

**SESSION LAWS**  
**of the**  
**STATE OF MINNESOTA**

**ENACTED BY THE EIGHTY-SECOND LEGISLATURE**

**AT THE FIRST SPECIAL SESSION IN 2002,**

**SEPTEMBER 19**

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**CHAPTER 1—H.F.No. 1**

*An act relating to flood relief in designated counties; providing for temporary waivers of certain program requirements and other relief; modifying certain property tax and aid provisions in designated counties; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 2002, sections 256I.05, subdivision 1; 273.11, by adding a subdivision; 469.177, by adding a subdivision; 477A.015; Laws 2001, First Special Session chapter 12, section 10, as amended; Laws 2002, chapter 393, section 7, subdivision 20; proposing coding for new law in Minnesota Statutes, chapter 273.*

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

Section 1. **APPROPRIATIONS.**

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund to be spent to acquire and to better publicly owned land and buildings and other public improvements of a capital nature, and from other named funds, for flood relief as specified in this act, in the area designated under Presidential Declaration of Major Disaster, DR-1419, whether included in the original declaration or added later by federal government action, referred to in this act as "the area included in DR-1419." The appropriations are for fiscal year 2003, unless otherwise specified. The appropriations from the bond proceeds fund and other named funds are available until expended, unless otherwise specified. If there is a shortage of money for a program or project funded in this act, or in the funds available for state and local match under Minnesota Statutes, section 12.221, unused general fund money appropriated for any other program or project in this act may be transferred by an interagency agreement approved by the commissioner of finance to cover the shortfall.

## SUMMARY

PUBLIC SAFETY	\$ 8,300,000
HOUSING FINANCE AGENCY	4,000,000
TRADE AND ECONOMIC DEVELOPMENT	6,000,000
AGRICULTURE	3,000,000
CHILDREN, FAMILIES, AND LEARN- ING	40,000
TRANSPORTATION	17,115,000
REVENUE	1,000,000
FINANCE	15,000
CANCELLATION	(10,100,000)
TOTAL APPROPRIATIONS	\$ 29,370,000

## Summary by Fund

Bond Proceeds Fund	11,315,000
General Fund	(60,000)
Petroleum Tank Release Cleanup Fund	1,000,000
Trunk Highway Fund	2,000,000
State Transportation Fund	
Bond Proceeds Account	5,000,000
Trunk Highway Bond Proceeds	10,115,000
Sec. 2. PUBLIC SAFETY	8,300,000

To the commissioner of public safety for the state and local match of federal disaster assistance funds under Minnesota Statutes, section 12.221. This appropriation is available to fund 100 percent of the state and local match obligations for publicly owned capital improvement projects incurred through the receipt of federal disaster assistance.

Sec. 3. HOUSING FINANCE 4,000,000

Subdivision 1. For transfer to the housing development fund for the programs specified in this section.

Subd. 2. Economic Development and Housing Challenge 3,000,000

For the economic development and housing challenge program under Minnesota Statutes, section 462A.33, for housing assistance in the area included in DR-1419. For assistance under this subdivision, the requirements of Minnesota Statutes, section 462A.33, subdivisions 3 and 5, and Minnesota Rules, part 4900.3632, are waived.

This is a onetime appropriation from the general fund.

Subd. 3. Rental Housing Loans 1,000,000

For loans for publicly owned permanent rental housing to local units of government under Minnesota Statutes, section 462A.202, subdivision 3a.

Sec. 4. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. To the commissioner of trade and economic development for purposes of this section 6,000,000

Subd. 2. Minnesota Investment Fund 3,000,000

To the Minnesota investment fund for grants to local units of government for locally administered grants or loan programs for businesses directly and adversely affected by the flood. Criteria and requirements must be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions

3, 4, 5, and 7, 116J.993, 116J.994, and 116J.995, are waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1419.

This is a onetime appropriation from the general fund.

Subd. 3. Petroleum Cleanup 1,000,000

Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, up to \$1,000,000 is for grants to safely rehabilitate buildings if a portion of the rehabilitation costs is attributable to petroleum contamination or to buy out property substantially damaged by a petroleum tank release.

This is a onetime appropriation from the petroleum tank release cleanup fund.

