase the levy limit for a governmental subdivision, the commissioner of revenue shall recompute and recertify this increased levy limit to the local government subdivision by October 22, 1990; and

(3) For calculation of local government aids under Minnesota Statutes, chapter 477A, the population and number of households means the population and number of households as established by the most recently available estimate as of July 1, 1990.

Subd. 3. **PROPOSED PROPERTY TAX NOTICES.** If, as a result of a more recent estimate of population or number of households, a local government's levy limit is increased as provided in subdivision 2, clause (2), the amount of the increase in the levy limit may be added to the proposed tax levy for purposes of the public hearings under Minnesota Statutes, section 275.065, subdivision 6.

Sec. 64. **INSTRUCTION TO REVISOR.**

In the next edition of Minnesota Statutes, the revisor of statutes shall codify in Minnesota Statutes, section 275.50, all permanent local special levies enacted in 1990.

Sec. 65. **REPEALER.**

(a) Minnesota Statutes 1989 Supplement, section 375.192, subdivision 1, is repealed.

(b) Minnesota Statutes 1989 Supplement, section 383A.65, is repealed.

Sec. 66. **EFFECTIVE DATE.**

Sections 3, 36, 37, 40, 44, 45, 47, 48, 62, and 63, are effective the day following final enactment.

Sections 4, 5, 9, 13 to 19, 23 to 28, 30, 31, 34, 39, 43, 46, 59, and 61, are effective for taxes levied in 1990, payable in 1991, and thereafter, except as otherwise provided.

Section 6 is effective August 1, 1990.

Section 7 is effective January 1, 1990, and thereafter.

Section 10 is effective for taxes levied in 1990, payable in 1991, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1990 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by July 1, 1990, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 10 by July 1, 1990.

Sections 11, 12, 20, 22, 32, 33, 41, and 42, are effective for taxes levied in 1989, payable in 1990, and thereafter.

Section 21 is effective for reports filed in 1990, and thereafter.

Section 35 is effective for appeals filed after the date of final enactment.

Sections 38 and 65, paragraph (a), are effective for reductions or abatements filed with the county board after June 30, 1990.

Section 57 is effective upon approval by a majority of all members of the Bemidji city council, and by a majority of all members of the Beltrami county board of commissioners, and compliance with Minnesota Statutes, section 645.021.

Sections 58 and 65, paragraph (b), are effective the day after the governing body of the city of St. Paul and the Ramsey county board have both complied with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 4
PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes Second 1989 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. **PAYMENT SCHEDULE.** Beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of local agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of local agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1~~, 1991,~~ through July 31, ~~1991,~~ for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to~~ on or before July ~~1, 1991~~ 10 in each of those years. Payments for the period August ~~1991~~ through December ~~1991~~ for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31~~, 1991~~ in each of those years.

(b) Payment for 1/24 of the base amount and the January ~~1992~~ 1994 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before January ~~1992~~ 3, 1994. For the period of February 1, ~~1992~~ 1994, through July 31, ~~1992~~ 1994, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1, 1992~~ 10, 1994, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1992~~ 1994 through December ~~1992~~ 1994 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1992~~ 1994.

(c) Payment for the county share of local agency expenditures during January ~~1993~~ 1995 shall be made ~~during~~ on or before January ~~1993~~ 3, 1995. Payment for 1/24 of the base amount and the February ~~1993~~ 1995 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before February ~~1993~~ 3, 1995. For the period of March 1, ~~1993~~ 1995, through July 31, ~~1993~~ 1995, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1, 1993~~ 10, 1995, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1993~~ 1995 through December ~~1993~~ 1995 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1993~~ 1995.

(d) Monthly payments for the county share of local agency expenditures from January ~~1994~~ 1996 through February ~~1994~~ 1996 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month through February ~~1994~~ 1996. Payment for 1/24 of the base amount and the March ~~1994~~ 1996 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before March ~~1994~~ 1996. For the period of

April 1, ~~1994~~ 1996, through July 31, ~~1994~~ 1996, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1,~~ ~~1994~~ 10, 1996, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1994~~ 1996 through December ~~1994~~ 1996 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1994~~ 1996.

(e) Monthly payments for the county share of local agency expenditures from January ~~1995~~ 1997 through March ~~1995~~ 1997 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month through March ~~1995~~ 1997. Payment for 1/24 of the base amount and the April ~~1995~~ 1997 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before April ~~1995~~ 3, 1997. For the period of May 1, ~~1995~~ 1997, through July 31, ~~1995~~ 1997, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1,~~ ~~1995~~ 10, 1997, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1995~~ 1997 through December ~~1995~~ 1997 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1995~~ 1997.

(f) Monthly payments for the county share of local agency expenditures from January ~~1996~~ 1998 through April ~~1996~~ 1998 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month through April ~~1996~~ 1998. Payment for 1/24 of the base amount and the May ~~1996~~ 1998 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before May ~~1996~~ 3, 1998. For the period of June 1, ~~1996~~ 1998, through July 31, ~~1996~~ 1998, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1,~~ ~~1996~~ 10, 1998, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1996~~ 1998 through December ~~1996~~ 1998 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1996~~ 1998.

(g) Monthly payments for the county share of local agency expenditures from January ~~1997~~ 1999 through May ~~1997~~ 1999 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month through May ~~1997~~ 1999. Payment for 1/24 of the base amount and the June ~~1997~~ 1999 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before June ~~1997~~ 3, 1999. For the period of June 1, ~~1997~~ 1999, through July 31, ~~1997~~ 1999, payment shall be made ~~subsequent to~~ on or before July ~~1,~~ ~~1997~~ 10, 1999. Payments for the period August ~~1997~~ 1999 through December ~~1997~~ 1999 shall be made ~~subsequent to~~ on or before the ~~first~~ third of each month thereafter through December 31, ~~1997~~ 1999.

(h) Effective January 1, ~~1998~~ 2000, monthly payments for the county share of local agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1991 the class rate applied to class 3 utility real and personal property ~~the class rate applied~~ shall be 5.38 percent; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first $100,000 of value reduced by the value of the house, garage, and one acre, 1.3 percent for the remaining value of the first 320 acres, and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of $100,000 shall be ~~5.38 percent~~ 3.0 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. The reclassification of fraternity and sorority houses as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax

capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

~~(f)~~ (g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

New language is indicated by underline, deletions by ~~strikeout~~.

~~(g)~~ (i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

~~(h)~~ (j) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" ~~or~~, "gross taxes," or "taxes levied" means the total ~~gross~~ taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991 ~~and subsequent years~~, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding taxes defined as "equalized levies" in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.

~~(i)~~ (k) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

~~(j) "Adjustment factor" means one plus the percentage change in (1) the ratio of estimated market value of residential homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction, "adjusted factor" means one plus the percentage change in the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.~~

~~(k)~~ (l) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.

(m) The percentage increase in the consumer price index means the percentage, if any, by which:

(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds

(2) the consumer price index for calendar year 1989.

~~(l)~~ (n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.

~~(m)~~ (o) "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.

~~(n)~~ (p) "Household adjustment factor" means the number of households for

the second most recent year preceding that in which the aids are payable divided by the ~~1988~~ number of households for the third most recent year. The household adjustment factor cannot be less than one.

(q) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The ~~household~~ growth adjustment factor cannot be less than one.

(r) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(s) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(t) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. **HOMESTEAD AND AGRICULTURAL CREDIT AID.** (a) ~~Initial~~ For aid payable in 1991, homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated homestead and agricultural credit aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 ~~and subsequent years~~ and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), ~~and~~ 4, paragraph (d), and 5.

(e) Payments under this subdivision to ~~cities and~~ towns in 1990 and 1991 shall be ~~annually~~ reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.

(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by $450,000.

(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

Subd. 2c. **COMPUTATION BY COMMISSIONER.** Notwithstanding the provisions of subdivisions 1 and 2 requiring the computation of homestead and agricultural credit aid at the unique taxing jurisdiction level, the commissioner may, upon consultation with the chairs of the house tax committee and senate committee on taxes and tax laws, compute homestead and agricultural credit aid at a higher level if it would have a negligible impact or if changes in the composition of unique taxing jurisdictions do not permit computation at the unique taxing jurisdiction level.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1 by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a~~;~~; fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b; and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit aid was further allocated between portions of its levy pursuant to section 273.1398, subdivision 2, paragraph (b)(2), the levy or fund to which the homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. **CITY.** City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns ~~and cities of the first class~~ are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5 or the aid adjustment under section 477A.013, subdivision 7.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 25, is amended to read:

Subd. 25. **NET TAX CAPACITY.** "Net tax capacity" means for aids payable under section 477A.013, subdivision 5, (1) the net tax capacity of a city computed using the ~~net tax capacity~~ class rates in ~~Minnesota Statutes 1988,~~ section 273.13, for taxes payable the year prior to the aid distribution, and based on ~~1988~~ estimated market values for taxes payable the year prior to the aid distribution, plus (2) a city's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), for taxes payable ~~in 1989~~ the year prior to the aid distribution. The market value utilized in computing net tax capacity shall be reduced by the sum of (1) a city's market value of commercial

industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), and (2) ~~the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~ the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The net tax capacity will be computed using equalized market values.

Sec. 8. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 27. **REVENUE BASE.** "Revenue base" means the amount levied for taxes payable in 1990 less the special levies under section 275.50, subdivision 5, clause (u), including the levy on the fiscal disparity distribution under section 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1 and 3, determined without regard to subdivision 2; and 477A.013, subdivisions 3 and 6; and the estimated taconite aids used to determine levy limits for taxes payable in 1990 under section 275.51, subdivision 3i.

Sec. 9. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 28. **REDUCTION PERCENTAGE.** "Reduction percentage" is the equal percentage reduction in each county and city revenue base that is necessary to reduce 1990 aid payments by $28,000,000 under sections 477A.012, subdivision 5 and 477A.013, subdivision 7.

Sec. 10. Minnesota Statutes 1988, section 477A.012, subdivision 1, is amended to read:

Subdivision 1. **AID AMOUNT.** In calendar year ~~1988 and calendar years thereafter~~ 1990, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to the aid amount it received in 1990 under this subdivision less the reduction made under subdivision 5.

Sec. 11. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

Subd. 5. **COUNTY AID ADJUSTMENT.** For calendar year 1990, a county's aid amount as calculated under subdivisions 1 and 3 is reduced by an amount equal to the product of its revenue base and the reduction percentage. The amount of aid computed under this subdivision and subdivisions 1 and 3 cannot be less than $0. If the subtraction amount under this subdivision is greater than the amount of aid calculated for any county under subdivisions 1 and 3, the remaining amount shall be next subtracted from the county's homestead and

agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the county's disparity reduction aid under section 273.1398, subdivision 3.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended to read:

Subd. 3. **CITY AID DISTRIBUTION.** In 1989, a city whose initial aid is greater than $0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than $0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

~~In 1991 and subsequent years, a city whose initial aid is greater than $0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 25 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.~~

New language is indicated by underline, deletions by ~~strikeout~~.

In 1991 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in the previous year.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, or (3) 15 percent of the total local government aid amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is $0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is $0 will receive in 1991 ~~and subsequent years~~ an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" ~~includes~~ does not include equalization aid ~~for aids payable in 1991 and thereafter~~ amounts under subdivision 5.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 5, is amended to read:

Subd. 5. **EQUALIZATION AID.** A city is eligible for equalization aid ~~in 1990 only. The amount of the aid is~~ equal to ~~(1)~~ the aid amount received under this subdivision in 1990 after the adjustments, if any, under subdivisions 6 and 7, plus an equalization aid increase equal to the product of (i) a city's average levy for the three immediately preceding years less the disparity reduction aids allocated to the city pursuant to ~~Minnesota Statutes 1988,~~ section 273.1398, subdivision 3, for the year prior to the aid distribution, and less the equalization aid it received under this section in the year prior to that for which the aid is being calculated, (ii) ~~.36~~ .30, and (iii) one minus the ratio of the net tax capacity per capita to 900; ~~less (2) the local government aid increase for the city under subdivision 3~~. The equalization aid increase under this section is limited to ~~15~~ 12 percent of the total ~~local government~~ aid the city received ~~in 1989~~ under this section in the prior year. The aid under this section cannot be less than zero. For the purposes of this subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

If the amount allocated under section 477A.03, subdivision 1, is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall first proportionately reduce the equalization aid increase for each city so that the sum of the equalization aid amounts paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1. If the equalization aid increase is reduced to zero and the amount allocated under section 477A.03, subdivision 1, is still insufficient to pay the aid amounts under this subdivision, the remaining amount of equalization aid for each city will be reduced proportionately so that the sum of the aid paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1.

