
CHAPTER 422—H.F.No.1457

[Not Coded]

An act relating to state lands; authorizing the conveyance of certain lands in Aitkin county.

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

Section 1. CONVEYANCE OF STATE OWNED LANDS; AITKIN COUNTY; COMMISSIONER OF NATURAL RESOURCES CONVEYANCE CONDITIONED UPON PRIVATE CONVEYANCE. The commissioner of natural resources shall make the conveyance described in section 2 upon the transfer and conveyance by Gary Verrips to Jerry and Joyce Haluptzok of the following described lands in Aitkin county for a consideration of \$1:

The South 335 feet of the North 450 feet of Government Lot 7, Section 18, Township 49 North, Range 23 West, measured at a right angle to the north line of Government Lot 7.

Sec. 2. CONVEYANCE OF STATE LANDS IN AITKIN COUNTY BY COMMISSIONER OF NATURAL RESOURCES. The commissioner of natural resources by quitclaim deed in the form the attorney general approves and in the name of the state of Minnesota, shall transfer and convey to Gary Verrips for a consideration of \$1 the following described tax forfeited lands in the Aitkin county conservation area:

The North 450 feet of Government Lot 7, Section 18, Township 49 North, Range 23 West, measured at a right angle to the north line of Government Lot 7.

Sec. 3. This act is effective the day following its final enactment.

Approved June 2, 1977.

CHAPTER 423—H.F.No.1475

[Coded in Part]

An act relating to taxation; changing the definition of gross income for income tax purposes; increasing individual credits; restricting availability of low income credit; increasing rates; including certain amounts of public pensions and military pay in gross income; altering itemized deductions for taxes paid, casualty losses; changing provisions for allocation of gross income to this state; imposing a minimum tax on preference items; renaming the income adjusted homestead credit and increasing its benefits; removing non-school district debt limitation from property classifications; changing certain levy administration procedures; changing definitions of income, claimant, dependent, household income, property taxes payable,

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and rent constituting property taxes; increasing local government aids and changing distribution and appeal procedures; providing a dependent care income tax credit; changing property tax levy limits for local governmental subdivisions; redefining special levies; providing means of increasing levy limit bases; increasing school aids; decreasing assessment rates of certain classes of property; increasing state paid agricultural credit; providing means of assessment of agricultural land; increasing state share of AFDC costs; increasing attached machinery aids; decreasing employer's excise tax exemption; establishing a tax study commission; establishing procedures for declaration and payment of estimated occupation tax; changing taconite tax provisions; establishing taconite environmental and economic protection funds; appropriating money; amending Minnesota Statutes 1976, Sections 124.212, Subdivisions 7b and 10; 256.82; 273.02, Subdivision 4; 273.11, Subdivision 2; 273.111, Subdivision 4; 273.13, Subdivisions 4, 6, 7, and 14a; 273.132; 273.134; 273.135, Subdivisions 1 and 2; 273.138, Subdivision 2; 275.07; 275.125, Subdivision 2a; 275.50, Subdivision 5; 275.51, by adding a subdivision; 275.52, Subdivisions 2, 3, and 4, and by adding subdivisions; 275.53, Subdivision 1; 275.59; 276.01; 276.04; 278.01; 278.05; 287.241, Subdivision 2; 290.01, Subdivision 20; 290.012, Subdivision 2; 290.031, Subdivision 4; 290.06, Subdivisions 2c and 3c; 290.08, Subdivision 6; 290.081; 290.09, Subdivisions 4, 5, and 15; 290.17; 290.37, Subdivision 1; 290A.01; 290A.03, Subdivisions 3, 5, 7, 8, 11, 12 and 13; 290A.04, Subdivision 2, and by adding subdivisions; 290A.05; 290A.08; 290A.10; 290A.14; 290A.18; 290A.19; 294.26; 298.03; 298.22, Subdivisions 1 and 2; 298.24, Subdivisions 1 and 2; 298.244, Subdivision 2; 298.25; 298.26; 298.27; 298.28, Subdivision 1; 298.282, Subdivisions 1 and 2; 375.192, by adding a subdivision; 477A.01, Subdivisions 1, 2, 4, 4a, 4b, and by adding subdivisions; and Chapters 3, 272, 290, 290A, 298 and 477, by adding sections; and Laws 1976, Chapter 334, Section 21; repealing Minnesota Statutes 1976, Sections 273.011; 273.012; 275.51, Subdivisions 3b and 3c; 287.241, Subdivisions 3 and 4; 290.0601; 290.0602; 290.0603; 290.0604; 290.0605; 290.0606; 290.0608; 290.0609; 290.061; 290.0611; 290.0612; 290.0614; 290.0615; 290.0616; 290.0618; 290.066; 290.09, Subdivision 26; 290.65, Subdivision 1; 290.981; 290.982; 290.983; 290.984; 290.985; 290.986; 290.987; 290.988; 290.989; 290.99; 290.991; 290.992; 290A.21; 294.27; 294.28; 298.241; 298.243; 298.244, Subdivision 1; 298.28, Subdivision 1a; and 298.281.

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

ARTICLE I

Section 1. Minnesota Statutes 1976, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. **TAXATION; 1977 OMNIBUS PROVISIONS; GROSS INCOME.** Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and

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trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, shall be in effect for taxable years beginning after December 31, 1976.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

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(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

~~(6) Losses which do not arise from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses; and including any such nonassignable losses which occur prior to the time the individual becomes a resident of the state of Minnesota;~~

(7) ~~(6)~~ The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

~~(8) (7)~~ In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

~~(9) (8)~~ In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1974, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1974, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (9) or under section 290.09, subdivision 24; and

~~(10) (9)~~ Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

~~(11) (10)~~ Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and.

~~(12) (11)~~ The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

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(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Income which does not arise from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20;

(5) (4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(6) (5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(7) (6) The amount of any pension or benefit which is excluded from gross income under the provisions of section 290.08, subdivision 6; and

(8) ~~The amount of compensation for personal services in the armed forces of the United States or the United Nations which is excluded from gross income under the provisions of section 290.65; and~~

(9) (7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1974, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there

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shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1976, Section 290.012, Subdivision 2, is amended to

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read:

Subd. 2. "Claimant" means the individual taxpayer whose income, together with that of his spouse, if any, brings him within the provisions of this section and section 290.06, subdivision 3d. No claimant and spouse whose federal adjusted gross income, including the modifications increasing federal adjusted gross income as computed under section 290.01, subdivision 20, clause (a), exceed \$20,000 may qualify under this section.