Subd. 4. Public Infrastructure 2,000,000

To the public facilities authority for grants to local units of government to assist with the cost of rehabilitation and replacement of publicly owned infrastructure, including storm sewers, wastewater and municipal utility service, and drinking water systems. For the purposes of this appropriation, criteria, limitations, and repayment requirements in Minnesota Statutes, sections 446A.07, 446A.072, and 446A.081, are waived.

Sec. 5. AGRICULTURE 3,000,000

To the commissioner of agriculture to make disaster payments to farmers under section 20. The commissioner may use up to \$50,000 to administer the program.

This is a onetime appropriation from the general fund.

Sec. 6. CHILDREN, FAMILIES, AND  
LEARNING

40,000

Subdivision 1. To the commissioner of children, families, and learning for the purposes of this section. This is a onetime appropriation from the general fund.

Subd. 2. **FISCAL YEAR 2003.** For fiscal year 2003 only, independent school district No. 682, Roseau, is eligible for flood enrollment impact aid equal to the lesser of (a) the product of the general education formula allowance for fiscal year 2003 times the reduction, if any, in the district's adjusted marginal cost pupil units between the 2001-2002 school year and the 2002-2003 school year or (b) \$40,000.

Subd. 3. **FISCAL YEAR 2004.** For fiscal year 2004 only, independent school district No. 682, Roseau, is eligible for flood enrollment impact aid equal to the lesser of (a) the product of the general education formula allowance for fiscal year 2004 times 75 percent of the reduction, if any, in the district's adjusted marginal cost pupil units between the 2001-2002 school year and the 2003-2004 school year or (b) \$30,000.

Subd. 4. **FISCAL YEAR 2005.** For fiscal year 2005 only, independent school district No. 682, Roseau, is eligible for flood enrollment impact aid equal to the lesser of (a) the product of the general education formula allowance for fiscal year 2005 times 50 percent of the reduction, if any, in the district's adjusted marginal cost pupil units between the 2001-2002 school year and the 2004-2005 school year or (b) \$20,000.

Subd. 5. **FISCAL YEAR 2006.** For fiscal year 2006 only, independent school district No. 682, Roseau, is eligible for flood en-

rollment impact aid equal to the lesser of (a) the product of the general education formula allowance for fiscal year 2006 times 25 percent of the reduction, if any, in the district's adjusted marginal cost pupil units between the 2001-2002 school year and the 2005-2006 school year or (b) \$10,000.

Sec. 7. TRANSPORTATION 17,115,000

Subdivision 1. To the commissioner of transportation for the purposes of this section.

Subd. 2. State Trunk Highways and Bridges 2,000,000

For the reconstruction and repair of trunk highways and trunk highway bridges that are located in the area included in DR-1419 and that suffered flood-related damage in 2002.

This is a onetime appropriation from the trunk highway fund.

Subd. 3. Local Road and Bridge Rehabilitation and Replacement 5,000,000

For grants to local governments for capital costs related to rehabilitation and replacement of local roads and bridges damaged or destroyed by flooding in the area included in DR-1419. A grantee must submit to the commissioner of transportation final plans for each project before grant funds may be released for the project. The commissioner shall determine project priorities, review project plans in light of those priorities, and, if necessary, require changes to the plans to ensure the most prudent use of limited state resources. If a local government receives federal funds for a project funded under this section, the local government must repay to the state, for deposit in

the bond proceeds account in the state transportation fund, an amount equal to the federal funding, up to the amount of the state grant.

This appropriation is from the bond proceeds account in the state transportation fund, as provided in Minnesota Statutes, section 174.50.

For grants under this subdivision, the requirements of Minnesota Statutes, section 174.50, subdivisions 4, 5, 6, 6a, and 7, are waived.

Subd. 4. Trunk Highways

10,115,000

This appropriation is from the bond proceeds account in the trunk highway fund. This appropriation is for the same purposes as specified in Laws 2000, chapter 479, article 1, section 2, subdivision 3. Of this amount, \$15,000 is for bond sale expenses.

Sec. 8. BOND SALE EXPENSES

15,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

This appropriation is from the bond proceeds fund.

Sec. 9. BOND SALE AUTHORIZATION.

Subdivision 1. BOND PROCEEDS FUND. To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$11,315,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. TRANSPORTATION FUND. To provide the money appropriated in this act from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$5,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

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Subd. 3. BOND SALE AUTHORIZATION. To provide the money appropriated in this act from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$10,115,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amount requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the trunk highway fund.