Sec. 14. Minnesota Statutes 1988, section 477A.013, is amended by adding a subdivision to read:

Subd. 7. **1990 CITY AID ADJUSTMENT.** For cities only in calendar year 1990, there shall be an amount, equal to the product of a city's revenue base and the reduction percentage, subtracted from the aid amounts computed under subdivisions 3, 5, and 6. The subtraction will be made first from the local government aid computed under subdivisions 3 and 6. If the subtraction amount under this subdivision is greater than the local government aid computed under subdivisions 3 and 6, the remaining amount will be subtracted from the equalization aid computed under subdivisions 5 and 6. The resulting amounts shall be the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city cannot be less than zero. If the subtraction amount under this section is greater than the aid amount for any city computed under subdivisions 3, 5, and 6, the remaining amount shall be subtracted next from the city's homestead and agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the city's disparity reduction aid under section 273.1398, subdivision 3.

Sec. 15. Minnesota Statutes 1988, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. **ANNUAL APPROPRIATION.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1991 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to $19,485,684.

Sec. 16. Minnesota Statutes 1988, section 477A.11, subdivision 4, is amended to read:

Subd. 4. "Other natural resources land" means:

(1) any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located; and

(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.

Sec. 17. Minnesota Statutes 1988, section 477A.13, is amended to read:

477A.13 **TIME OF PAYMENT, DEDUCTIONS.**

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted

from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 89.036, 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

~~Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:~~

~~(1) for the payment made July 15, 1984, 75 percent;~~

~~(2) for the payment made July 15, 1985, 50 percent;~~

~~(3) for the payment made July 15, 1986, 25 percent; and~~

~~(4) for the payment made thereafter, 0 percent.~~

Sec. 18. **SPECIAL TAXING DISTRICTS; HOMESTEAD AND AGRICULTURAL CREDIT AID REDUCTION.**

Subdivision 1. **APPLICATION.** This section applies only to special taxing districts receiving payments of homestead and agricultural credit aid for taxes payable in 1990 of $150,000 or more. The section applies only to the homestead and agricultural aid payments for taxes payable in 1990.

Subd. 2. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given.

(a) "Budget" means the budget adopted by the special taxing district to determine its levy for property taxes payable in 1990. It includes changes in the budget formally adopted by the governing body of the district before March 15, 1990.

(b) "General fund" means the general fund or equivalent current operating fund of the special taxing district. It does not include a separate fund to pay for capital improvements and equipment or other capital costs.

(c) "Projected unreserved fund balance" means for the district's general fund the sum of the balance at the end of 1989 and the projected revenues for 1990 in its budget, less the budgeted amount of current, general fund expenditures for 1990. Current expenditures include budgeted payments to other public agencies or entities for their operations to the extent that the source of the payment is derived 25 percent or more from the district's property tax levy. Federal aid or other nonproperty tax revenues (other than homestead and agricultural credit aid) must be excluded from computation of the unreserved fund balance, if the revenues are passed through or paid to another entity and the expenditures are also excluded.

(d) "Special taxing district" or "district" means a political subdivision with the authority to levy property taxes, other than a city, county, or school district.

Subd. 3. **REPORTING OF RESERVE FUNDS.** By May 15, 1990, each special taxing district must report to the commissioner of revenue the following amounts: (1) its projected unreserved fund balance, (2) the revenues to be derived from its property tax levy and homestead and agricultural credit aid for taxes payable in 1990, and (3) the general fund expenditures authorized by its budget for 1990.

Subd. 4. **REDUCTION IN AID PAYMENTS.** The commissioner shall reduce the homestead and agricultural credit aid payments in calendar year 1990 to the district by the amount of the excess of the projected unreserved fund balance, over the greater of (1) 50 percent of its levy before reduction for homestead and agricultural credit aid and disparity reduction aid or (2) 20 percent of its general fund expenditures authorized by its 1990 budget. If the commissioner calculates that the sum of the reductions under this subdivision for all districts exceeds $4,000,000, the commissioner shall proportionately reduce the amount for each district so that the total reduction is $4,000,000.

Sec. 19. **FURTHER REDUCTIONS IN AIDS AND CREDITS.**

If the total of the reductions in aids and credits under this article and article 5 for fiscal year 1993 is not at least $175,000,000, the commissioner of revenue shall further reduce state aids payable to cities, counties, and special taxing districts by an amount that, when added to the other reductions of aids and credits under this article, will equal $175,000,000. Reductions under this section will be made in the manner provided in sections 3, 11, and 14.

Sec. 20. **LEVY USE FOR REDUCTIONS.**

If the 1990 abstract of tax lists for a county, city, or special taxing district has not been received by the commissioner of revenue by June 15, 1990, the commissioner may use the final levy certified in the report filed under section 275.07, subdivision 4, as a basis for the reduction under section 3, 11, or 14.

Sec. 21. **REPEALER.**

Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2b, is repealed.

Sec. 22. **EFFECTIVE DATES.**

Sections 1, 3, 8, 9, 11, 14, 18, and 20 are effective for aids payable in calendar year 1990 and thereafter. Sections 2, 4, 5, 7, 10, 12, 13, 15, and 17 are effective for aids payable in calendar year 1991 and thereafter. Sections 19 and 21 are effective for aids payable in calendar year 1992 and thereafter. That part of section 6 striking a reference to cities of the first class is effective for aids paid in calendar year 1991 and thereafter. The rest of section 6 is effective for aids paid in calendar year 1990 and thereafter. Section 16 is effective July 1, 1990, and applies to payments due on or after that date.

ARTICLE 5

PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1988, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **RENT CONSTITUTING PROPERTY TAXES.** "Rent constituting property taxes" means the amount of gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or (b) to the amount paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant. The amount of rent attributable to property taxes paid or payments in lieu made on the unit shall be determined by multiplying the ~~net tax on the property where~~ gross rent paid by the claimant for the calendar year for the unit ~~is located~~ by a fraction, the numerator of which is the ~~gross rent paid by the claimant for the calendar year for~~ net tax on the property where the unit is located and the denominator of which is the ~~gross rent paid for the calendar year for the property in which the unit is located~~ total scheduled rent. In no case may the rent constituting property taxes exceed 50 percent of the gross rent paid by the claimant during that calendar year. In the case of a claimant who resides in a unit for which (1) a rent subsidy is paid to, or for, the claimant based on the income of the claimant or the claimant's family, or (2) a subsidy is paid to a public housing authority that owns or operates the claimant's rental unit, pursuant to United States Code, title 42, section 1437c, 20 percent of gross rent actually paid in cash or its equivalent shall be the claimant's "rent constituting property taxes paid." For purposes of this subdivision, "rent subsidy" does not include any housing assistance received under aid to families with dependent children, general assistance, Minnesota supplemental assistance, supplemental security income, or similar income maintenance programs.

Sec. 2. Minnesota Statutes 1988, section 290A.03, is amended by adding a subdivision to read:

Subd. 12a. **TOTAL SCHEDULED RENT.** "Total scheduled rent" means the sum of the monthly rents assigned to the residential rental units in the property multiplied by 12. The assigned rents are the rents effective on May 3 for taxes payable in 1990 and April 15 for taxes payable in 1991 and thereafter. The rents must be an arm's-length rental, including garage rents if any, but not including charges for medical services furnished by the landlord as a part of the rental agreement. In determining total scheduled rent, no deduction is allowed for vacant units, uncollected rent, or reduced cash rents in units occupied by employees or agents of the owner.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **RENTERS.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 999	1.0 percent	9 percent	$1,000
1,000 to 1,999	~~1.1~~ 1.0 percent	9 percent	$1,000
2,000 to 2,999	~~1.2~~ 1.0 percent	10 percent	$1,000
3,000 to 3,999	~~1.3~~ 1.0 percent	10 percent	$1,000
4,000 to 4,999	~~1.4~~ 1.1 percent	11 percent	$1,000
5,000 to 5,999	~~1.5~~ 1.2 percent	12 percent	$1,000
6,000 to 6,999	~~1.5~~ 1.2 percent	13 percent	$1,000
7,000 to 7,999	~~1.6~~ 1.3 percent	14 percent	$1,000
8,000 to 8,999	~~1.6~~ 1.3 percent	15 percent	$1,000
9,000 to 9,999	~~1.7~~ 1.4 percent	16 percent	$1,000
10,000 to 10,999	~~1.7~~ 1.4 percent	17 percent	$1,000
11,000 to 11,999	~~1.8~~ 1.5 percent	19 percent	$1,000
12,000 to 12,999	~~1.8~~ 1.5 percent	21 percent	$1,000
13,000 to 13,999	~~1.9~~ 1.6 percent	23 percent	$1,000
14,000 to 14,999	~~2.0~~ 1.7 percent	24 percent	$1,000
15,000 to 15,999	~~2.0~~ 1.8 percent	26 percent	$1,000
16,000 to 16,999	~~2.1~~ 1.8 percent	27 percent	$1,000
17,000 to 17,999	~~2.2~~ 1.9 percent	28 percent	$1,000
18,000 to 18,999	~~2.3~~ 2.0 percent	30 percent	$1,000
19,000 to 19,999	~~2.5~~ 2.2 percent	32 percent	$1,000
20,000 to 20,999	~~2.7~~ 2.4 percent	34 percent	$1,000
21,000 to 21,999	~~2.9~~ 2.6 percent	36 percent	$1,000
22,000 to 22,999	~~3.0~~ 2.7 percent	37 percent	$1,000
23,000 to 23,999	~~3.1~~ 2.8 percent	38 percent	$1,000
24,000 to 24,999	~~3.2~~ 2.9 percent	40 percent	$1,000
25,000 to 25,999	~~3.3~~ 3.0 percent	43 percent	$1,000
26,000 to 26,999	~~3.4~~ 3.1 percent	43 percent	$1,000
27,000 to 27,999	~~3.5~~ 3.2 percent	45 percent	$1,000
28,000 to 28,999	~~3.6~~ 3.3 percent	47 percent	$ 900
29,000 to 29,999	~~3.7~~ 3.4 percent	47 percent	$ 800
30,000 to 30,999	~~3.8~~ 3.5 percent	48 percent	$ 700
31,000 to 31,999	~~3.9~~ 3.5 percent	48 percent	$ 600
32,000 to 32,999	~~4.0~~ 3.5 percent	50 percent	$ 500
33,000 to 33,999	~~4.0~~ 3.5 percent	50 percent	$ 300
34,000 to 34,999	~~4.0~~ 3.5 percent	50 percent	$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is $35,000 or more.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is $40 or more for taxes payable in 1990 and 1991, $60 or more for taxes payable in 1992, $80 or more for taxes payable in 1993, and $100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first $250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first $275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first $300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first $325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus $250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus $275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus $300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus $325 for taxes payable in 1994. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under sections 273.13, subdivisions 22 and 23; 273.132; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated

total refund claims exceed the following amounts for the taxes payable year designated, the commissioner shall ~~decrease the percentages of the excess taxes the state will pay and~~ increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund so that the estimated total refund claims do not exceed the appropriation limit.