Sec. 3. Minnesota Statutes 1976, Section 290.031, Subdivision 4, is amended to read:

Subd. 4. **TAXABLE COMPENSATION.** "Taxable compensation" means the total wages, as defined in section 268.04, subdivision 25, but not limited as provided in clause (1) of said subdivision, paid by an employer, as defined in subdivision 3, to employees after ~~June 30, 1973~~ December 31, 1977, excluding therefrom the first ~~\$100,000~~ \$250,000 of compensation paid during an employer's fiscal or calendar taxable year. There shall be deducted in determining taxable compensation for any taxable year the sum of ~~\$100,000~~ \$250,000 except that where the taxable year is a period of less than 12 months and in the case of taxable years ending on or before ~~May 31, 1974~~ November 30, 1978 the deduction shall be proportionately reduced.

Sec. 4. Minnesota Statutes 1976, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. **SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.** (a) For taxable years beginning after December 31, ~~1974~~ 1977, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first \$500, one and six-tenths percent;
- (2) On the second \$500, two and two-tenths percent;
- (3) On the next \$1,000, three and five-tenths percent;
- (4) On the next \$1,000, five and eight-tenths percent;
- (5) On the next \$1,000, seven and three-tenths percent;
- (6) On the next \$1,000, eight and eight-tenths percent;
- (7) On the next \$2,000, ten and two-tenths percent;
- (8) On the next \$2,000, eleven and five-tenths percent;
- (9) On the next \$3,500, twelve and eight-tenths percent;

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

(11) ~~On the remainder~~ On all over \$20,000 and not over \$25,000, fifteen percent;

(12) On all over \$25,000 and not over \$35,000, sixteen percent;

(13) On all over \$35,000 and not over \$50,000, seventeen percent;

(14) On the remainder, eighteen percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than ~~\$10,000~~ \$20,000 shall be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision.

Sec. 5. Minnesota Statutes 1976, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. **CREDITS AGAINST TAX.** Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, ~~1974~~ 1977, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, ~~\$24~~ \$30, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, ~~\$42~~ \$60. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, ~~\$24~~ \$30 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional ~~\$24~~ \$30;

(b) ~~For taxable years which begin after December 31, 1974~~. In the case of an unmarried individual who is blind at the close of the taxable year, an additional ~~\$25~~ \$30;

(c) In the case of a married individual, living with husband or wife, an additional ~~\$24~~ \$30 for each spouse who has attained the age of 65 before the close of the individual's

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taxable year, and an additional \$25 \$30 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;

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

(c) For taxable years which begin after December 31, 1974; In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$25 \$30.

(f) For taxable years which begin after December 31, 1974; In the case of a married individual, an additional \$25 \$30 for each spouse who is deaf at the close of the taxable year. If the husband and wife make separate returns, these credits may be taken by either or divided between them.

(g) For taxable years which begin after December 31, 1974; In the case of an individual, an additional \$25 \$30 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(h) For the purposes of subparagraphs (e), (f) and (g) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

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

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

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

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Sec. 6. Minnesota Statutes 1976, Section 290.08, Subdivision 6, is amended to read:

Subd. 6. **PENSIONS, BENEFITS, AND ALLOWANCES FROM STATE AND UNITED STATES.** Notwithstanding the provisions of any other law to the contrary amounts, including interest, not in excess of \$7,200 received by any person from the United States or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, either as a refund of contributions to, or by way of payment as a pension, public employee retirement benefit, ~~unemployment compensation benefit; social security benefit or railroad retirement or unemployment compensation benefit; family allotment or other similar allowance or any combination thereof;~~ provided that the amount of exclusion provided for in this subdivision shall be reduced by social security and railroad retirement benefits plus any earned income as defined in section 37(e)(8)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, which is received during the taxable year.

Sec. 7. Minnesota Statutes 1976, Section 290.081, is amended to read:

290.081 **INCOME OF NONRESIDENTS, RECIPROcity.** (a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

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

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state on the gross income earned within such other state and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other

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state allows residents of this state a credit against the taxes imposed by such state for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state had been excluded in computing net income under this chapter.

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

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

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

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

Sec. 8. Minnesota Statutes 1976, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. TAXES. Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under section 290.0603 or 290.066; (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18; ~~and (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; and (j) federal transportation tax~~ ~~(k) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the~~

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Internal Revenue Code of 1954, as amended through December 31, ~~1974~~ 1976. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax. Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Sec. 9. Minnesota Statutes 1976, Section 290.09, Subdivision 5, is amended to read:

Subd. 5. **LOSSES.** (a) General rule. There shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise.

(b) Amount of deduction. For purposes of paragraph (a), the basis for determining the amount of the deduction for any loss shall be the adjusted basis provided in sections 290.14 and 290.15 for determining the loss from the sale or other disposition of property.

(c) Limitation of losses of individuals. In the case of an individual, the deduction under paragraph (a) shall be limited to

(1) Losses incurred in a trade or business;

(2) Losses incurred in any transaction entered into for profit, though not connected with a trade or business; and

(3) Losses of property not connected with a trade or business, if such losses arise from fire, storm, shipwreck, or other casualty, or from theft to the extent they are deductible pursuant to the provisions of section 165(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1976. No loss described in this paragraph shall be allowed if, at the time of the filing of the return, such loss has been claimed for inheritance tax purposes.

(d) Wagering losses. Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(e) Theft losses. For purposes of paragraph (a), any loss arising from theft shall be treated as sustained during the taxable year in which the taxpayer discovers such loss.

(f) Capital losses. Losses from sales or exchanges of capital assets shall be allowed only to the extent allowed in section 290.16.

(g) Worthless securities.

(1) General rule. If any security which is a capital asset becomes worthless during

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the taxable year, the loss resulting therefrom shall, for purposes of this chapter, be treated as a loss from the sale or exchange, on the last day of the taxable year, of a capital asset.

(2) Security defined. For purposes of this paragraph, the term "security" means:

(A) A share of stock in a corporation;

(B) A right to subscribe for, or to receive, a share of stock in a corporation; or

(C) A bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form.

(3) Securities in affiliated corporation. For purposes of paragraph (1), any security in a corporation affiliated with a taxpayer which is a domestic corporation shall not be treated as a capital asset. For purposes of the preceding sentence, a corporation shall be treated as affiliated with the taxpayer only if:

(A) At least 95 percent of each class of its stock is owned directly by the taxpayer, and

(B) More than 90 percent of the aggregate of its gross receipts for all taxable years has been from sources other than royalties, rents (except rents derived from rental from properties to employees of the corporation in the ordinary course of its operating business), dividends, interest (except interest received on deferred purchase price of operating assets sold), annuities, and gains from sales or exchanges of stocks and securities. In computing gross receipts for purposes of the preceding sentence, gross receipts from sales or exchanges of stock and securities shall be taken into account only to the extent of gains therefrom.