**Sec. 10. CANCELLATION.**

Of the appropriation from the general fund in Laws 2000, chapter 479, article 1, section 2, subdivision 3, \$10,100,000 cancels to the general fund.

Sec. 11. Laws 2001, First Special Session chapter 12, section 10, as amended by Laws 2002, chapter 393, section 84, is amended to read:

**Sec. 10. BOND SALE SCHEDULE**

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2003, no more than ~~\$622,260,000~~ \$613,970,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 12. Laws 2002, chapter 393, section 7, subdivision 20, is amended to read:

Subd. 20. Flood Hazard Mitigation Grants

30,000,000

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For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

The commissioner shall determine project priorities as appropriate based on need. The commissioner must consider the disaster identified in the area included in DR-1419 in determining the highest priority for these grants.

This appropriation includes money for the following projects: Warren, East Grand Forks, Agassiz, Montevideo, St. Anthony, Granite Falls, Minneapolis at 27th and Knox Avenue North, St. Louis Park, North Ottawa, Lebanon Hills in Dakota county, Hay Creek, and Two River watershed district Ross No. 7. \$2,000,000 may be spent for projects to address the needs in the area included in DR-1419. For any project listed in this paragraph that is not ready to proceed, the commissioner may allocate that project's money to the next project on the commissioner's priority list and St. Paul.

To the extent that the cost of a project in Warren, East Grand Forks, Montevideo, Breckenridge, Granite Falls, Oakport, Roseau, or Crookston exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

Sec. 13. Minnesota Statutes 2002, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. **MAXIMUM RATES.** (a) Monthly room and board rates negotiated by a county agency for a recipient living in group residential housing must not exceed the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a supplementary room and board rate that exceeds the MSA equivalent rate for recipients of waiver services under

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title XIX of the Social Security Act. This exception is subject to the following conditions:

(1) the setting is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265;

(2) the setting is not the primary residence of the license holder and in which the license holder is not the primary caregiver; and

(3) the average supplementary room and board rate in a county for a calendar year may not exceed the average supplementary room and board rate for that county in effect on January 1, 2000. For calendar years beginning on or after January 1, 2002, within the limits of appropriations specifically for this purpose, the commissioner shall increase each county's supplemental room and board rate average on an annual basis by a factor consisting of the percentage change in the Consumer Price Index-All items, United States city average (CPI-U) for that calendar year compared to the preceding calendar year as forecasted by Data Resources, Inc., in the third quarter of the preceding calendar year. If a county has not negotiated supplementary room and board rates for any facilities located in the county as of January 1, 2000, or has an average supplemental room and board rate under \$100 per person as of January 1, 2000, it may submit a supplementary room and board rate request with budget information for a facility to the commissioner for approval.

The county agency may at any time negotiate a higher or lower room and board rate than the average supplementary room and board rate.

(b) Notwithstanding paragraph (a), clause (3), county agencies may negotiate a supplementary room and board rate that exceeds the MSA equivalent rate by up to \$426.37 for up to five facilities, serving not more than 20 individuals in total, that were established to replace an intermediate care facility for persons with mental retardation and related conditions located in the city of Roseau that became uninhabitable due to flood damage in June 2002.

Sec. 14. Minnesota Statutes 2002, section 273.11, is amended by adding a subdivision to read:

**Subd. 20. VALUATION EXCLUSION FOR IMPROVEMENTS TO CERTAIN BUSINESS PROPERTY.** Property classified under section 273.13, subdivision 24, qualifies for a valuation exclusion for assessment purposes, provided all of the following conditions are met:

(1) the building must have been damaged by the 2002 floods;

(2) the building must be located in a city or town with a population of 10,000 or less that is located in a county in the area included in DR-1419;

(3) the total estimated market value of the land and buildings must be \$150,000 or less for assessment year 2002;

(4) a building permit must have been issued prior to the commencement of the improvement, or if the building is located in a city or town which does not have a

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building permit process, the property owner must notify the assessor prior to the commencement of the improvement;

(5) the property is not receiving a property tax abatement under section 469.1813;  
and

(6) the improvements are made before January 1, 2004.

The assessor shall estimate the market value of the building in the assessment year immediately following the year that (1) the building permit was taken out, or (2) the taxpayer notified the assessor that an improvement was to be made. If the estimated market value of the building has increased over the 2002 assessment before any reassessment due to flood damage, the assessor shall note the amount of the increase on the property's record, and that amount shall be subtracted from the value of the property in each year for five years after the improvement has been made. In each of the next five subsequent assessment years, an amount equal to 20 percent of the value excluded in the fifth year for that improvement shall be added back.