Taxes payable in:	Appropriation limit
1991	~~$7,000,000~~ $13,000,000
1992	$6,500,000
1993	$6,000,000
1994	$5,500,000

~~The commissioner shall make the adjustments so that half of the estimated savings come from decreasing the percentages of the excess taxes the state will pay and half of the estimated savings come from increasing the dollar amount of the tax increase which must occur before a taxpayer qualifies for a refund.~~ The determinations of the revised ~~percentages and~~ thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1989 Supplement, section 290A.04, subdivision 5, is amended to read:

Subd. 5. **COMBINED RENTER AND HOMEOWNER REFUND.** In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable~~, except that the sum may not exceed the higher of the maximum refund payable either based on rent constituting property taxes or property taxes payable~~.

Sec. 6. Minnesota Statutes 1988, section 290A.19, is amended to read:

290A.19 **OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.**

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the

commissioner for a penalty of $100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

(c) ~~If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:~~

~~(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.~~

~~(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."~~

~~(d)~~ The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

~~(e)~~ (d) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

~~(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that~~ (e) By June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter, each owner or managing agent shall report to the commissioner on a ~~single~~ form prescribed by the commissioner the ~~total property taxes for a~~ net tax pertaining to the rental residential part of the property ~~and the allocation of the property taxes as rent constituting property taxes among the renters of the property,~~ the total scheduled rent, and the fraction computed under section 290A.03, subdivision 11. A copy of the property tax statement for taxes payable in that year must be attached.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 7. **REPEALER.**

Minnesota Statutes Second 1989 Supplement, section 290A.045, is repealed.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 3, and 6 are effective the day following final enactment for claims based on rent paid in 1990 and thereafter. Section 4 is effective for property taxes payable in 1991 and thereafter. Section 5 is effective for claims based on rent paid in 1990 and thereafter, and property taxes payable in 1991 and thereafter. Section 7 is effective the day following final enactment and applies to taxes payable in 1990 and 1991.

ARTICLE 6

SALES AND LODGING TAXES

Section 1. Minnesota Statutes 1988, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property; ~~and~~

(4) logging equipment, including chain saws used for commercial logging ~~only if the engine displacement equals or exceeds five cubic inches~~; and

(5) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. Minnesota Statutes 1988, section 297A.01, subdivision 16, is amended to read:

Subd. 16. **CAPITAL EQUIPMENT.** Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, mining, quarrying, or refining a product to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, mining, quarrying, or refining facility in the state. For purposes of this subdivision, "mining" includes peat mining. Capital equipment does not include (1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility, (2) repair or replacement parts, or (3) machinery or equipment used to ~~extract,~~ receive~~,~~ or store raw materials.

Sec. 3. Minnesota Statutes 1988, section 297A.25, subdivision 36, is amended to read:

Subd. 36. ~~**INCOMING,**~~ **INTERSTATE WATS LINES.** The gross receipts from the sale of long distance telephone services are exempt, if the service (1) consists of a wide area telephone line that permits a long distance call to an individual or business located in Minnesota to be made from a location outside of Minnesota at no toll charge to the person placing the call; or (2) entitles a customer, upon payment of a periodic charge that is determined either as a flat amount or upon the basis of total elapsed transmission time, to the privilege of an unlimited number of long distance calls made from a location in Minnesota to a location outside of Minnesota if the customer is a qualified provider of telemarketing services. As used in this subdivision, a "qualified provider of telemarketing services" is a telemarketing firm that derives at least 80 percent of its revenues from one or more of the following activities: soliciting or providing information, soliciting sales or receiving orders, and conducting research by means of telegraph, telephone, computer data base, fiber optic, microwave, or other communication system.

Sec. 4. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 45. **SHIPS USED IN INTERSTATE COMMERCE.** The gross receipts from sales of repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce are exempt.

Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 46. **SUPERCOMPUTING COMPLEX.** The gross receipts from the sales, lease, license to use or consume, or other transfer of title or possession, or both, whether absolutely or conditionally, and from the storage, use, or consumption, of items comprising a supercomputing complex, are exempt where the purchaser, lessee, licensee, or other user is a corporation all of whose shares are owned in part by the Regents of the University of Minnesota and in part by the University of Minnesota Foundation, an organization exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989. For this purpose, a supercomputing complex means a multi-user mainframe system having at least 12 linked processors, memory of at least five billion characters, high-speed interconnectivity, disk storage of at least 60 billion characters, and related system and application software, intended for numerically intensive computing. A supercomputing complex includes, but is not limited to, the mainframe computers, associated software, processor controllers, power and coolant units, communications devices, workstations terminals, display stations, disk drives, and tape drives.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to ~~six~~ three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 2, is amended to read:

Subd. 2. **EXISTING TAXES.** No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of ~~six~~ three percent.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 3, is amended to read:

Subd. 3. **DISPOSITION OF PROCEEDS.** Ninety-five percent of the gross proceeds from ~~the first three percent of~~ any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 9. **BLOOMINGTON LODGING TAX.**

Subdivision 1. **AUTHORIZATION.** Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used to promote the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5.

Subd. 2. **EFFECTIVE DATE.** This section is effective the day after the filing of a certificate of local approval by the governing body of the city of Bloomington in compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. **ROSEVILLE LODGING TAX.**

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the governing body of the city of Roseville may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax shall be dedicated to and used to pay the costs of the construction, debt service, operation, and maintenance of a public multiuse speed skating/bandy facility within the city to the extent the costs exceed any revenues derived from the lease, rental, or operation of the facility.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 3 are effective for sales after June 30, 1990.

Section 4 is effective for sales after December 31, 1983. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 4.

Section 5 is effective for transactions occurring on or after December 1, 1989.

Sections 6 to 8 are effective February 1, 1990. Any tax increase adopted by action of a city council after February 1, 1990, under Minnesota Statutes, section 469.190, that results in a tax rate that exceeds three percent is ineffective the day following final enactment of this act.

Section 9 is effective the day following final enactment.

Section 10 is effective the day following final enactment, but only if the legislature authorizes the issuance of bonds for the construction of the facility during its 1990 session.

ARTICLE 7
TAX INCREMENT FINANCING

Section 1. **[273.1399] REDUCTION IN STATE TAX INCREMENT FINANCING AID PAYMENTS.**

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

(a) "Qualifying captured tax capacity" means the following amounts:

(1) the captured tax capacity of an economic development or soils condition tax increment financing district for which certification was requested after April 30, 1990; and

(2) the captured tax capacity of a tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the district was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5

8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured tax capacity resulting from the reduction in the subdistrict's or site's original tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

Subd. 2. **REPORTING.** The county auditor shall calculate the qualifying captured tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.

Subd. 3. **CALCULATION OF EDUCATION AIDS.** For each school district containing qualifying captured tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured tax capacity. The resulting amount is the reduction in state tax increment financing aid.

Subd. 4. **EQUALIZATION FACTOR.** The amount of the reduction in state tax increment financing aid equals the amount determined under subdivision 3 less

(1) seventy-five percent of the excess, if any, of the amount determined under subdivision 3, over

(2) .05 times the municipality's tax capacity, divided by the sales ratio.

Subd. 5. **LOCAL GOVERNMENT AIDS; HOMESTEAD AND AGRICULTURAL AID CALCULATIONS.** (a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the rest must be deducted from the homestead and agricultural credit aid to be paid to the municipality.

(b) The amount of qualifying captured tax capacity must be included in adjusted tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.

Sec. 2. Minnesota Statutes 1988, section 469.043, subdivision 5, is amended to read:

Subd. 5. **CONTINUATION OF REDEVELOPMENT COMPANY PROVISIONS.** The provisions of Minnesota Statutes 1986, sections 462.591 to 462.705, shall continue in effect with respect to any ~~redevelopment company~~ project to which a tax exemption had been granted under Minnesota Statutes 1986, section 462.651, prior to August 1, 1987, whether or not the project continues to be owned by a redevelopment company, provided that if the project is not owned by a redevelopment company or governmental unit, the exemption shall not be available during any period when the earnings of the owner from the project annually paid to the owner or its shareholders for interest, amortization, and dividends exceeds eight percent of invested capital or equity in the project.

Sec. 3. Minnesota Statutes 1988, section 469.129, subdivision 2, is amended to read:

Subd. 2. **REVENUE BONDS.** A city may authorize, issue, and sell revenue bonds under section 469.178, subdivision 4, to refund the principal of and interest on general obligation bonds originally issued to finance a development district, or one or more series of bonds one of which series was originally issued to finance a development district, for the purpose of relieving the city of restrictions on the application of tax increments or for other purposes authorized by law. The refunding bonds shall not be subject to the conditions set out in section 475.67, subdivisions 11 and 12. Tax increments received by the city with respect to the district may be used to pay the principal of and interest on the refunding bonds and to pay premiums for insurance or other security guaranteeing the payment of their principal and interest when due. Tax increments may be applied in any manner permitted by section 469.176, subdivisions 2 and 4. Bonds may not be issued under this subdivision after April 30, 1990.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 7, is amended to read:

Subd. 7. **ORIGINAL NET TAX CAPACITY.** (a) Except as provided in paragraph (b), "original net tax capacity" means the tax capacity of all taxable real property within a tax increment financing district as most recently certified

by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 469.177, subdivisions 1 and 4. In determining the original net tax capacity the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

(b) The original net tax capacity of any designated hazardous substance site or hazardous substance subdistrict shall be determined as of the date the authority certifies to the county auditor that the ~~agency or municipality~~ authority has entered a redevelopment or other agreement for the removal actions or remedial actions specified in a development response action plan, or otherwise provided funds to finance the development response action plan. The original net tax capacity equals (i) the net tax capacity of the parcel or parcels in the site or subdistrict, as most recently determined by the commissioner of revenue, less (ii) the estimated costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel or parcels, (iii) but not less than zero.

(c) The original net tax capacity of a hazardous substance site or subdistrict shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the cost of the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been paid or reimbursed.

(d) For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly owned property.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 10, is amended to read:

Subd. 10. **REDEVELOPMENT DISTRICT.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) ~~parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and 20 percent of the~~

~~buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; or~~

~~(3)~~ the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

(c) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(d) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a), clauses (1) to (3), to be included in the district, and the entire area of the district must satisfy paragraph (a).

Sec. 6. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 10a. **RENEWAL AND RENOVATION DISTRICT.** (a) "Renewal and renovation district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that:

(1)(i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements; (ii) 20 percent of the buildings are structurally substandard; and (iii) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; and

(2) the conditions described in clause (1) are reasonably distributed throughout the geographic area of the district.

(b) For purposes of determining whether a building is structurally substandard, whether parcels are occupied by buildings or other improvements, or whether noncontiguous areas qualify, the provisions of subdivision 10, paragraphs (b), (c), and (d) apply.

Sec. 7. Minnesota Statutes 1988, section 469.174, subdivision 11, is amended to read:

Subd. 11. **HOUSING DISTRICT.** "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. A project does not qualify under this subdivision if the fair market value of the improvements which are constructed for commercial uses or for uses other than low and moderate income housing consists of more than ~~one-third~~ 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.

Sec. 8. Minnesota Statutes 1988, section 469.174, subdivision 12, is amended to read:

Subd. 12. **ECONOMIC DEVELOPMENT DISTRICT.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, renewal and renovation district, soils condition district, mined underground space development district, or housing district, but which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or

(2) it will result in increased employment in the ~~municipality~~ state; or

(3) it will result in preservation and enhancement of the tax base of the ~~municipality~~ state.

Sec. 9. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 21. **CREDIT ENHANCED BONDS.** "Credit enhanced bonds" means special obligation bonds that are:

(1) payable primarily from tax increments (i) derived from a tax increment financing district within which the activity, as defined in section 469.1763, subdivision 1, financed by at least 75 percent of the bond proceeds is located and (ii) estimated on the date of issuance to be sufficient to pay when due the debt service on the bonds, and

(2) further secured by tax increments (i) derived from one or more tax increment financing districts and (ii) determined by the issuer to be necessary in order to make the marketing of the bonds feasible.