(h) Disaster losses. (1) Notwithstanding the provisions of (a), any loss

(A) attributable to a disaster which occurs during the period following the close of the taxable year and on or before the time prescribed by law for filing the income tax return for the taxable year (determined without regard to any extension of time), and

(B) occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under section 1855-1855g of Title 42, U.S.C.A., at the election of the taxpayer, may be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred. Such election may be made only if a similar election has been made under the provisions of Section 165(h) of the Internal Revenue Code of 1954, as amended through December 31, ~~1974~~ 1976 for federal income tax purposes. Such deduction shall not be in excess of so much of the loss as would have been deductible in the taxable year in which the casualty occurred. If an election is made under this paragraph, the casualty resulting in the loss will be deemed to have occurred in the taxable year for which the deduction is claimed.

(2) The commissioner is authorized to prescribe regulations providing the time and

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manner of making an election to claim a disaster loss under this clause; provided, however, that such an election relating to a disaster loss occurring during the first three and one-half months of the year 1965 may be made no later than December 31, 1965.

(i) Election. In lieu of the deduction allowed by (a) or (h) any loss not compensated for by insurance or otherwise:

(1) Attributable to storm or other natural causes or fire, may, at the election of the taxpayer, be claimed as a deduction in the taxable year in which said loss is sustained or in the preceding taxable year.

(2) In the event that under the provisions of this paragraph, a taxpayer claims the same disaster loss deduction or a net operating loss deduction resulting from the inclusion of a casualty loss in the calculation of such deduction in different taxable years for state and federal purposes, appropriate modifications shall be allowed or required for taxable years affected in order to prevent duplication or omission of such deduction.

(3) The commissioner is authorized to prescribe regulations providing the time and manner to make an election to claim a loss under the provisions of this paragraph and for the filing of an amended return or claim for refund.

Sec. 10. Minnesota Statutes 1976, Section 290.09, Subdivision 15, is amended to read:

Subd. 15. **STANDARD DEDUCTION.** In lieu of all deductions provided for in this chapter other than those enumerated in section 290.18, subdivision 2, and in lieu of the credits enumerated in section 290.21, subdivision 3, an individual may claim or be allowed a standard deduction as follows:

(a) If his adjusted gross income is \$10,000 or more, the standard deduction shall be \$1,000.

(b) If his adjusted gross income is less than \$10,000, the standard deduction shall be an amount equal to ten percent thereof; in the case in which a standard deduction tax table is provided by the commissioner of revenue pursuant to the provisions of section 290.06, subdivision 2, the standard deduction shall be available to individuals with adjusted gross income of less than \$20,000 only through the use of such table.

In the case of a husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is living with his spouse shall be made as of the last day of the taxable year unless the spouse dies during the taxable year in which case such determination shall be made as of the date of such spouse's death.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction. The tax of any individual taxpayer whose adjusted gross income is less than

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\$20,000 shall, if an election is made not to itemize nonbusiness deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be prepared to reflect the allowance of the standard deduction and the personal and dependent credits.

Sec. 11. Minnesota Statutes 1976, Section 290.17, is amended to read:

290.17 GROSS INCOME, ALLOCATION TO STATE. Subdivision 1. INCOME OF RESIDENT INDIVIDUALS, ESTATES, AND TRUSTS. The gross income of individuals during the period of time when they are residents of Minnesota and the gross income of resident estates and trusts shall be their gross income as defined in section 290.01, subdivision 20.

Subd. 2. OTHER TAXPAYERS. In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

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

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

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

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

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

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

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

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

(c) Deductions for losses incurred in connection with income derived from sources outside the state which is included in an individual's gross income pursuant to section 290.17, subdivision 1, may be taken only to the extent of the amount of income derived from sources outside the state in the taxable year during which the loss was incurred.

Sec. 13. Minnesota Statutes 1976, Section 290.37, Subdivision 1, is amended to read:

290.37 FILING REQUIREMENTS FOR INDIVIDUALS. Subdivision 1. **PERSONS MAKING RETURNS.** The following persons shall make a return for each taxable year, or fractional part thereof where permitted or required by law:

(a) A single individual with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income exceeds ~~\$1,000~~ \$1,500.

(b) A married individual if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income or the

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combined gross income of himself and his spouse exceeds ~~\$1,800~~ \$2,300.

(c) An unmarried individual who has attained the age of 65 before the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds ~~\$1,800~~ \$2,300.

(d) A married individual living with husband or wife where one has attained the age of 65 before the close of the individual's taxable year if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds ~~\$2,400~~ \$2,900.

(e) A married individual living with husband or wife and both spouse have attained the age of 65 if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds ~~\$2,800~~ \$3,400.

(f) An unmarried individual who is blind at the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds ~~\$1,800~~ \$2,300; or ~~\$2,400~~ \$2,900 if the individual has also attained the age of 65 before the close of the taxable year.

(g) A married individual living with husband or wife and one is blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds ~~\$2,400~~ \$2,900; or ~~\$2,800~~ \$3,400 if one has attained the age of 65 before the close of the taxable year and ~~\$3,300~~ \$3,800 if both have attained the age of 65 before the close of the taxable year.

(h) A married individual living with husband or wife where both are blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds ~~\$2,900~~ \$3,400; or ~~\$3,300~~ \$3,900 if one has attained the age of 65 before the close of the taxable year and ~~\$3,600~~ \$4,400 if both have also attained the age of 65 before the close of the taxable year.

(i) The personal representative of the estate of a decedent with respect to the taxable net income of such decedent for that part of the taxable year during which he was alive if such taxable net income exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such decedent's gross income for the aforesaid period exceeds ~~\$750~~ \$1,500.

(j) The personal representative of the estate of a decedent with respect to the

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taxable net income of such estate if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such estate's gross income exceeds ~~\$750~~ \$1,500.

(k) The trustee or other fiduciary of property held in trust with respect to the taxable net income of such trust if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such trust exceeds \$750, if in either case such trust belongs to the class of taxable persons.

(l) The guardian of an infant or other incompetent person with respect to such infant's or other person's taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such infant or other incompetent person exceeds ~~\$1,000~~ \$1,500.

(m) Every corporation with respect to its taxable net income if in excess of \$500, or if its gross income exceeds \$5,000. The return in this case shall be signed by an officer of the corporation.

(n) The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$500), or if such taxpayer's gross income exceeds \$5,000.

Such return shall (a) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (b) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

For purposes of (a) through (n) the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1974, modified and adjusted in accordance with the provisions of sections 290.08, 290.17 and 290.65.

Sec. 14. Minnesota Statutes 1976, Chapter 290, is amended by adding a section to read:

[290.091] MINIMUM TAX ON PREFERENCE ITEMS. In addition to all other taxes imposed by chapter 290 there is hereby imposed for each taxable year beginning after December 31, 1976, a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 56 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1976 except that for purposes of the tax imposed by this section, excess itemized deductions as defined in section 57(b) shall not include any deduction taken for Minnesota income tax paid. In the case of any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 2, to

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290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

Sec. 15. **REPEALER.** Minnesota Statutes 1976, Section 290.65, Subdivision 1, is repealed.