The maximum amount of value that can be excluded for all improvements to any property under this subdivision is \$50,000.

The assessor shall require an application. Applications must be received by December 31, 2002, or December 31, 2003, in order to be effective for taxes payable in the following year.

For purposes of this subdivision, "population" has the meaning given in section 477A.011, subdivision 3.

#### **Sec. 15. [273.1386] 2002 FLOOD LOSS; CITY REPLACEMENT AID.**

Subdivision 1. FLOOD NET TAX CAPACITY LOSS. The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2003 and the class rates that were in effect for assessment year 2002. The amount, if any, by which the assessment year 2002 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds five percent of its assessment year 2002 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2003.

As used in this section, a "qualified county" is a county located within the area included in DR-1419.

Subd. 2. FLOOD LOSS AID. In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

Subd. 3. DUTIES OF COMMISSIONER. The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify

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each eligible city of its flood loss aid amount by August 15, 2003. The commissioner shall make payments to each city after July 1, and before July 20, 2004.

Subd. 4. **OPTIONAL CITY EXPENDITURE.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **APPROPRIATION.** The amount necessary to pay the aid amounts under this section in fiscal year 2005, for calendar year 2004, is appropriated to the commissioner of revenue from the general fund.

Subd. 6. **LOCAL GOVERNMENT AID APPROPRIATION REDUCTION.** The appropriation under section 477A.03, subdivision 2, paragraph (d), for fiscal year 2005 is reduced by the amount appropriated under subdivision 5. The appropriation under section 477A.03, subdivision 3, paragraph (d), for fiscal year 2006 must be based on the appropriation under that paragraph in the previous year before the reduction under this subdivision.

Sec. 16. Minnesota Statutes 2002, section 469.177, is amended by adding a subdivision to read:

Subd. 1c. **ORIGINAL NET TAX CAPACITY ADJUSTMENTS; PRESIDENTIAL DISASTER AREA.** (a) The provisions of this subdivision apply to a district located in a disaster area, as described in section 273.123, subdivision 1, paragraph (b), clause (1), and are effective for taxes payable in the first calendar year beginning at least four months after the date of the determination.

(b) For a district certified before the date of the disaster area determination as provided in section 273.123, subdivision 1, paragraph (b), clause (1), upon the request of the municipality, the county auditor shall reduce the original net tax capacity of the district by the reduction in the net tax capacity of properties in the district that is attributable to the physical effects of the disaster, but not below zero. The assessor shall determine the amount of the reduction in market value that is attributable to the physical effects of the disaster to be used by the county auditor in computing the reduction in net tax capacity.

(c) For a district that does not qualify under paragraph (b) and for which the request for certification is made in the same calendar year as the disaster area determination, upon the request of the municipality, the assessor shall determine the reduction in market value of properties in the district that is attributable to the physical effects of the disaster. The county auditor shall use the reduced market value in certifying the original net tax capacity of the district.

EFFECTIVE DATE. This section is effective for disaster area declarations made after June 20, 2002, and applies to all tax increment financing districts, regardless of when the request for certification was made.

Sec. 17. Minnesota Statutes 2002, section 477A.015, is amended to read:

**477A.015 PAYMENT DATES.**

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

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December 26 annually.

When the commissioner of public safety determines that a local government has suffered financial hardship due to a natural disaster, the commissioner of public safety shall notify the commissioner of revenue, who shall make payments of homestead and agricultural credit aid under section 273.1398 and aids under sections 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical after the determination is made but not before July 20.

The commissioner may pay all or part of the payment payments of homestead and agricultural credit aid under section 273.1398 and aids under sections 477A.011 to 477A.014, which are due on December 26 at any time after August 15 upon the request of a city that if a local government requests such payment as being necessary for meeting its cash flow needs.

EFFECTIVE DATE. This section is effective beginning with aid payable in 2002.

#### **Sec. 18. PROPERTY TAX ABATEMENTS; FLOOD PROPERTY.**

Subdivision 1. AUTHORIZATION. Notwithstanding the requirements of Minnesota Statutes, section 375.192, the county board of a qualified county may grant abatements of 50 percent of the taxes including the tax imposed under Minnesota Statutes, section 275.025, but excluding special assessments, on eligible property for taxes payable in 2002 as provided in this section. The owner of the property is not required to apply for the abatement.