Sec. 10. Minnesota Statutes 1988, section 469.175, subdivision 1a, is amended to read:

Subd. 1a. **INCLUSION OF COUNTY ROAD COSTS.** (a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:

(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; and

(2) ~~the proposed tax increment financing district is a soils condition district; and~~

~~(3)~~ the road improvements or other road costs~~,~~ are not scheduled for construction within five years under the county capital improvement plan or other formally adopted county plan, and in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within 30 days after receipt of the information on the proposed tax increment district under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improvements may be financed with the proceeds of tax increment bonds or the authori-

ty and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 3, is amended to read:

Subd. 3. **MUNICIPALITY APPROVAL.** A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a mined underground space development district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ and (2), or subdivision 10a, must be retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 12. Minnesota Statutes 1989 Supplement, section 469.175, subdivision 4, is amended to read:

Subd. 4. **MODIFICATION OF PLAN.** (a) A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured net tax capacity to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment, or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 469.174 to 469.179 for adoption of a new plan, including certification of the net tax capacity of the district by the county auditor. If a redevelopment district or a renewal and renovation district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ and (2), or subdivision 10a, must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority agrees that, notwithstanding section 469.177, subdivision 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.

(b) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 7, is amended to read:

Subd. 7. **CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.** (a) An authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of or modification to the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substance sites, including parcels that are contiguous to the site except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the authority, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the ~~municipality~~ authority to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the authority in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section 469.176, subdivision 4e. The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the pollution control agency for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e), but only from amounts recovered by the ~~municipality or~~ authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. An authority that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by an authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 14. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 8. **PAYMENT OF DEBT SERVICE ON CREDIT ENHANCED BONDS.** A tax increment financing plan may provide for the use of the tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality, whether or not the tax increment financing district from which the increment is derived is located within the boundaries of the project.

Sec. 15. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 1, is amended to read:

Subdivision 1. **DURATION OF TAX INCREMENT FINANCING DISTRICTS.** (a) Subject to the limitations contained in paragraphs (b) to (g), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (g). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three-year period (1) bonds have been issued pursuant to section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority ~~from a redevelopment district~~ (1) after 25 years from date of receipt by the authority of the first tax increment~~, after 25 years from the date of the receipt for a~~

~~housing district, after 25 years from the date of the receipt~~ for a mined underground space development district, redevelopment district, or housing district, (2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district, (3) after 12 years from approval of the tax increment financing plan for a soils condition district, and (4) after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.175, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.175, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

Sec. 16. Minnesota Statutes 1988, section 469.176, subdivision 2, is amended to read:

Subd. 2. **EXCESS TAX INCREMENTS.** (a) In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following: (1) prepay any outstanding bonds, (2) discharge the pledge of tax increment therefor, (3) pay into an escrow account dedicated to the payment of such bond, or (4) return the excess amount to the

county auditor who shall distribute the excess amount to the municipality, county, and school district in which the tax increment financing district is located in direct proportion to their respective tax capacity rates. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(b) The amounts distributed to a city or county must be deducted from the levy limits of the governmental unit for the following year. In calculating the levy limit base for later years, the amount deducted must be treated as a local government aid payment.

Sec. 17. Minnesota Statutes 1988, section 469.176, subdivision 3, is amended to read:

Subd. 3. **LIMITATION ON ADMINISTRATIVE EXPENSES.** (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a project which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Sec. 18. Minnesota Statutes 1989 Supplement, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **ECONOMIC DEVELOPMENT DISTRICTS.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if at least ~~25~~ ten percent of the buildings and facilities (determined on the basis of square footage) are used for ~~the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply only to districts located in~~ a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of property, but excluding retail sales;

(3) research and development or telemarketing if that activity is the exclusive use of the property; or

(4) tourism facilities, if the tourism facility is not located in a development ~~regions~~ region, as defined in section 462.384, with ~~populations~~ a population in excess of 1,000,000.

The percentage of buildings and facilities that may be used for nonqualifying purposes is increased above ten percent, but not over 25 percent, to the extent the nonqualifying square footage is directly related to and in support of the qualifying activity.

(b) Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.

(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.

(d) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 4j, is amended to read:

Subd. 4j. **REDEVELOPMENT DISTRICTS.** At least 90 percent of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174~~, subdivision 10~~. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development,

demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority may be included in the qualifying costs.

Sec. 20. **[469.1762] ARBITRATION OF DISPUTES OVER COUNTY COSTS.**

If the county and the authority or municipality are unable to agree on either (1) the need for or cost of road improvements under section 469.175, subdivision 1a, or (2) the amount of county administrative costs under section 469.176, subdivision 4h, and the county or municipality demands arbitration, the matter must be submitted to binding arbitration in accordance with sections 572.08 to 572.30 and the rules of the American Arbitration Association. Within 30 days after the demand for arbitration, the parties shall each select an arbitrator or agree upon a single arbitrator. If the parties each select an arbitrator, the two arbitrators shall select a third arbitrator within 45 days after the demand for arbitration. Each party shall pay the fees and expenses of the arbitrator it selected and the parties shall share equally the expenses of the third arbitrator or an arbitrator agreed upon mutually by the parties.

Sec. 21. **[469.1763] RESTRICTIONS ON POOLING; FIVE-YEAR LIMIT.**

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

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law. Activities do not include allocated administrative expenses, but do include engineering, architectural, and similar costs of the improvements in the district.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

Subd. 2. **EXPENDITURES OUTSIDE DISTRICT.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under sec-

tion 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

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

Subd. 3. **FIVE-YEAR RULE.** (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification and the revenues are spent to repay the bonds;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation; or

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if one of two tests is met: (1) the proceeds of the original refunded bonds were spent on activities within five years after the district was certified or (2) the original refunded bonds are issued within five years after the district was certified and the proceeds are expended on activities within a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code.

Subd. 4. **USE OF REVENUES FOR DECERTIFICATION.** Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay outstanding bonds, as defined in subdivision 3, paragraph (a), clause (2), and paragraph (b) or contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

Sec. 22. Minnesota Statutes 1988, section 469.177, subdivision 8, is amended to read:

Subd. 8. **ASSESSMENT AGREEMENTS.** An authority may~~, upon entering into a development or redevelopment agreement pursuant to section 469.176,~~

~~subdivision 5,~~ enter into a written assessment agreement in recordable form with ~~the~~ a developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible
for the assessment of the above described property
upon completion of the improvements to be
constructed thereon, hereby certifies that the market
value assigned to the land and improvements upon
completion shall not be less than $..... .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, the assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue, or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 23. Minnesota Statutes 1989 Supplement, section 469.177, subdivision 9, is amended to read:

Subd. 9. **DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.** (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current tax capacity rate of the governmental unit less the governmental unit's tax capacity rate for the year the original tax capacity rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the tax capacity rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective tax capacity rates.

The school district's tax rate must be divided into the portion of the tax rate attributable (1) to state equalized levies, and (2) unequalized levies. Equalized levies mean the levies identified in section 273.1398, subdivision 2a, and unequalized levies mean the rest of the school district's levies. The calculations under clause (2) must determine the amount of excess taxes attributable to each portion of the school district's tax rate. If one of the portions of the change in the school district tax rate is less than zero and the combined change is greater than zero, the combined rate must be used and all the school district's share of excess taxes allocated to that portion of the tax rate.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.

(c) In the case of distributions to a school district that are attributable to state equalized levies, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall ~~be treated as an excess increment for purposes of section 124.214, subdivision 3~~ be deducted from the school district's state aid payments.

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 469.177, subdivision 10, is amended to read:

Subd. 10. **PAYMENT TO SCHOOL FOR REFERENDUM LEVY.** (a) The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new tax capacity rates or an increase in tax capacity rates after the tax increment financing district was certified.

(b) (1) If there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or ~~(2)~~ if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, ~~or (3) if the referendum increasing the tax capacity rate was approved after the most recent issue of bonds to which increment from the district is pledged. If clause (1) or (2) applies,~~ the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(2) If clause ~~(3) applies~~ (1) does not apply, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

Sec. 25. **[469.1771] VIOLATIONS.**

Subdivision 1. **ENFORCEMENT.** (a) The commissioner of revenue shall enforce the provisions of sections 469.174 to 469.179. In addition, the owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of chapter 469. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The responsibility for financial and compliance auditing of political subdivisions' use of tax increment financing remains with the state auditor. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the commissioner of revenue. The commissioner of revenue may audit an authority's use of tax increment financing.

Subd. 2. **COLLECTION OF INCREMENT.** If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. This subdivision does not apply to a failure to decertify a district required by the duration limits under section 469.176, subdivision 1.

Subd. 3. **EXPENDITURE OF INCREMENT.** If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under section 469.176, (2) for a purpose that is not permitted under section 469.176 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.

Subd. 4. **LIMITATIONS.** (a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the greatest of (1) the damages under subdivision 2 or 3, (2) ten percent of the expenditures or revenues derived from increment, or (3) the amount of available revenues after paying debt services due on the bonds.

(b) The court may abate all or part of the amount if it determines the action was taken in good faith and would work an undue hardship on the municipality.

Subd. 5. **DISPOSITION OF PAYMENTS.** If the authority does not have sufficient increments or other available moneys to make a payment required by this section, the municipality that approved the district must use any available moneys to make the payment including the levying of property taxes. Money received by the county auditor under this section must be distributed as excess increments under section 469.176, subdivision 2, paragraph (a), clause (4). No distributions may be made to the municipality that approved the tax increment financing district.

Subd. 6. **APPLICATION.** This section applies to increments collected from tax increment financing districts and projects for which certification was requested before, on, and after August 1, 1979.

Sec. 26. **[469.1781] REQUIRED EXPENDITURES FOR NEIGHBORHOOD REVITALIZATION.**

(a) The provisions of this section apply to a city of the first class if the following conditions are met:

(1) the city refunded bonds and revenues, derived from increment from a

district for which certification was requested before August 1, 1979, were pledged to pay the bonds;

(2) the refunding bonds were issued after April 1, 1988, and before April 1, 1990;

(3) the refunded bonds' obligations were due and payable in full by the calendar year 2002 and the refunding bonds' obligations are payable, in whole or part, during the calendar years 2001 through 2009; and

(4) the city had in place during 1989 an ordinance providing for excess increments to be distributed under section 469.176, subdivision 2, paragraph (a), clause (4), and the city modified the ordinance to eliminate all or part of the distributions of excess increments.

(b) For calendar years 1990 through 2001, in each year the city must expend for a neighborhood revitalization program, as established under section 27, an amount of revenues derived from tax increments equal to at least:

(1) the amount of the additional principal and interest payments that would have been due for the year on the refunded bonds, if the bonds had not been refunded; and

(2) the amount of money which would have been distributed as excess increments under the city ordinance had it not been modified.

Sec. 27. **[469.1831] NEIGHBORHOOD REVITALIZATION PROGRAMS; FIRST CLASS CITIES.**

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

(b) "Neighborhood action plan" means the plan developed with the participation of neighborhood residents under subdivision 6.

(c) "Neighborhood revitalization program" or "program" means the program developed under subdivision 5.

(d) "Neighborhood revitalization program money" or "program money" means the money derived from tax increments required to be expended on the program under section 26, paragraph (b).

Subd. 2. **ESTABLISHMENT.** A city of the first class may establish a neighborhood revitalization program authorizing the expenditure of neighborhood revitalization program money. The activities of a program must preserve and enhance within the neighborhood private and public physical infrastructure, public health and safety, economic vitality, the sense of community, and social benefits.

Subd. 3. **PURPOSES; QUALIFYING COSTS.** (a) A neighborhood revitalization program may provide for expenditure of program money for the following purposes:

(1) to eliminate blighting influences by acquiring and clearing or rehabilitating properties that the city finds have caused or will cause a decline in the value of properties in the area or will increase the probability that properties in the area will be allowed to physically deteriorate;

(2) to assist in the development of industrial properties that provide employment opportunities paying a livable income to the residents of the neighborhood and that will not adversely affect the overall character of the neighborhood;

(3) to rehabilitate, renovate, or replace neighborhood commercial and retail facilities necessary to maintain neighborhood vitality;

(4) to eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, if the responsible party is unavailable or unable to pay for the cost;

(5) to rehabilitate existing housing and encourage homeownership;

(6) to construct new housing, where appropriate;

(7) to rehabilitate and construct new low-income, affordable rental housing;

(8) to remove vacant and boarded up houses; and

(9) to rehabilitate or construct public facilities necessary to carry out the purpose of the program.