Sec. 16. **EFFECTIVE DATE.** The Internal Revenue Code updated provision in section 1 is effective for taxable years beginning after December 31, 1976. Section 3 is effective for wages paid after December 31, 1977. Section 14 is effective for taxable years beginning after December 31, 1976. The remainder of this article is effective for taxable years beginning after December 31, 1977.

ARTICLE II

Section 1. Minnesota Statutes 1976, Section 290A.01 is amended to read:

290A.01 **CITATION.** Sections 290A.01 to 290A.21 may be cited as the "State of Minnesota Income-Adjusted Homestead Credit Property Tax Refund Act."

Sec. 2. Minnesota Statutes 1976, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. **INCOME.** "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, ~~1974;~~ 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a)(1), (a)(2), (a)(3), ~~(a)(4), (a)(8);~~ and (a)(10); and;

(ii) all nontaxable income; including but not limited to the amount of;

(iii) recognized net long term capital gains excluded from adjusted gross income;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief; the gross amount of;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any

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instrumentality or political subdivision thereof;

(viii) worker's compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amount amounts of "~~loss of time~~" insurance payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; or

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21.

Sec. 3. Minnesota Statutes 1976, Section 290A.03, Subdivision 5, is amended to read:

Subd. 5. **HOUSEHOLD INCOME.** "Household income" means all income received by all persons of a household in a calendar year while members of the household, other than income of a dependent.

Sec. 4. Minnesota Statutes 1976, Section 290A.03, Subdivision 7, is amended to read:

Subd. 7. **DEPENDENT.** "Dependent" means any person who is under 18 years of age at the end of the calendar year who receives more than 50 percent of his support from the claimant, or who is between 18 and 21 years of age and is a full time student who receives more than 50 percent of his support from the claimant. "Dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead. "Dependent" includes a person over 18 years of age who lives in the claimant's homestead and who receives more than 50 percent of his support from the claimant.

Sec. 5. Minnesota Statutes 1976, Section 290A.03, Subdivision 8, is amended to read:

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Subd. 8. **CLAIMANT.** "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.21 and who was domiciled in this state during the calendar year for which the claim for relief was filed. In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes are payable for not less than six months of at some time during the calendar year covered by the claim, except that a claimant who is disabled or who has attained the age of 65 on the date specified in section 290A.04, subdivision 1, may file a claim based on residence in a unit on which ad valorem taxes were not payable. In the case of a part year resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. ~~Maximum credit allowed under this computation would be at a rate of one-twelfth of the maximum credit allowed pursuant to section 290A.04 per month of residency computed to the nearest full month.~~ When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final.

If a homestead is occupied by two or more unrelated renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

Sec. 6. Minnesota Statutes 1976, Section 290A.03, Subdivision 11, is amended to read:

Subd. 11. **RENT CONSTITUTING PROPERTY TAXES.** "Rent constituting property taxes" means ~~20~~ 22 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in ~~1975~~ 1977 or any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.21 by the claimant.

Sec. 7. Minnesota Statutes 1976, Section 290A.03, Subdivision 12, is amended to read:

Subd. 12. **GROSS RENT.** "Gross rent" means rental paid solely for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any utilities, services, furniture, or furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, he may adjust the gross rent to a reasonable amount for purposes of sections 290A.01 to 290A.21.

If the landlord does not supply the charges for any utilities, furniture, or furnishings or personal property appliances furnished by him, or if the charges appear to ~~Changes or additions indicated by underline deletions by strikethrough~~

be incorrect the commissioner may apply a percentage determined from samples of similar gross rents paid solely for the right of occupancy.

Any amount paid by a claimant residing in property assessed pursuant to section 273.133 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant pursuant to section 273.133 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

Sec. 8. Minnesota Statutes 1976, Section 290A.03, Subdivision 13, is amended to read:

Subd. 13. **PROPERTY TAXES PAYABLE.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6 and 7, but after deductions made pursuant to sections 273.132 and 273.135, in ~~1976~~ 1977 or any calendar year thereafter. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include ~~20~~ 22 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, ~~"property taxes payable" is that part of such tenants shall determine between them which tenant may claim~~ the property taxes payable on the homestead ~~as reflects the percentage of ownership of the claimant and spouse.~~ If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable.

Sec. 9. Minnesota Statutes 1976, Section 290A.04, Subdivision 2, is amended to read:

Subd. 2. The ~~credit refund~~ shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

\$0 to ~~\$2,499~~ \$2,999, ~~+0~~ 0.5 percent, up to \$475;

3,000 to 3,999, 0.6 percent, up to \$475;

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4,000 to 4,999, 0.7 percent, up to \$475;
5,000 to 5,999, 0.8 percent, up to \$475;
6,000 to 6,999, 0.9 percent, up to \$475;
7,000 to 7,999, 1.0 percent, up to \$475;
8,000 to 8,999, 1.1 percent, up to \$475;
9,000 to 9,999, 1.2 percent, up to \$475;
10,000 to 10,999, 1.3 percent, up to \$475;
11,000 to 11,999, 1.4 percent, up to \$475;
~~2,500~~ 12,000 to 19,999, 1.5 percent, up to \$475;
 20,000 to 22,999, 1.6 percent, up to \$475;
 23,000 to 25,999, 1.8 percent, up to \$425;
 26,000 to 30,999, 2.0 percent, up to \$375;
 31,000 to 35,999, 2.2 percent, up to \$350;
 36,000 to 40,999, 2.4 percent, up to \$325;
 41,000 to 44,999, 2.6 percent, up to \$325;
 45,000 to 52,999, 2.8 percent, up to \$325;
 53,000 to 65,999, 3.0 percent, up to \$325;
 66,000 to 81,999, 3.2 percent, up to \$325;
 82,000 to 99,999, 3.5 percent, up to \$325;
 100,000 and over, 4.0 percent, up to \$325;

provided that maximum credits for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$16.67 per \$1,000; between \$26,000 and \$36,000 decline \$5 per \$1,000.

In the case of a claimant who was disabled on June 1 or who attained the age of 65 on the date specified in subdivision 1, the credit shall not be less than the credit which the

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claimant's household income as defined in section 290A.03 and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618.

The credit payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding \$675, less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 10. Minnesota Statutes 1976, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2a. An additional refund shall be allowed each claimant who was not disabled or who had not attained the age of 65 by June 1 of the year in which the taxes were payable and whose claim is based on taxes paid on the home he owns in an amount equal to 35 percent of the amount by which property taxes payable and rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

\$ 0 to 19,999, up to \$800;
20,000 to 25,999, up to \$800;
26,000 to 35,999, up to \$650;
36,000 and over, up to \$325;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$25 per \$1,000; between \$26,000 and \$36,000 decline \$32.50 per \$1,000. A claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead and receive the additional refund provided in subdivision 2a.