Subd. 2. DEFINITIONS. (a) As used in this section, the terms defined in this subdivision have the meanings given them.

(b) "Qualified county" means a county located in the area included in DR-1419.

(c) "Eligible property" means a parcel of taxable property located in a qualified county that contains a structure that has been determined by the assessor to have lost over 50 percent of its estimated market value due to flooding and flood damage. In the case of agricultural property, the abatement is limited to: (1) the taxes on the parcel attributable to the value of the house, garage, and surrounding one acre, if the house has lost over 50 percent of its estimated market value, and (2) the tax attributable to the value of any farm buildings and structures that have lost over 50 percent of their estimated market value.

Subd. 3. COUNTY ADMINISTRATION. (a) As soon as practicable, local and county assessors in qualified counties shall notify the county board and property owners of parcels of property eligible for the abatement under this section.

(b) By September 30, 2002, each qualifying county shall notify the department of revenue of the amount of flood-related market value loss in the county. The department of revenue must notify each county of its apportioned share of the reimbursement for abatements as determined under subdivision 4 by October 7, 2002.

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(c) If the county board grants an abatement under this section to a property for which over 50 percent of the total property tax payable in 2002 has been paid prior to the granting of the abatement, the amount paid in excess of 50 percent must be refunded.

(d) The county must grant any abatements under this section by October 31, 2002, and must notify the department of revenue of the total amount of abatements granted.

(e) The department of revenue must determine the amount of and pay the reimbursements required under this section by November 15, 2002.

**Subd. 4. APPROPRIATION; APPORTIONMENT.** \$1,000,000 is appropriated from the general fund to the commissioner of revenue to be apportioned among the qualified counties to provide reimbursement for abatements granted for taxes under this section. Counties shall be paid reimbursements only for property taxes imposed by the county and other local taxing jurisdictions within the county that are actually abated. The total reimbursement, including the amount of the state tax imposed under Minnesota Statutes, section 275.025, shall not exceed each county's apportioned amount. The apportionment shall be based upon the amount of flood-related market value loss in each county. This appropriation is onetime.

#### **Sec. 19. DISASTER AREA; DUE DATE EXTENDED FOR BUSINESS PROPERTY TAXES.**

(a) Notwithstanding Minnesota Statutes, section 279.01, subdivision 1, a penalty shall not accrue if, because of the 2002 floods, a taxpayer is unable to pay the second half of the payable 2002 property taxes on class 3a or 3b property, as classified under Minnesota Statutes, section 273.13, subdivision 24, that is in a county in the area included in DR-1419. To qualify for this extended due date for the second half payment, the taxpayer must have paid the first half of the payable 2002 taxes by May 16, 2002, and must pay the second half of the payable 2002 taxes by May 15, 2003.

(b) If the second half of the payable 2002 property taxes is paid after May 15, 2003, then all penalties that would have occurred since the due date under Minnesota Statutes, section 279.01, subdivision 1, must be charged on the amount of the unpaid tax.

(c) The property taxpayer shall attach to the payment a statement that the property is located in the area included in DR-1419 and qualifies for an extension under this section.

#### **Sec. 20. AGRICULTURAL DISASTER ASSISTANCE.**

Subdivision 1. DEFINITIONS. (a) The definitions in this subdivision apply to this section.

(b) "Acre" means an acre of effective agricultural use land within a qualified county as reported by the farm service agency on the summary acreage history report.

(c) "Commissioner" means the commissioner of agriculture.

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(d) "Effective agricultural use land" means the land suitable for growing an agricultural crop and excludes land enrolled in the conservation reserve program established by Minnesota Statutes, section 103F.515, or the water bank program established by Minnesota Statutes, section 103F.601.

(e) "Farm" or "farm operation" means an agricultural production operation with a unique farm number as reported on the summary acreage history report by the farm service agency that includes at least 40 acres of effective agricultural use land in a qualified county.

(f) "Farm operator" means a person who is identified as the operator of a farm on the summary acreage history report by the farm service agency.

(g) "Farm service agency" means the United States Farm Service Agency.

(h) "Farmer" or "farmer at risk" means a person who produces an agricultural crop and is reported to the farm service agency as bearing a percentage of the risk for the farm operation.

(i) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint ventures, and corporations.