Subd. 4. **PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.** (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where private investment is occurring without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision.

Subd. 5. **NEIGHBORHOOD REVITALIZATION PROGRAM; CONTENTS.** (a) The neighborhood revitalization program must be developed based on the following general principles:

(1) the social needs of neighborhood residents, particularly lower income residents, must be addressed to provide a safe and healthy environment for neighborhood residents, provide for the self-sufficiency of families, and increase the economic and social stability of neighborhoods;

(2) the children residing in the neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually wherever possible; and

(3) the physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.

(b) The neighborhood revitalization program must include the following:

(1) the identification of the neighborhoods that require assistance through the program;

(2) a strategy of the citizen participation required under subdivision 6;

(3) the neighborhood action plans required under subdivision 6;

(4) the activities of participating organizations undertaken to address the general principles; and

(5) an evaluation of the success of the neighborhood action plans.

Subd. 6. **CITIZEN PARTICIPATION REQUIRED.** (a) The neighborhood revitalization program must be developed with the process outlined in this subdivision.

(b) The development of the program must include the preparation of neighborhood action plans. The city must organize neighborhood planning workshops to prepare the neighborhood action plans. The neighborhood workshops must include the participation of, whenever possible, all populations and interests in each neighborhood including renters, homeowners, people of color, business owners, representatives of neighborhood institutions, youth, and the elderly. The neighborhood action plan must be submitted to the policy board established under paragraph (c). The city must provide available resources, information, and technical assistance to prepare the neighborhood action plans.

(c) Each city that develops a program must establish a policy board whose membership includes members of the city council, county board, school board, and citywide library and park board where they exist appointed by the respective governing bodies; the mayor or designee of the mayor; and a representative from the city's house of representatives delegation and a representative from the city's state senate delegation appointed by the respective delegation. The policy board may also include representatives of citywide community organizations, neighborhood organizations, business owners, labor, and neighborhood residents. The elected officials who are members of the policy board may appoint the other members of the board.

(d) The policy board shall review, modify where appropriate, and approve, in whole or in part, the neighborhood action plans and forward its recommendations for final action to the governing bodies represented on the policy board. The governing bodies shall review, modify where appropriate, and give final approval, in whole or in part, to those actions over which they have programmatic jurisdiction.

Subd. 7. **REVIEW OF PROGRAM COMPLIANCE.** The policy board must periodically review the activities funded with program money to determine if the expenditure of the program money is in compliance with the neighborhood revitalization program.

Sec. 28. Laws 1988, chapter 719, article 12, section 30, as amended by Laws 1989, chapter 1, section 11, is amended to read:

Sec. 30. **EFFECTIVE DATES.**

Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. Section 16, subdivision 4h, is effective beginning with administrative costs incurred on May 1, 1990, and notwithstanding Minnesota Statutes, section 469.179, applies to districts and project areas for which certification was requested before August 1, 1979. Section 16, subdivision 4i, is effective for districts for which the request for certification is filed with the county after May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by the city council of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.

Sec. 29. **EXPENDITURE AND REPORT ON NEIGHBORHOOD REVITALIZATION; CITY OF MINNEAPOLIS.**

Subdivision 1. **EXPENDITURE.** The city of Minneapolis shall reserve $10,000,000 in 1990 and $20,000,000 each year from 1991 to 2009 from tax increment and other revenues generated from the Minneapolis community development agency common project, adopted December 30, 1989, to be expended in neighborhood revitalization. None of these revenues shall be expended in 1990.

Subd. 2. **REVIEW AND REPORT.** By January 1, 1991, the city shall review the collaborative process provided under section 27, subdivision 6, involving the county board and school board and citizens in developing priorities for addressing problems of neighborhoods, including housing, safety, drugs, jobs, and education. The city shall report to the legislature by February 1, 1991, on the collaborative process including any changes the city recommends, proposed expenditure of funds, and scope of coordinated activities by county, school, and city.

Sec. 30. **TRANSITION RULES.**

Subdivision 1. **CIRCLE PINES.** Section 21 does not apply to a tax increment financing district created in the city of Circle Pines, if the request for certification is filed by June 30, 1990, to the extent increments are used to clear substandard housing and construct a senior citizen housing project located outside of the district.

Subd. 2. **ECONOMIC DEVELOPMENT; MIXED USE.** Sections 8, 18, and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on February 27, 1989, if the request for certification is filed by May 1, 1992.

Subd. 3. **COMMERCIAL DEVELOPMENT.** Sections 15 and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on April 24, 1989, if the request for certification is filed by June 1, 1991.

Subd. 4. **MEDICAL FACILITIES.** Section 18 does not apply to a tax increment financing district in the city of Mankato to provide assistance to a clinic, medical office, or related facilities, adjacent to a nonprofit hospital, if the request for certification is filed by September 30, 1990.

Subd. 5. **LAKEVILLE.** Sections 8 and 18 do not apply to tax increment financing districts in the city of Lakeville created within I-35 Redevelopment Project No. 1 and which are approved by the city, if the request for certification is filed by September 30, 1990.

Subd. 6. **BURNSVILLE.** Sections 8 and 18 do not apply to a tax increment financing district established by the city of Burnsville for a development consisting of an amphitheatre and solid waste transfer station, if the request for certification is filed by September 30, 1990.

Subd. 7. **COOK COUNTY.** Section 21 does not apply to an authority in Cook county for tax increment financing districts established in a project created by law prior to April 30, 1990, if the request for certification is filed by May 1, 1992.

Sec. 31. **EFFECTIVE DATE.**

(a) Section 1 is effective for school year 1991-1992 and for homestead and agricultural credit aid and local government aids for taxes payable in 1991. Sections 2 to 4, 13, 17, 20, 22, 24, and 26 to 30 are effective May 1, 1990. Sections 5 to 12, 14, 15, 18, 19, and 21 are effective for districts for which certification is requested after April 30, 1990. Sections 16 and 23 are effective for distributions of excess taxes or tax increments received after December 31, 1990. Section 25 is effective for violations occurring after December 31, 1990.

(b) Notwithstanding paragraph (a) or section 1, sections 1, 5 to 12, 14, 15, 18, 19, and 21 apply to a district, if the request for certification was made after March 31, 1990, and before May 1, 1990, and none of the following actions were taken by June 1, 1991: (1) the authority entered into a development agreement for a site located in the district, (2) bonds were issued to finance project costs, or (3) the authority acquired property in the district after April 1, 1990.

ARTICLE 8

EDUCATION FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 1, is amended to read:

Subdivision 1. **HEALTH AND SAFETY PROGRAM.** To receive health and safety revenue a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by June 1 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.83, subdivision 6, is amended to read:

Subd. 6. **USES OF HEALTH AND SAFETY REVENUE.** Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01. The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.

Sec. 3. Minnesota Statutes 1988, section 136D.27, subdivision 2, is amended to read:

Subd. 2. **PROHIBITED LEVIES.** Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136D.27, subdivision 3, is amended to read:

Subd. 3. **PROHIBITED STATE AIDS.** Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 5. Minnesota Statutes 1988, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. **PROHIBITED LEVIES.** Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 6. Minnesota Statutes 1989 Supplement, section 136D.74, subdivision 2b, is amended to read:

Subd. 2b. **PROHIBITED STATE AIDS.** Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 7. Minnesota Statutes 1988, section 136D.87, subdivision 2, is amended to read:

Subd. 2. **PROHIBITED LEVIES.** Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 8. Minnesota Statutes 1989 Supplement, section 136D.87, subdivision 3, is amended to read:

Subd. 3. **PROHIBITED STATE AIDS.** Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 9. Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended by Laws 1963, chapter 645, section 3, Laws 1967, chapter 661, section 3, Laws 1969, chapter 994, section 1, Laws 1975, chapter 320, section 1, Laws 1980, chapter 525, section 2, and Laws 1989, chapter 329, article 5, section 17, is amended to read:

Subd. 10. **SPECIAL SCHOOL DISTRICT NO. 1; MINNEAPOLIS, CITY OF; EXTENDING BONDING AUTHORITY.** As used in this act the word "project" shall mean any proposed new or enlarged school building site, any proposed new school building or any proposed new addition to a school building, and "undertaking" shall mean any other purpose for which bonds may be issued as authorized in this subdivision. Subject to the limitations of subdivision 11, the special independent school district of Minneapolis may issue and sell bonds with the approval of 53 percent of the electors voting on the question at a general school district election or at a school district election held at the same time and place within the district as a state general or primary election, as determined by the board of education. Subject to the provisions of subdivision 11, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year bonds of the district in an amount not to exceed one-half of one percent of the assessed value of the taxable property in the district (plus, for calendar ~~year 1990~~ years 1990 to 1996, an amount not to exceed $7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 11(c). All bonds of the school district shall be payable in not more than 30 years. The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding and equipping of existing school buildings and for the acquisition of sites, construction and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance. The provisions of this act shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued notwithstanding any provisions to the contrary in any other existing law relating thereto.

Sec. 10. **ST. PAUL BONDING AUTHORIZATION; TAX LEVY FOR DEBT SERVICE.**

Subdivision 1. **BONDING AUTHORIZATION.** To provide funds to acquire or better facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed $9,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 124, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

Subd. 2. **TAX LEVY FOR DEBT SERVICE.** To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.

Subd. 3. **EFFECTIVE DATE; LOCAL APPROVAL.** Subdivisions 1 and 2 are effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, sections 645.021, subdivision 3.

Sec. 11. **DULUTH BONDING.**

Subdivision 1. **BONDING AUTHORIZATION.** To provide funds for the acquisition and betterment, as defined in Minnesota Statutes, section 475.51, subdivisions 7 and 8, of existing and new facilities, independent school district No. 709 may, by two-thirds majority vote of all the members of the school board, issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar years 1990 and 1991 may not exceed $9,600,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 709, Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. If the school board proposes to issue bonds under this section, it must publish a resolution describing the proposed bond issue once each week for two successive weeks in a legal newspaper published in the city of Duluth. The bonds may be issued without the submission of the question of their issue to the electors unless within 30 days after the second publication of the resolution a petition requesting an election signed by a number of people residing in the school district equal to 15 percent of the people registered to vote in the last general election in the school district is filed with the recording officer. If such a petition is filed, no bonds shall be issued under this section unless authorized by a majority of the electors voting on the question at the next general or special election called to decide the issue. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4, as made applicable to independent school district No. 709 by Laws 1973, chapter 266.

Subd. 2. **TAX LEVY FOR DEBT SERVICE.** To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 709 shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.

Sec. 12. **TAXPAYER NOTIFICATION.**

Subdivision 1. **APPLICABILITY.** This section applies to any newly authorized bonding authority granted under section 9 or 10. This newly authorized bonding authority is in addition to any existing bonding authority of a school district.

Subd. 2. **MEETING.** A school board must hold a public meeting in each state senate district that is located wholly or partly within the boundaries of the school district. The school board must hold the public meeting to obtain comments and recommendations from residents on the proposed sale of newly authorized bonds described under subdivision 1. The meeting must be in addition to any other scheduled meeting of the school board or its committees. The meeting must be held in an accessible place and at a convenient time for the majority of residents in the affected state senate district. Meetings must be held in each state senate district each year the district sells bonds beginning with calendar year 1990.

Subd. 3. **NOTICE.** A school board must prepare and have delivered by mail a notice of the public meeting on the proposed sale of newly authorized bonds to each senate district postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days prior to the scheduled date of the meeting required for each state senate district under subdivision 2. Notice of the meeting in each state senate district also must be posted in the administrative office of the school district and must be published in the official newspaper of the city in which the school district is located twice during the 14 days preceding the date of the meeting.