Sec. 11. Minnesota Statutes 1976, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable in an amount equal to 50 percent of the amount by which property taxes payable or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

\$ 0 to 19,999, up to \$800;
20,000 to 22,999, up to \$800;

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23,000 to 25,999, up to \$763;
26,000 to 35,999, up to \$725;
36,000 and over, up to \$525;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$12.50 per \$1,000; between \$26,000 and \$36,000 decline \$20 per \$1,000.

In the case of a claimant who was disabled on June 1 or who attained the age of 65 on the date specified in subdivision 1, the refund shall not be less than the refund which the claimant's household income as defined in section 290A.03 and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618.

Sec. 12. Minnesota Statutes 1976, Section 290A.05, is amended to read:

290A.05 COMBINED HOUSEHOLD INCOME. If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding ~~dependent children~~ dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the ~~credit~~ refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as ~~dependent children~~ dependents, the property tax payable or rent constituting property tax shall be reduced as follows:

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

Sec. 13. Minnesota Statutes 1976, Section 290A.08, is amended to read:

290A.08 ONE CLAIMANT PER HOUSEHOLD. Only one claimant per household per year is entitled to relief under sections 290A.01 to 290A.21. Payment of the claim for relief may be made payable to the husband and wife as one claimant. The commissioner, upon written request, may issue separate checks, to the husband and wife for one-half of the relief provided the original check has not been issued or has been returned.

Sec. 14. Minnesota Statutes 1976, Section 290A.10, is amended to read:

290A.10 PROOF OF TAXES PAID. Every claimant who files a claim for relief for property taxes payable shall include with his claim a property tax statement or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue indicating that there are no delinquent property taxes on the homestead. Indication on the property tax statement from the county treasurer that there are no delinquent taxes on the

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homestead shall be sufficient proof. Taxes included in a confession of judgment under section 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 279.37.

Sec. 15. Minnesota Statutes 1976, Section 290A.14, is amended to read:

290A.14 PROPERTY TAX STATEMENT. The county treasurer shall prepare and send a sufficient number of copies of the property tax statement to the owner, and to his escrow agent if the taxes are paid via an escrow account, to enable him to comply with the filing requirements of ~~Laws 1975, Chapter 437, Article 4~~ this chapter and to retain one copy for his records. The property tax statement, in a form prescribed by the commissioner, shall indicate the manner in which the claimant may claim relief from the state and the amount of the tax for which the applicant may claim relief. The statement shall also indicate if there are delinquent property taxes on the property in the preceding year. Taxes included in a confession of judgment under section 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 279.37.

Sec. 16. Minnesota Statutes 1976, Section 290A.18, is amended to read:

290A.18 RIGHT TO FILE CLAIM. If a claimant person entitled to relief under sections 290A.01 to 290A.21 dies prior to filing a claim or receiving relief, the surviving spouse or dependent ~~child~~ of the claimant person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent ~~child~~, the right to the credit shall lapse.

Sec. 17. Minnesota Statutes 1976, Section 290A.19, is amended to read:

290A.19 LANDLORD TO FURNISH RENT CERTIFICATE; PENALTY. The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid 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 obligation of the owner or managing agent shall be to either provide the certificate to the renter at the time he moves, upon the renter's request, or to mail the certificate to the forwarding address provided by the renter. The certificate shall be made available to the renter not later than February 15 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 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.*

Sec. 18. Minnesota Statutes 1976, Chapter 290A, is amended by adding a section to read:

[290A.23] APPROPRIATION. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required by chapter 290A.

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Sec. 19. Laws 1976, Chapter 334, Section 21, is amended to read:

Sec. 21. **EFFECTIVE DATE.** Sections 5, 6, 8, 10, 11, 13, 17 and 19 are effective the day following final enactment. ~~Sections~~ Section 12 and 15 are is effective for taxable years beginning after December 31, 1976. Sections 7, 9 and 20 are effective for taxes payable in 1977 and subsequent years. Section 16 shall be effective for claims filed in 1977 and subsequent years. Section 14 is a declaration of law existing prior to enactment of Laws 1975, Chapter 349, Section 17, and is not a change in such preexisting law. Sections 1, 15 and 18 are effective for taxable years beginning after December 31, 1974. Sections 2, 3 and 4 are effective for taxable years beginning after December 31, 1976.

Sec. 20. **REPEALER.** Minnesota Statutes 1976, Sections 273.011; 273.012; 290.0601; 290.0602; 290.0603; 290.0604; 290.0605; 290.0606; 290.0608; 290.0609; 290.061; 290.0611; 290.0612; 290.0614; 290.0615; 290.0616; 290.0618; 290.066; 290.981; 290.982; 290.983; 290.984; 290.985; 290.986; 290.987; 290.988; 290.989; 290.99; 290.991; 290.992; and 290A.21 are repealed.

Sec. 21. **EFFECTIVE DATE.** Sections 13, 14 and 15 are effective for claims filed in 1977 and subsequent years. Section 16 is effective for claims based on rent paid in 1975 and subsequent years and property taxes payable in 1976 and subsequent years. Persons who file claims pursuant to section 16 prior to December 31, 1977 for previous years shall not be subject to the penalties provided in Minnesota Statutes, Section 290A.06. Section 19 is effective on the day after enactment, and claims allowable as a result of the changes made in section 19 shall not be subject to the penalties provided in Minnesota Statutes, Section 290A.06. The remainder of this article is effective for claims based on rent paid in 1977 and subsequent years and property taxes payable in 1978 and subsequent years.

Article III

Section 1. Minnesota Statutes 1976, Section 124.212, Subdivision 7b, is amended to read:

Subd. 7b. For the ~~1976-1977~~ 1978-1979 school year a district shall receive in foundation aid the lesser of ~~(+) \$960~~ \$1,090 per pupil unit less ~~29~~ 28 mills times the ~~1974~~ 1976 adjusted assessed valuation of the district, ~~or (2) the amount that bears the same relation to the difference in (+) as the sum of the greater sum computed pursuant to subdivision 6b, clause (2); and the greater of (a) two-thirds of the difference that results when such greater sum is subtracted from \$960; or (b) \$60; bears to \$960 plus the amount of the agricultural tax credit by which 1977 payable 1978 property taxes in the district are reduced pursuant to section 273.132.~~

Sec. 2. Minnesota Statutes 1976, Section 124.212, Subdivision 10, is amended to read:

Subd. 10. (a) The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews

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

(b) For purposes of determining the adjusted assessed value of agricultural lands for the calculation of 1977 adjusted assessed values and thereafter, the market value of agricultural lands shall be the arithmetic average of (1) the price for which the property would sell in an arms length transaction, and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine percent.