(j) "Qualified county" means a county in the area included in DR-1419.

(k) "Acreage with substantial damage" means each acre of each field or parcel on which the crop yield or crop quality is estimated to be less than 50 percent of what it would be in a normal year.

**Subd. 2. PAYMENT TO FARMERS.** (a) A farm operator may apply on a separate form for each farm operation to the commissioner for payments as provided under this section. The payment must be made to each farmer at risk for a farm operation and must equal the per-acre rate determined under paragraph (b), multiplied by the number of acres with substantial damage located in a qualified county, multiplied by the percentage of the risk borne by that farmer for that farm operation. Only applications received by the commissioner on or before December 13, 2002, are eligible for payments under this section. If total payments to all farmers at risk for a single farm operation would be for more than 1,400 acres, the payment to each farmer at risk must be prorated so that the total payments to all farmers at risk for that farm operation are limited to 1,400 acres. No individual or married couple may receive total payments under this section for more than 1,400 acres whether individually, through the person's pro rata ownership share of another eligible farming entity, or both.

(b) Not later than January 15, 2003, the commissioner shall determine the total number of acres eligible for payment and calculate the per-acre payment rate by dividing the money appropriated for payments under this section by the number of eligible acres represented by the applications, but not to exceed \$4 per acre.

(c) Applications must be based on information reported to the farm service agency for crop year 2002. The applications must include the social security number or federal employer identification number or a producer number assigned by the farm service

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agency for each farmer and the farm service agency farm number from the summary acreage history report.

(d) The commissioner may establish an audit procedure to determine the accuracy of applications submitted under this subdivision.

(e) If the commissioner of agriculture determines that claims for payments under this subdivision are or were excessive or were filed with fraudulent intent, the claim may be disallowed in full. If the claim has been paid, the commissioner of agriculture shall notify the commissioner of revenue of the relevant information, and the amount disallowed may be recovered by assessment and collection under Minnesota Statutes, chapters 270 and 289A. The assessment must be made within two years after a check is cashed, but if cashing a check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment may be made at any time. The assessment may be appealed administratively and judicially.

Subd. 3. ADMINISTRATION. The commissioner must prepare application forms for the payment and ensure that they are available in the qualified counties. The form must require the farm operator to certify that acreage for which the claim is being made is acreage with substantial damage. The commissioner must make payments by January 31, 2003.

#### **Sec. 21. USE OF NATIONAL EMPLOYMENT GRANT.**

To ensure efficient use of disaster funds, contractors working on projects funded under this act should, to the extent practicable, hire employees who are available through the \$2,500,000 grant from the United States Department of Labor to the department of trade and economic development for assistance for the area included in DR-1419.

#### **Sec. 22. WAIVERS AUTHORIZED.**

Subdivision 1. FLOOD HAZARD MITIGATION GRANTS; DEPARTMENT OF NATURAL RESOURCES. The maximum grant award under Minnesota Statutes, section 103F.161, subdivision 2, is waived for grants for the area included in DR-1419.

Subd. 2. STATE EROSION, SEDIMENT, AND WATER QUALITY CONTROL COST-SHARE PROGRAM; BOARD OF WATER AND SOIL RESOURCES. The board of water and soil resources may waive the requirements for cost-share contracts under Minnesota Rules, parts 8400.0900, 8400.1405, and 8400.1600, in the affected geographic area included in DR-1419. The waiver applies to contracts that have been approved but not completed before May 15, 2002, or to contracts that are funded in whole or in part by state funds before May 15, 2002, to the extent that combined federal and state funding does not exceed 100 percent.

#### **Sec. 23. EFFECTIVE DATE.**

Except as otherwise specified, this act is effective the day following final enactment.

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



Presented to the governor September 19, 2002

Signed by the governor September 20, 2002, 9:10 a.m.

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CHAPTER 2—H.F.No. 2

*An act relating to charitable contribution deductions under the alternative minimum tax; amending Minnesota Statutes 2002, section 290.091, subdivision 2.*

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

Section 1. Minnesota Statutes 2002, section 290.091, subdivision 2, is amended to read:

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

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

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

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

(i) the Minnesota charitable contribution deduction under section 170 of the Internal Revenue Code to the extent that the deduction exceeds 1.3 percent of adjusted gross income, as defined in section 62 of the Internal Revenue Code;

(ii) the medical expense deduction;

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

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

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

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

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