The notice must contain the following information:

(1) the proposed amount of bonds to be issued;

(2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;

(3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;

(4) the projected effects on individual property types. The notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartment, and commercial-industrial properties located within each state senate district; and

(5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

Subd. 4. **BOND AUTHORIZATION.** A school board may vote to issue bonds newly authorized under section 9 or 10 only after complying with the

requirements under subdivisions 2 and 3, and an official record of all the meetings in the school district has been filed with the commissioner of education.

Sec. 13. **COLERAINE, LAKE SUPERIOR, CHISHOLM, ELY, EVELETH, GILBERT, BABBITT, AND ST. LOUIS COUNTY SCHOOL DISTRICT BONDS.**

Subdivision 1. **AUTHORIZATION.** Independent school district No. 316, Coleraine, may issue bonds in an aggregate principal amount not exceeding $950,000; independent school district No. 381, Lake Superior, may issue bonds in an aggregate principal amount not exceeding $300,000; independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding $3,500,000; independent school district No. 696, Ely, may issue bonds in an aggregate principal amount not exceeding $1,000,000; independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding $3,500,000; independent school district No. 699, Gilbert, may issue bonds in an aggregate principal amount not exceeding $1,000,000; and independent school district No. 692, Babbitt, may issue bonds in an aggregate principal amount not exceeding $500,000.

Subd. 2. **AUTHORIZATION.** Independent school district No. 710, St. Louis county, may issue bonds in an aggregate amount not to exceed $1,750,000.

Subd. 3. **USES; PROCESS.** The bonds authorized under subdivisions 1 and 2 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 2 is not required. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.

Subd. 4. **APPROPRIATION.** There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1 and 100 percent of the principal and interest on the bonds issued under subdivision 2. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 5. **DISTRICT OBLIGATIONS.** Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 4, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 6. **DISTRICT LEVY.** The school board of each school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 7. **LEVY LIMITATIONS.** Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 8. **BONDING LIMITATIONS.** Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 9. **TERMINATION OF APPROPRIATION.** The appropriation authorized in subdivision 4 shall terminate upon payment or maturity of the last of those bonds.

Subd. 10. **LOCAL APPROVAL.** This section is effective for independent school district No. 316, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 381, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 695, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 696, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 697, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 699, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 692, the day after its governing body complies with Minnesota

Statutes, section 645.021, subdivision 3, and for independent school district No. 710, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. **FUND BALANCE CORRECTION.**

Independent school district No. 624, White Bear Lake, is eligible for reinstatement of the foundation levy lost through the fund balance reduction provisions of the foundation formula for the 1985-1986, 1986-1987, and 1987-1988 school years if the fund balance reduction was the result of either referendum revenues added to the net unappropriated general fund balance or a transfer of funds from the capital expenditure account to the general fund. The district may make a special levy in an amount not to exceed the amount of the levy reduction caused by the tier two foundation levy reductions for the 1985-1986, 1986-1987, and 1987-1988 school years, but not to exceed $1,289,418. The district may levy part of the amount:

(1) in 1990 and the remainder in 1991; or

(2) in 1990 and 1991 and the remainder in 1992.

The district may not receive foundation aid, general education aid, or any other aid as a result of levying under this section.

ARTICLE 9

COURT FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance

programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or 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;

(c) 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; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) 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;

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

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission 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;

(g) 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 or town with statutory city powers in a 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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the

normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action 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, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the

allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8, as amended by section 14;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; and

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3).

If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, as amended by Laws 1990, chapter 480, article 7, section 19, is amended to read:

Subd. 3f. **LEVY LIMIT BASE.** (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the

amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $20 for marriage dissolutions.

(f) For taxes levied in 1989 ~~only,~~ by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988. ~~For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.~~

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit

base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. ~~When the public authority responsible for child support enforcement is a party to any action or proceeding in the district court or according to section 518.551, subdivision 10, no fee is required under this section.~~ The court administrator shall transmit the fees monthly to the ~~county treasurer who shall forward the funds to the~~ state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.551, subdivision 10;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance; or

(8) restitution under section 611A.04.

Sec. 4. Minnesota Statutes 1988, section 477A.012, subdivision 3, is amended to read:

Subd. 3. **AID OFFSET FOR COURT COSTS.** (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost (1) of district court administration and operation of the trial court information system in the county and, (2) in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county and (3) in the case of a county that is located in the eighth judicial district, of the cost of operation of the trial courts in the county during calendar year 1991 less the amount of any special levy under Laws 1989, chapter 335, article 3, section 54, subdivision 8, as amended by section 14. The amount of ~~the amount of~~ the deduction shall be computed as provided in this subdivision.

(b) By October 15, 1989, the board of public defense shall determine and certify to the department of revenue the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata estimated share for each county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1.

(c) One-half of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in 1990 and each subsequent year. One-half of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to a county located in the eighth judicial district under section 477A.015 in 1991 only; except that, if the legislature in its 1991 session does not appropriate funds for the operation of the trial courts in the eighth judicial district for the period July 1, 1991, through December 31, 1991, only 25 percent of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to each county in the eighth judicial district.

(d) If the amount computed under paragraph (b) plus, if applicable, the amount deducted under paragraph (e), exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

(e) By July 15, 1990, the board of public defense and the supreme court shall determine and certify to the department of revenue the final actual budgeted amounts for the activities described in paragraph (b). If the amount certified under paragraph (b) is greater than the amount certified under this paragraph, the excess shall be deducted from the aid payable to the county in 1991 and each subsequent year under this section. If the amount certified under paragraph (b) is less than the amount certified under this paragraph, the difference shall be added to the aid payable to the county in 1991 and each subsequent year under this section.

(f) By August 15, 1990, the supreme court shall determine and certify to the department of revenue for each county located in the eighth judicial district, the county's pro rata estimated share of the operation of the trial courts in the county for calendar year 1991, less an amount equal to the fees and fines collected by the trial courts in the county during calendar year 1989. By August 15, 1990, the board of public defense shall determine and certify to the department of revenue for each of those counties, the county's pro rata estimated share of the base funding for the cost of court-appointed defense services other than those specified in section 275.51, subdivision 3f, for calendar year 1991.

Sec. 5. Minnesota Statutes 1988, section 611.20, is amended to read:

611.20 **SUBSEQUENT ABILITY TO PAY COUNSEL.**

If at any time after the state public defender or a district public defender has been directed to act, the court having jurisdiction in the matter is satisfied that the defendant or other person is financially able to obtain counsel or to make partial payment for the representation, the court may terminate the appointment of the public defender, unless the person so represented is willing to pay therefor. If a public defender continues the representation, the court shall direct payment for such representation as the interests of justice may dictate. Any payments directed by the court shall be ~~deposited with~~ recorded by the court administrator ~~thereof and the court administrator shall forthwith remit the amount thereof to the treasurer of the governmental unit chargeable with the compensation of such public defender for deposit in the treasury to the credit of the general revenue fund of such governmental unit or units~~, who shall transfer the payments to the governmental unit responsible for the costs of the public defender.

If at any time after appointment a public defender should have reason to believe that a defendant is financially able to obtain counsel or to make partial payment for counsel, it shall be the public defender's duty to so advise the court so that appropriate action may be taken.

Sec. 6. Minnesota Statutes 1988, section 611.215, subdivision 1, is amended to read:

Subdivision 1. **STRUCTURE; MEMBERSHIP.** (a) The state board of pub-

lic defense is a part of, but is not subject to the administrative control of, the judicial branch of government. The state board of public defense shall consist of seven members including:

(1) a district court judge appointed by the supreme court;

(2) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not employed as prosecutors, appointed by the supreme court; and

(3) two public members appointed by the governor.

(b) All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. The terms, compensation, and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

(c) In addition, the state board of public defense shall consist of ~~an 11-member~~ a nine-member ad hoc board when considering the appointment of district public defenders under section 611.26, subdivision 2. The terms of district public defenders currently serving shall terminate in accordance with the staggered term schedule set forth in section 611.26, subdivision 2.

Sec. 7. Minnesota Statutes 1989 Supplement, section 611.26, subdivision 2, is amended to read:

Subd. 2. The state board of public defense shall appoint a district public defender. When appointing a district public defender, the state board of public defense membership shall be increased to include two judges of the district ~~and two county commissioners of the counties within the district~~. The additional members shall serve only in the capacity of selecting the district public defender. The judges within the district shall elect their two ad hoc members. ~~The two county commissioners within the district shall be selected by the county boards of the counties within the district.~~ The ad hoc state board of public defense shall appoint a district public defender only after requesting and giving reasonable time to receive any recommendations from the public, the local bar association, and the judges of the district~~, and the county commissioners within the district~~. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning November 1, pursuant to the following staggered term schedule: (1) in 1987, the third and eighth districts; (2) in 1988, the first and tenth districts; (3) in 1989, the fifth and ninth districts; (4) in 1990, the sixth and seventh districts; (5) in 1991, the second, ~~fourth~~ third, and eighth districts; and (6) in 1992, the first, ~~third~~ fourth, and tenth districts. The district public defenders shall serve for staggered four-year terms and may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 8. Minnesota Statutes 1988, section 611.26, subdivision 3, is amended to read:

Subd. 3. The compensation of the district public defender shall be set by the board of public defense. The compensation of each assistant district public defender shall be set by the district public defender with the approval of the board of public defense. The compensation for district public defenders may not exceed the prevailing compensation for county attorneys within the district, and the compensation for assistant district public defenders may not exceed the prevailing compensation for assistant county attorneys within the district. To assist the board of public defense in determining prevailing compensation under this subdivision, counties shall ~~include in their review and comment on proposed district public defender budgets~~ provide to the board information on the compensation of county attorneys, including salaries and benefits, rent, secretarial staff, and other pertinent budget data. For purposes of this subdivision, compensation means salaries, cash payments, and employee benefits including paid time off and group insurance benefits, and other direct and indirect items of compensation including the value of office space provided by the employer.

Sec. 9. Minnesota Statutes 1988, section 611.27, is amended to read:

611.27 **FINANCING THE OFFICES OF DISTRICT PUBLIC DEFENDER.**

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district.

(b) A district public defender shall annually submit a comprehensive budget to the state board of public defense. The budget shall be in compliance with standards and forms required by the board and must, at a minimum, include detailed substantiation as to all revenues and expenditures. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

Within ten days after an assistant district public defender is appointed, the district public defender shall certify to the state board of public defense the compensation that has been recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district court administrators and county budget officers for comment before the board's final approval of the budget. The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender that includes all expenses. After the board determines the allocation of the state funds authorized pursuant to paragraph (e), the board shall apportion the expenses of the district public defenders among the several counties and each county shall

pay its share in monthly installments. The county share is the proportion of the total expenses that the population in the county bears to the total population in the district as determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's expenses for the services performed in said county.

(d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either (1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Money appropriated to the state board of public defense for the board's administration, for the state public defender, for the judicial district public defenders, and ~~the public defender must be spent with the approval of the state board of public defense for the board's administration and for the state public defender and public defense corporations in amounts determined by the board~~ for the public defense corporations shall be expended as determined by the board. ~~Funds may also be distributed by the state board of public defense to district public defenders including those in Hennepin and Ramsey counties. In making distributions to district public defenders, priority must be given, to the extent feasible and reasonable, to those districts having the greatest number of felonies and gross misdemeanors, and to those districts having the greatest number of distressed counties designated under section 297A.257. The board shall further consider each district's number of dispositions, such as jury trials, court trials and guilty pleas, the number of court appearances, and other trial-related financial data, and any special needs of districts organized in the calendar year 1987~~ In distributing funds to district public defenders, the board shall consider the results of the weighted case load study.

Subd. 2. The state board of public defense, after ~~consultation with the county boards~~ receiving an appropriation from the legislature for payment of district public defender costs, shall designate the county officials of one ~~or more counties~~ county within the district as a host county to ~~pay~~ reimburse the expenses of the district public defender. A county selected by the board must serve as the designee. The county share assessed under subdivision 1 against each county of the district must be paid to the county treasurer of the designated county. The board may reimburse the designated ~~counties~~ county for extra costs incurred. ~~The board must provide for a revolving fund in the custody of the officials of the designated county into which each county must pay an initial deposit and its respective share of the expenses of the office of district public defender and from which the expenses of said office shall be paid in the manner provided in Laws 1965, chapter 869.~~

Subd. 3. If the state public defender or a district public defender deems it

necessary to make a motion for a new trial, to take an appeal, or other postconviction proceedings in order to properly represent a defendant or other person whom that public defender had been directed to represent, that public defender may use the transcripts of the testimony and other proceedings filed with the court administrator of the district court as provided by section 243.49.