Sec. 3. Minnesota Statutes 1976, Section 256.82, is amended to read:

256.82 **PAYMENTS BY STATE.** Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to ~~50~~ 60 percent of the difference between the total estimated cost and the federal funds so available. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 4. Minnesota Statutes 1976, Section 273.111, Subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8 and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider any added values resulting from nonagricultural factors. ~~However, agricultural land which the assessor may determine to be adaptable for development and which abuts a lakeshore line shall not qualify under the provisions of Laws 1969, Chapter 1039 for a distance within 20 rods of the shoreline.~~

Sec. 5. Minnesota Statutes 1976, Section 273.13, Subdivision 4, is amended to read:

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Subd. 4. CLASS 3. (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 1/3 percent of the market value thereof, except as provided in clause (b). All real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in 1977, payable in 1978, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 31 percent of its market value, and for taxes assessed in 1978, payable in 1979 and thereafter, it shall be assessed at 30 percent of its market value.

Sec. 6. Minnesota Statutes 1976, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. CLASS 3b. Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead, shall constitute class 3b and shall be valued and assessed at ~~20~~ 18 percent of the market value thereof in 1977, for taxes payable in 1978, and at 16 percent thereafter. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, ~~for all purposes except the payment of principal and interest on non-school district bonded indebtedness~~, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed \$325. Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, valuation subject to relief shall be limited to 160 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed ~~as provided for by class 3 at 31 percent of its market value in 1977, for taxes payable in 1978, and at 30 percent thereafter~~. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section ~~124.03~~ 273.132, shall mean

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

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

Sec. 7. Minnesota Statutes 1976, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. **CLASS 3c, 3cc.** All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at ~~25~~ 22 percent of the market value thereof ~~in 1977, for taxes payable in 1978, and at 20 percent thereafter.~~ The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, ~~for all purposes except the payment of principal or interest on non-school district bonded indebtedness,~~ shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at ~~40~~ 36 percent of market value ~~in 1977, for taxes payable in 1978, and at 33 1/3 percent thereafter.~~ The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. ~~All Class 3cc property shall include only~~ real estate which is used for the purposes of a homestead by ~~(a)~~ (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or by ~~(b)~~ (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and ~~who~~ (2) 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 ~~who~~ (3) 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 by ~~(c)~~ (c) any person who: (1) is permanently and totally disabled and ~~who~~ (2) is receiving (i) aid from any state as a result of that disability, or ~~who is receiving~~ (ii) supplemental security income for the disabled, or ~~who is receiving~~ (iii) worker's compensation based on a finding of total and permanent disability, or ~~who is receiving~~ (iv) social security disability, or ~~who is receiving~~ (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources; ~~shall constitute.~~ Class 3cc ~~and property~~ shall be valued and assessed at five percent of the market value thereof. 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 him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes ~~except the~~

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payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of ~~\$24,000~~ \$28,000, the amount in excess of that sum shall be valued and assessed at ~~33 1/3~~ 31 percent in 1977, for taxes payable in 1978 and 30 percent thereafter, in the case of agricultural land used for a homestead and ~~40~~ 36 percent in the case of all other real estate used for a homestead for taxes payable in 1978 and 33 1/3 percent for taxes payable in 1979 and subsequent years.

Sec. 8. Minnesota Statutes 1976, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. **BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.** The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes ~~except the payment of principal and interest on bonded indebtedness,~~ shall be reduced by 45 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than \$325.

Sec. 9. The 1976 adjusted assessed values determined under the provisions of section 124.212 shall be computed using the assessment ratios for taxes payable in 1978 provided by sections 5, 6 and 7. The 1977 adjusted assessed values determined under the provisions of section 124.212 shall be computed using the assessment ratios for taxes payable in 1979 provided by sections 5, 6 and 7. In the case of adjusted assessed values which are limited under the provisions of section 124.212, subdivision 11, clause (a), the recomputation provided in this section shall be made on the limited value.

Sec. 10. Minnesota Statutes 1976, Section 273.132, is amended to read:

273.132 **STATE PAID AGRICULTURAL CREDIT.** The county auditor shall reduce the tax on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of ~~12~~ 15 mills on the property. The county auditor shall reduce the tax on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these

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payments.

Sec. 11. Minnesota Statutes 1976, Section 273.138, Subdivision 2, is amended to read:

Subd. 2. Each county government, city and township shall receive reimbursement in ~~1974~~ 1978 and subsequent years in an amount equal to the product of its total mill rate in ~~levy year 1972, for taxes payable in 1973~~ the calendar year in which the aid is to be paid, times the total 1972 assessed value of real property exempted from taxation by section 272.02, subdivision 1 which was located within the territory of such governmental unit, times 1.25. For the purpose of this subdivision, the "total mill rate" of a county government, city or township includes mill rates for taxes levied by such governmental unit which were not levied on the entire taxable value of such governmental unit.

Sec. 12. Minnesota Statutes 1976, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1975~~ 1977, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 28 mills times the 1974 1976 adjusted assessed valuation of the district ~~times the number of mills; not to exceed 29; that bears the same relation to 29, as the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), bears to \$960.~~

(2) In ~~1976~~ 1978, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 mills times the 1975 1977 adjusted assessed valuation of the district ~~times the number of mills; not to exceed 29; that bears the same relation to 29, as the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1015, or (b) \$55, bears to \$1015.~~

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), ~~beginning with the levy certified in 1976, payable in 1977, the foundation aid to the district for the 1977-1978 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by 50 percent of the amount of the difference between the actual levy and the maximum levy allowable under clauses (1) and (2). In the application of this clause, the maximum levy allowable under clauses (1) and (2) shall be reduced by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.~~

(4) ~~(a)~~ (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held ~~in a single to~~ approve a levy increase which will commence in a specific school year. The question on the ballot shall be ~~whether a specific millage which will yield a specific amount based on the most recent assessed valuation may be added to that authorized by clauses (1) or (2)~~ state the maximum amount of the increased levy in mills, the amount that will be raised

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by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's assessed taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum; which.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause may be called by the school board and which shall be called by the school board upon the written petition of qualified voters of the district unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 13. APPROPRIATION. The sum of \$11,000,000 is appropriated from the general fund to the commissioner of public welfare for the purpose of making the increased distributions required by section 3.

Sec. 14. EFFECTIVE DATE. Section 3 of this article is effective for payments made after December 31, 1977. Sections 4 and 10 are effective for taxes levied in 1977 payable in 1978 and thereafter.

ARTICLE IV

Section 1. Minnesota Statutes 1976, Section 124.212, Subdivision 11, is amended to read:

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

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(b) The sales ratio studies, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids pursuant to this section published by the department of revenue shall not be admissible in evidence in any proceeding, except that in the case of property described in section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12 the sales ratio studies shall be admissible as a public record without the laying of a foundation in actions under chapter 278 and actions for review of the determination of the school aids payable under this section.

Sec. 2. Minnesota Statutes 1976, Chapter 272, is amended by adding a section to read:

[272.115] CERTIFICATE OF VALUE TO BE FILED. Subdivision 1. Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or his legal agent shall file within 30 days from the date of the sale, a certificate of value with the county auditor in the county in which the property is located. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property.