Subd. 4. **COUNTY PORTION OF COSTS.** ~~The effective date of this section shall be January 1, 1966.~~ That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, 1990, and July 1, 1991. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, fourth, and eighth judicial districts.

Sec. 10. Minnesota Statutes 1988, section 611.271, is amended to read:

611.271 **COPIES OF DOCUMENTS; FEES.**

The court administrators of all courts ~~and justices of peace~~ shall furnish upon the request of the ~~office of~~ district public defender or the state public defender copies of any documents in their possession ~~and shall bill the office of the state public defender for these copies after they have been furnished. The fees for such documents shall be $2 plus 12 cents for each page of the documents furnished~~ at no charge to the public defender.

Sec. 11. Minnesota Statutes 1988, section 629.292, subdivision 1, is amended to read:

Subdivision 1. **REQUEST FOR DISPOSITION; NOTIFICATION OF PRISONER.** (a) Any person who is imprisoned in a penal or correctional institution or other facility in the department of corrections of this state may request final disposition of any untried indictment or ~~information~~ complaint pending against the person in this state. The request shall be in writing addressed to the court in which the indictment or ~~information~~ complaint is pending and to the prosecuting attorney charged with the duty of prosecuting it, and shall set forth the place of imprisonment.

(b) The commissioner of corrections or other official designated by the commissioner having custody of prisoners shall promptly inform each prisoner in writing of the source and nature of any untried indictment or ~~information~~ complaint against the prisoner of which the commissioner of corrections or such official had knowledge or notice and of the prisoner's right to make a request for final disposition thereof.

(c) Failure of the commissioner of corrections or other such official to inform a prisoner, as required by this section, within one year after a detainer has been filed at the institution shall entitle the prisoner to a final dismissal of the indictment or ~~information~~ complaint with prejudice.

Sec. 12. Laws 1989, chapter 335, article 3, section 38, is amended to read:

Sec. 38. **TRANSITION, PUBLIC DEFENDERS; SECOND AND FOURTH DISTRICTS.**

The district public ~~defender~~ defenders of the second and fourth judicial ~~district~~ districts serving on July 1, 1989, shall continue in office until the expiration of ~~the term to which appointed or until August 1, 1991, whichever date is later~~ their terms.

~~The district public defender of the fourth judicial district serving on July 1, 1989, shall continue in office until the expiration of the term to which appointed or until August 1, 1991, whichever date is later.~~

Sec. 13. Laws 1989, chapter 335, article 3, section 44, is amended to read:

Sec. 44. **APPLICATION.**

Sections 45 to 54, except the parts of section 54, that by their terms have broader application, apply only in the eighth judicial district for the period from January 1, 1990, to ~~June 30~~ December 31, 1991.

Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to ~~June 30~~ December 31, 1991.

Sec. 14. Laws 1989, chapter 335, article 3, section 54, subdivision 8, is amended to read:

Subd. 8. **LEVY.** ~~During the pilot project~~ For taxes payable in 1991 only the counties that make up the eighth judicial district shall continue to levy for and pay the costs to operate the eighth judicial district and public defense services that the state does not fund during the eighth district project. The supreme court shall certify to the counties on or before ~~October 1 of each year~~ August 15, 1990, the amount necessary in excess of the state-funded eighth district project costs. The counties are responsible on a per capita prorated basis for the costs that the state is not assuming. These include but are not limited to capital costs, rent, and other associated costs. The county administrator of each of the counties shall consult with the supreme court and the eighth judicial district administrator regarding these costs before setting county budgets and levies for calendar year 1990. Each county shall pay its assessed share to the state court administrator for the operation of the pilot project on or before May 15, 1991.

Sec. 15. Laws 1989, chapter 335, article 3, section 58, as amended by Laws 1989, chapter 356, section 67, and Laws 1989, First Special Session chapter 1, article 5, section 48, subdivision 3, is amended to read:

Subd. 3. **JANUARY 1, 1991; ALL DISTRICTS.** That portion of section 6 which amends the first sentence of Minnesota Statutes 1989 Supplement, section

357.021, subdivision 1a, requiring counties to pay filing fees in district court actions is effective January 1, ~~1991~~ 1992, for counties in all judicial districts.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes Second 1989 Supplement, section 3.885, subdivision 8, is amended to read:

Subd. 8. **POLITICAL SUBDIVISION REPORTING.** No later than November 15, ~~1990~~ 1991, the commission shall make recommendations to appropriate standing committees of the legislature on any changes in uniform accounting and financial reporting methods necessary to assure public and legislative oversight of expenditures by cities, counties, towns, and special service districts. The recommendations shall consider opportunities for on-line access by appropriate state officers to political subdivision accounts. In preparing these recommendations, the commission shall consult with the state auditor, the legislative auditor, and the commissioners of finance and revenue.

Sec. 2. Minnesota Statutes 1988, section 3.885, is amended by adding a subdivision to read:

Subd. 9. **LOCAL GOVERNMENT RULE APPEALS.** Any local government may appeal to the commission to review any existing or proposed rule as defined in section 14.02, subdivision 4, on the grounds that the rule imposes a fiscal or administrative burden on local governments which is unnecessary in order for the local governments to accomplish the statewide policy goals and requirements of the statute authorizing the rule. As used in this subdivision, a "local government" is a county, home rule charter or statutory city, or town. The commission may hold a public hearing on a local government's appeal of a rule and may, on the basis of testimony received at the public hearing, suspend any rule by affirmative vote of at least half of its members. The procedures provided in sections 14.40, subdivision 4, 14.42, and 14.43, shall apply to suspension of rules under this subdivision.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 3.982, is amended to read:

3.982 **FISCAL NOTES FOR STATE-MANDATED ACTIONS.**

When a bill ~~proposing a new or expanded mandate on a political subdivision~~ is introduced and referred to a standing committee, ~~the head of each affected department or agency of the state government shall~~ the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision. If the commissioner determines that a new or expanded

mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected political subdivisions. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations on political subdivisions, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the political subdivisions. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.

Sec. 4. Minnesota Statutes 1988, section 16A.1541, is amended to read:

16A.1541 **ADDITIONAL REVENUES; PRIORITY.**

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget and cash flow reserve account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in November 1990, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget and cash flow reserve account to $550,000,000 and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to 27 percent before money is allocated to the budget and cash flow reserve account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 5. Minnesota Statutes 1989 Supplement, section 115A.981, subdivision 3, is amended to read:

Subd. 3. **AGENCY REPORT.** The agency shall report to the legislative commission on waste management by July 1 of each year on the viability of the state's waste processing and disposal capability, the status of competitive forces in the market including recycling, composting, waste reduction and incineration, the extent to which existing fees for services are sufficient for facility development, engineering, environmental and safety factors, the progress of the industry in meeting the state's waste management goals, and recommendations for regu-

lations to ensure protection of human health and the environment. In preparing the report, the agency shall consider information received under subdivision 2.

The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h; and

(3) an annual update addressing how each facility is meeting its financial responsibility under section 116.07, subdivision 4h.

Sec. 6. Minnesota Statutes 1988, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. **FINANCIAL RESPONSIBILITY RULES.** (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

(b) The agency shall amend the rules adopted under paragraph (a) to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules must include at least:

(1) a requirement that the governing body of the municipality enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;

(2) a requirement that the municipality assure that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;

(3) a requirement that when a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and

(4) a requirement that a municipality have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(c) Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules. The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility.

Sec. 7. **[116J.871] FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE.**

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (i) financial assistance for rehabilitation of existing housing or (ii) financial assistance for new housing construction in which total financial assistance at a single project site is less than $100,000.

(c) "Financial assistance" means (i) a grant awarded by a state agency for economic development related purposes if a single business receives $200,000 or more of the grant proceeds; (ii) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives $500,000 or more of the loan proceeds; or (iii) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 268.0111, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, the Greater Minnesota Corporation, and the iron range resources and rehabilitation board.

Subd. 2. **PREVAILING WAGE REQUIRED.** A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6.

Subd. 3. **PREVAILING WAGE; PENALTY.** It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. This misdemeanor is punishable by a fine of not more than $700, or imprisonment for not more than 90 days, or both. Each day a violation of this subdivision continues is a separate offense.

Subd. 4. **NOTIFICATION.** A state agency shall notify any person applying for financial assistance from the state agency of the requirements under subdivision 2 and of the penalties under subdivision 3.

Subd. 5. **EXCEPTION.** Nothing in this section denies any financial assistance granted to or qualified for by a person whose construction, installation, remodeling, or repairs commenced prior to August 1, 1990.

Sec. 8. **STUDY OF PREVAILING WAGE SYSTEM.**

Subdivision 1. **STUDY REQUIRED; CONTENTS.** The management analysis division of the department of administration shall study and evaluate the prevailing wage system in this state. The study must analyze:

(1) whether the method of determining prevailing wage rates is adequate and reasonable;

(2) whether current enforcement of the law is consistent with the intent of Minnesota Statutes, sections 177.41 to 177.44; and

(3) the variations in prevailing wage rates among counties in Minnesota and between Minnesota and federal prevailing wage rates.

Subd. 2. **REPORT.** The commissioner of administration shall report its findings to the legislature by February 1, 1991.

Subd. 3. **APPROPRIATION.** $100,000 is appropriated from the general fund to the commissioner of administration to meet the cost of conducting the study.

Sec. 9. **[270.0682] TAX INCIDENCE REPORTS.**

Subdivision 1. **BIENNIAL REPORT.** The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality, (2) by income classes, including at a minimum deciles of the income distribution, and (3) by other appropriate taxpayer characteristics.

Subd. 2. **BILL ANALYSES.** At the request of the chair of the house tax committee or the senate committee on taxes and tax laws, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than $20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.

Subd. 3. **INCOME MEASURE.** The incidence analyses shall use the broadest measure of economic income for which reliable data is available.

Sec. 10. Minnesota Statutes 1988, section 279.06, is amended to read:

279.06 **COPY OF LIST AND NOTICE.**

Subdivision 1. **LIST AND NOTICE.** Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)
) ss.
County of .....)

District Court
..... Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of ..... remaining delinquent on the first Monday in January, 19....., has been filed in the office of the court administrator of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or

before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19... The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of ..... county whose address is ..... .

(Signed) .....,

Court Administrator of the District Court of the County

of .....

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of ....., on which taxes remain delinquent on the first Monday in January, 19...:

Town of (Fairfield),

Township (40), Range (20),

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty $ cts.
John Jones	S.E. 1/4 of S.W. 1/4	10	23101	2.20

New language is indicated by underline, deletions by ~~strikeout~~.

(825 Fremont Fairfield, MN 55000) Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)

Brown's Addition, or Subdivision

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who have Filed Their Addresses Pursuant to section 276.041	Lot	Block	Tax Parcel Number	Total Tax and Penalty $ cts
John Jones (825 Fremont Fairfield,	15	9	58243	2.20

MN 55000) Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Subd. 2. **FORM OF LIST AND NOTICE.** Notwithstanding the provisions of subdivision 1, the commissioner of revenue shall prescribe the form of the list and notice required under subdivision 1. The form shall contain the information required under subdivision 1, but shall be organized and presented in a manner easily read and understood. The print must be easily read and contain standard use of capital and lower-case letters. The court administrator shall use the form prescribed by the commissioner for purposes of this section.

Sec. 11. **[289A.65] ADMINISTRATIVE REVIEW.**

Subdivision 1. **TAXPAYER RIGHT TO RECONSIDERATION.** A taxpayer may obtain reconsideration by the commissioner of an order assessing tax, a denial of a request for abatement of penalty, or a denial of a claim for refund by filing an administrative appeal under subdivision 4. A taxpayer cannot obtain reconsideration under this section if the action taken by the commissioner is the outcome of an administrative appeal.