Subd. 2. The certificate of value shall require such facts and information as may be determined by the equalization aid review committee to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the department of revenue which shall provide an adequate supply of forms to each county auditor.

Subd. 3. The county auditor shall transmit two true copies of the certificate of value to the assessor who shall insert the most recent market value and when available, the year of original construction of each parcel of property on both copies and shall transmit one copy to the department of revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city.

Subd. 4. Beginning with taxes payable in 1979, no purchaser under a contract for deed shall receive the homestead credit provided under section 273.13, subdivisions 6 and 7; the agricultural mill credit provided in section 273.132; or the taconite homestead credit provided in sections 273.134 to 273.136, unless a certificate of value has been filed with the county auditor on that contract for deed in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale of the property. In the case of property sold under a contract for deed prior to 1978, this subdivision shall apply to real estate taxes payable in 1979 and subsequent years.

Sec. 3. Minnesota Statutes 1976, Section 375.192, is amended by adding a subdivision to read:

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Subd. 3. Subject to the approval of the commissioner of revenue, the county board shall authorize the county auditor to grant the credits denied under section 2, subdivision 4 of this article, provided that a certificate of value has been filed with the county auditor. The county board shall not hear any requests under this subdivision after May 31 of the year in which the taxes are payable.

Sec. 4. Minnesota Statutes 1976, Section 273.11, Subdivision 2, is amended to read:

Subd. 2. (a) The assessor after determining the value of any property shall compare the value with that determined in the preceding assessment. Notwithstanding the provisions of section 273.17, the amount of the increase entered in the current assessment shall not exceed ten percent of the value in the preceding assessment or one-fourth of the total amount of the increase in valuation whichever is greater; the excess shall be entered in a subsequent year or years. However, no increase shall be greater than ten percent of the preceding valuation or one-fourth of the total amount of increase in valuation, whichever is greater, notwithstanding the provisions of section 273.17; provided, however, that if the amount of the increase in market value is

(i) more than ten percent but no more than 20 percent, the excess shall be entered in the following year;

(ii) more than 20 percent but no more than 40 percent, ten percent shall be entered in each subsequent year until the amount remaining to be entered is less than 10 percent in which case the amount remaining will be entered in the next subsequent year; or

(iii) more than 40 percent, the excess shall be entered equally in the three subsequent years.

(b) In the case of property described in section 273.13, subdivisions 6, 7, 7b, 10, 12, 17, 17b and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes which was not subject to the five percent limitation in valuation increase for the 1973 or the 1974 assessment that was previously provided pursuant to Minnesota Statutes 1974, Section 273.11, Subdivision 2, the value to be used for levying the 1976 taxes payable in 1977 shall be set at the average percent of market value used for the respective class of property in the 1976 tax levies in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. Such property shall subsequently increase in value for property tax purposes as prescribed in clause (a).

Sec. 5. Minnesota Statutes 1976, Section 275.07, is amended to read:

275.07 CITY, TOWN, COUNTY, SCHOOL DISTRICT AND SPECIAL DISTRICT TAXES. The taxes voted by cities, towns, and school districts shall be certified by the proper authorities to the county auditor on or before October tenth in each year. 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. If the local unit notifies the commissioner of revenue before October tenth of its inability to certify its

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levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy.

Sec. 6. Minnesota Statutes 1976, Section 276.01, is amended to read:

276.01 DELIVERY OF LISTS TO TREASURER. On or before ~~the first Monday in January in~~ December 15 each year, the county auditor shall deliver the lists of the several districts of the county to the county treasurer, taking therefor his receipt, showing the total amount of taxes due upon the lists and showing, for qualified property, as defined in section 273.011, for which the credit provided for in section 273.012 is claimed, the base tax, as defined in section 273.011. Where the names of taxpayers appear in the property tax lists, the county auditor shall show the addresses of such taxpayers. Such lists shall be authority for the treasurer to receive and collect taxes therein levied.

In counties in which the auditor has elected to come under the provisions of section 273.03, subdivision 2, he shall, during the year in which such lists as provided for in section 275.28, subdivision 3, are in the possession of the county treasurer, have access thereto for the purposes of changing true and full valuations and the classifications of real estate contained therein which he would have been required to change or otherwise amend in the assessment books provided for in section 273.03, subdivision 1, except for his election to discontinue the preparation of such assessment books. The county auditor shall be the official custodian of such lists after the year during which they are in the county treasurer's possession.

Sec. 7. Minnesota Statutes 1976, Section 276.04, is amended to read:

276.04 NOTICE OF RATES; PROPERTY TAX STATEMENTS. On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than ~~May 15~~ January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall also include the base tax as defined in section 273.011, subdivision 4, for qualified property as defined in section 273.011 for which the credit provided for in section 273.012 is claimed. The statement shall show the amount attributable to section 273.132 as "state paid agricultural credit"

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and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit." The commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 8. Minnesota Statutes 1976, Section 278.01, is amended to read:

278.01 DEFENSE OR OBJECTION TO TAX ON LAND; SERVICE AND FILING. (a) Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed, or that such parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied by serving copies of a petition for such determination upon the county auditor, county treasurer, and the county attorney and filing the same, with proof of such service, in the office of the clerk of the district court on or before the first day of June of the year in which such tax becomes payable.

(b) Any person having any estate, right, title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the clerk of the district court on or before the first day of June of the year in which such tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor.

Sec. 9. Minnesota Statutes 1976, Section 278.05, is amended to read:

278.05 TRIAL OF ISSUES. Such petition, without any answer, return, or other pleading thereto, shall stand for trial at any general term in session when the same is filed; or, if the court be not then in session, at the next general or special term appointed to be held in the county; and, if no such term be appointed to be held within 30 days thereafter, the same shall be brought to trial at any general term appointed to be held within the judicial district upon ten days notice. The attorney of the county in which these

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taxes are levied shall take charge of and prosecute such proceedings, but the county board may employ any other attorney to assist him. At the term at which such petition comes on for trial it shall take precedence of all other business before the court. The court shall without delay summarily hear and determine the claims, objections, or defenses made by the petitioner and shall direct judgment accordingly, and the trial thereof shall disregard all technicalities and matters of form not affecting the substantial merits.

Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that such parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state in the proceedings may serve on the petitioner, or his attorney, and file with the clerk of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or his attorney, shall give notice in writing to the county attorney that the offer is accepted, he may file same with proof of such notice, and thereupon the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, if a lower valuation than specified in the offer be not found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, including interest at six percent on the tax based on the amount of such offer from and after the first day of November of the year such taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the first day of November of the year in which such taxes were payable, in which event interest shall not be taxable.