Subd. 2. **APPEAL BY TAXPAYER.** A taxpayer who wishes to seek administrative review must follow the procedures in subdivision 4.

Subd. 3. **NOTICE DATE.** For purposes of this section, the term "notice date" means the date of the order adjusting the tax or order denying a request for abatement, or, in the case of a denied refund, the date of the notice of denial.

Subd. 4. **TIME AND CONTENT FOR ADMINISTRATIVE APPEAL.** Within 60 days after the notice date, the taxpayer must file a written appeal with the commissioner. The appeal need not be in any particular form but must contain the following information:

(1) name and address of the taxpayer;

(2) if a corporation, the state of incorporation of the taxpayer, and the principal place of business of the corporation;

(3) the Minnesota identification number or social security number of the taxpayer;

(4) the type of tax involved;

(5) the date;

(6) the tax years or periods involved and the amount of tax involved for each year or period;

(7) the findings in the notice that the taxpayer disputes;

(8) a summary statement that the taxpayer relies on for each exception; and

(9) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

Subd. 5. **EXTENSIONS.** When requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period not more than 30 days from the expiration of the 60 days from the notice date.

Subd. 6. **DETERMINATION OF APPEAL.** On the basis of applicable law and available information, the commissioner shall determine the validity, if any, in whole or part of the appeal and notify the taxpayer of the decision. This notice must be in writing and contain the basis for the determination.

Subd. 7. **AGREEMENT DETERMINING TAX LIABILITY.** When it appears to be in the best interests of the state, the commissioner may settle any taxes, penalties, or interest that the commissioner has under consideration by virtue of an appeal filed under this section. An agreement must be in writing and signed by the commissioner and the taxpayer, or the taxpayer's representative authorized by the taxpayer to enter into an agreement. The agreement must be filed in the office of the commissioner.

Subd. 8. **APPEAL OF AN ADMINISTRATIVE DETERMINATION.** Following the determination or settlement of an appeal and notwithstanding any period of limitations for making assessments or other determinations to the contrary, the commissioner must issue an order reflecting that disposition. If the statute of limitations for making assessments or other determinations would have expired before the issuance of this order, except for this section, the order is limited to issues or matters contained in the appealed determination. Except in the case of an agreement determining tax under this section, the order is appealable to the Minnesota tax court under section 271.06.

Subd. 9. **APPEAL WHERE NO DETERMINATION.** If the commissioner does not make a determination within six months of the filing of an administrative appeal, the taxpayer may elect to appeal to tax court.

Subd. 10. **EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.** This section is not subject to chapter 14.

Sec. 12. Minnesota Statutes 1988, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. **EXCEPTIONS.** The provisions of subdivision 1 do not apply to (1) gasoline purchased by a transit system ~~owned by one or more statutory or home rule charter cities or towns~~ receiving financial assistance under section 174.24 or 473.384, or (2) to sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 13. Minnesota Statutes 1988, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. **EXCEPTIONS.** The provisions of subdivision 1 do not apply to (1) special fuel purchased by a transit system ~~owned by one or more statutory or home rule charter cities or towns~~ receiving financial assistance under section 174.24 or 473.384, or (2) to sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 14. Minnesota Statutes 1988, section 297.07, subdivision 5, is amended to read:

Subd. 5. **OFFSET.** Upon audit, if a distributor's return reflects an ~~overpayment, the overpayment may only be offset against an additional tax liability for the month immediately preceding or immediately after the month of overpayment.~~ overage, the overage shall be offset against a shortage, if any, in the month immediately preceding the month of the overage. If any overage remains after that offset, the remainder may only be offset against a shortage, if any, in the month immediately following the month of the overage.

Sec. 15. Minnesota Statutes 1988, section 298.015, subdivision 1, is amended to read:

Subdivision 1. **TAX IMPOSED.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all mineral and energy resources mined or extracted within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law. The tax is due by June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 16. Minnesota Statutes 1988, section 298.017, is amended to read:

298.017 **DEDUCTIONS.**

Subdivision 1. **DEDUCTIONS NOT ALLOWED.** For purposes of calculating the net proceeds under section 298.015, the following expenses are not deductible: (1) all sales, marketing, and interest expenses; (2) all insurance expense and taxes, except as specifically provided in this section; (3) all administrative expenses outside of Minnesota; (4) any research expense prior to production; (5) ~~all~~ funds set aside during production years to pay for reclamation expenses after production ends; (6) royalty expenses, depletion allowances, and cost of mining land.

Subd. 2. **DEDUCTIONS ALLOWED.** (a) In calculating the net proceeds for the purpose of determining the tax provided in section 298.015, only those expenses specifically allowed in this subdivision may be deducted from gross proceeds. The carryback or carryforward of deductions shall not be allowed.

(b) Ordinary and necessary expenses actually paid for the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products for:

(1) labor, including wages, salaries, fringe benefits, unemployment and workers' compensation insurance;

(2) machinery, equipment, and supplies, including any sales and use tax paid on it, except that machinery and equipment subject to depreciation shall only be deductible under clause (b)(3);

(3) depreciation as defined and allowed by section 167 of the Internal Revenue Code of 1986, as amended through December 31, 1986; ~~and~~

(4) administrative expenses inside Minnesota; and

(5) reclamation costs actually incurred in Minnesota and paid in a year of production, including the payment of bonds required by the provisions of an environmental permit issued by the state of Minnesota

are deductible.

(c) Ordinary and necessary expenses of transporting metal or mineral products are allowed as a deduction if the costs are included in the sale price of the products.

(d) Expenses of exploration, research, or development in this state for the mining and processing of minerals within Minnesota paid in a production year are deductible in the production year.

(e) Expenses of exploration and development in Minnesota incurred prior to

production must be amortized and deducted on a straight-line basis over the first five years of production.

Sec. 17. Minnesota Statutes 1988, section 298.05, is amended to read:

298.05 **MINING COMPANIES TO REPORT ANNUALLY.**

Every person engaged in such mining or production of ores shall, annually, on or before ~~the first day of~~ March 15, file with the commissioner of revenue, under oath, a correct report, in such form and containing such information as the commissioner may require, covering the preceding calendar year.

Sec. 18. Minnesota Statutes 1988, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ 1990 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~$1.90~~ $1.975 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988~~ 1991 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~$1.90~~ $1.975 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or

olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 19. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

Subd. 11. **LIMITATIONS; LAST EIGHT MONTHS OF DURATION.** This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.

Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.

If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.

Sec. 20. Minnesota Statutes 1988, section 473.845, subdivision 4, is amended to read:

Subd. 4. **EXPENDITURE NOTIFICATION AND COMMISSION RECOMMENDATION.** (a) The commissioner shall notify the chair and the director of the legislative commission on waste management before making expenditures from the fund.

(b) The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.

Sec. 21. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 7. **DEBT LIMIT RESERVATION.** A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of

providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the pollution control agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. **REPORTS.** (a) The chief executive officer of every pension or investment fund, corporation, or limited partnership, except a family farm corporation or a family farm limited partnership, that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information and documents:

(1) The name of the pension or investment fund, corporation, or limited partnership and its place of incorporation, certification, or registration;

(2) The address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or limited partnership, the address of its principal office in its place of incorporation, certification, or registration;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, limited partnership, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) The farm products which the pension or investment fund, limited partnership, or corporation produces or intends to produce on its agricultural land;

(6) With the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and

(7) With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, limited partnership, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a $500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. Laws 1990, chapter 480, article 1, section 3, subdivision 14, is amended to read:

Subd. 14. **VOTER REGISTRATION FORM.** The commissioner shall insert securely in the individual income tax return form or instruction booklet distributed for an odd-numbered year a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state. This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.

Sec. 24. **SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The lands that may be conveyed are located in Otter Tail county and are described as:

(1) Lot 13, Sylvanus Crest, Clitherall Township;

(2) Lot 14, Sylvanus Crest, Clitherall Township;

(3) Government Lot 8, Section 32, Township 133, Range 43;

(4) A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10'W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41'W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14'E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19'W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34'W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41'E) seventy-five (75.0) feet to the point of beginning;

(5) All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;

(6) Lot 1, Silent Acres, Dora Township.

(d) The county has determined that these lands have little or no potential use as a public access or for other types of public ownership and will realize a higher and better use under private ownership.

Sec. 25. **CANCELLATION OF HAYLIFT PROGRAM DEBTS.**

Any remaining balance on a department of agriculture account receivable resulting from operation of the 1989 drought emergency farm haylift program which the department is required to collect is canceled on the effective date of this section.

Sec. 26. **[115A.923] [Subd. 1a.] PAYMENT OF THE GREATER MINNESOTA LANDFILL CLEANUP FEE.**

The operator of a disposal facility in greater Minnesota shall pay the fee required under Minnesota Statutes, section 115A.923, subdivision 1, to the county or sanitary district where the facility is located, except that the operator of a facility that is owned by a statutory or home rule city shall pay the fee to the city that owns the facility. The county, city, or sanitary district may use the revenue from the fee only for the purposes specified in section 115A.919.

Sec. 27. **APPROPRIATION TO STEARNS COUNTY FOR KIDNAPPING INVESTIGATION COST.**

$100,000 is appropriated from the general fund to the commissioner of public safety for a grant to Stearns county for the investigation of criminal activity connected with a kidnapping.

Sec. 28. **METRODOME ATHLETIC EVENTS.**

$500,000 is appropriated to the commissioner of trade and economic development to provide part of the state's contribution for the state to host the International Special Olympics in 1991 and the world championship football game sponsored by the national football league in 1992. $250,000 is for each event for fiscal year 1991. Metrodome facilities must be provided to both events at no charge. This appropriation does not cancel and is available through fiscal year 1992.

Sec. 29. **DEPARTMENT OF REVENUE APPROPRIATION.**

There is appropriated from the general fund to the commissioner of revenue the following amounts for the administration of this act.

Total	Fiscal year 1990	Fiscal year 1991
$400,000	$125,000	$275,000
Summary by purpose		
Tax incidence study		$ 50,000
Corporate AMT		$105,000

Taxpayer bill of rights	$125,000	$ 25,000
Tax increment financing		$ 45,000
Renters' credit		$ 50,000

The appropriation for administration of the taxpayer bill of rights for fiscal year 1990 is available until June 30, 1991.

Sec. 30. **APPROVED COMPLEMENT.**

The approved complement of the department of revenue is increased by three for fiscal year 1991.

Sec. 31. **BUDGET RESERVE REDUCED.**

Upon adjournment sine die of the 1990 legislature, the commissioner of finance, with the approval of the governor, shall reduce the amount in the budget and cash flow reserve account established in Minnesota Statutes, section 16A.15, subdivision 6, as needed to balance general fund expenditures with revenues for the biennium ending June 30, 1991. Notwithstanding section 16A.15, subdivision 1, paragraph (a), the commissioner need not consult with the legislative advisory commission before making the reduction.

Sec. 32. **REPEALER.**

(a) Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; and 115A.928 are repealed.

Laws 1987, chapter 348, section 51, subdivision 5, is repealed.

(b) Section 2 is repealed.

Sec. 33. **EFFECTIVE DATE.**

Section 11 is effective for assessments or other determinations made on or after August 1, 1990. Sections 12 and 13 are effective for purchases after December 31, 1990. Sections 14, 24, and 25 are effective the day following final enactment. Sections 15 and 16 are effective for taxable years beginning after June 30, 1990. Section 17 is effective for taxable years beginning after December 31, 1990. Section 22 is effective the day following final enactment, but the provision allowing for an agreement concerning reduction or waiver of a civil penalty for late filing applies to a filing due April 15, 1989, or thereafter. Section 32, paragraph (b), is effective July 1, 1992.

Presented to the governor April 28, 1990

Signed by the governor May 7, 1990, 10:06 a.m.

New language is indicated by underline, deletions by ~~strikeout~~.