Sec. 10. Minnesota Statutes 1976, Section 287.241, Subdivision 2, is amended to read:

Subd. 2. No deed or instrument providing for the transfer of title to real estate as subject to the tax as provided in section 287.21 and no executory contract for the sale of land shall be recorded in the office of the county recorder or the registrar of titles unless such deed or instrument shall be accompanied by a notice from the county auditor that a certificate of value by the grantor, grantee or his legal agent concerning the property transferred or to be transferred. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. Such certificate of value shall include the classification to which such property belongs for the purpose of determining the fair market value of the property. If the transfer, or fraction thereof, is tax exempt as herein provided, the certificate shall specify the reasons for the exemption was filed in his office as provided in section 272.115.

Sec. 11. REPEALER. Minnesota Statutes 1976, Section 287.241, Subdivisions 3 and
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4 are hereby repealed.

Sec. 12. **EFFECTIVE DATE.** Section 4 shall be effective for assessment year 1978 and thereafter. Sections 1, 5, 6, 7, 8 and 9 shall be effective for taxable years 1977 payable 1978 and thereafter. Section 2, subdivisions 1, 2 and 3; Sections 10 and 11 shall be effective January 1, 1978 and thereafter. Section 2, subdivision 4 and section 3 shall be effective January 1, 1979 and thereafter.

ARTICLE V

Section 1. Minnesota Statutes 1976, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1975 1977 payable in 1976 1978 and thereafter, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

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

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) ~~pay the costs of complying with any law enacted by the 1975 legislature or a subsequent year's legislature which specifically and directly requires a new or altered activity after levy year 1974, taxes payable in 1975; but only to the extent of the increased cost for such activity after levy year 1974, taxes payable in 1975;~~

(d) ~~pay the costs of an expanded county court system to the extent of the increase in costs over the amount levied in support of a county court or a probate court in levy year 1974, taxes payable in 1975;~~

(e) ~~pay amounts required by any public pension plan to the extent that operation of the laws of the state of Minnesota or the United States governing such fund directly~~

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causes the level of governmental financial support to exceed the level of such support prior to July 1, 1971, provided that such increases are not the result of amendment by any means to the benefit plan after July 1, 1971 which required the approval of the governing body of the governmental subdivision;

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

(g) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law, including the administrative costs of social services ~~and but not administrative costs of public assistance programs~~ or of county welfare systems, for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970, subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act. Amounts levied pursuant to this clause which are in excess of the amount necessary to meet the minimum required share of a program shall be deducted from the general levy made in the following year;

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

(i) (d) 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;

(j) (c) pay the costs of principal and interest on bonded indebtedness, or, effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

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

(l) (g) 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;

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

~~(n)~~ (i) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

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

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

~~(q)~~ (l) 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 levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

~~(r)~~ (m) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

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

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

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

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

(*) (o) recover a loss or refunds in tax receipts incurred in non-special levy funds resulting from abatements or court action in the previous year pursuant to section 275.48;

(p) pay amounts required by law to be paid to reduce unfunded accrued liability of public pension funds, including interest thereon, in accordance with the actuarial standards and guidelines specified in sections 69.71 to 69.776 and 356.215 reduced for levy year 1977 and subsequent years 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.

Sec. 2. Minnesota Statutes 1976, Section 275.51, is amended by adding a subdivision to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax
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permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01, 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), and (e), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d) or (e) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282, to be paid in the calendar year in which property taxes are payable. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 3. Minnesota Statutes 1976, Section 275.52, Subdivision 2, is amended to read:

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

Sec. 4. Minnesota Statutes 1976, Section 275.52, Subdivision 3, is amended to read:

Subd. 3. If the population of any governmental subdivision ~~decreases~~ increases from one year to the next, the current levy year's population levy limit base shall, for purposes of sections 275.50 to 275.56, be increased by an amount equal to ~~one-half of the~~

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~~decrease in population from the prior levy year, such increase to be effective for the said one levy year only the levy limit base per capita for the previous year increased pursuant to subdivision 2 times the current year's population.~~

Sec. 5. Minnesota Statutes 1976, Section 275.52, Subdivision 4, is amended to read:

Subd. 4. ~~For taxes levied in 1975 payable in 1976 and subsequent years~~ The levy limit base of a governmental subdivision may be increased upon approval by the levy limit review board established in section 275.551, for the following reasons:

(a) Any governmental subdivision which spent money from its surplus funds for nonspecial levy purposes in calendar year 1971 may have its levy limit base increased by an amount not to exceed the amount of revenue it used from surplus funds for nonspecial levy purposes in calendar year 1971.

(b) Any governmental subdivision which has been required to provide new services because of changes in state law, whether or not the changed law directly mandates new services, may have its levy limit base increased by an amount not to exceed the amount required to finance the services, provided that the services may not be financed by special levies or special assessments.

(c) Any governmental subdivision which has been required to provide new or expanded services because of annexations, consolidations, mergers or new incorporations since 1970 may have its levy limit base increased by an amount not to exceed the amount required to finance the general operating costs involved in such services.

(d) Any city or township having statutory city powers which has a levy limit base per capita that is below 80 percent of the arithmetic average of the levy limit bases per capita for cities and townships having statutory city powers in the same county may have its levy limit base increased by an amount not to exceed the amount required to bring its levy limit base per capita up to 80 percent of the arithmetic average of levy limit bases per capita for all cities and townships having statutory city powers in the county which are governed by the provisions of sections 275.50 to 275.59. On or before July 1 of 1977 and each subsequent year, the commissioner of revenue shall certify the average levy limit base per capita for each county for purposes of this clause. Provided that if a city or township having statutory powers has received a levy limit base adjustment from the levy limit review board prior to June 1, 1977, that city or township may also qualify for a base adjustment in accordance with this clause.

Any governmental subdivision which desires to have its levy limit base adjusted under the provisions of this subdivision shall apply to the commissioner of revenue, who shall submit all applications to the levy limit review board established in section 275.551. Applications shall be in the form and accompanied by the data required by the levy limit review board. Adjustments authorized by the levy limit review board shall become a permanent part of the levy limit base for the governmental subdivision. The levy limit review board may authorize only one levy limit base adjustment for any governmental subdivision under this subdivision.

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Sec. 6. Minnesota Statutes 1976, Section 275.52, is amended by adding a subdivision to read:

Subd. 5. For taxes levied in 1977 payable in 1978 or for taxes levied in 1978 payable in 1979 a city other than a city of the first class, town, or county not containing a city of the first class which, in the preceding levy year, levied at least 98 percent of its total limited levy amount, may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed 10 percent of its levy limit base by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. The resolution shall be published for four successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than four weeks nor more than six weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at any such referendum. A levy increased pursuant to this subdivision, whether not challenged or approved at a referendum held at a special or general election held prior to October 1 in any levy year, increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base of the governmental subdivision for future levy years. There shall be no reduction in distributions of formula aids to the governmental subdivision as a result of the additional levy.

Sec. 7. **REPEALER.** Minnesota Statutes 1976, Section 275.51, Subdivisions 3b and 3c are repealed.

Sec. 8. Section 6 is effective the day following final enactment.

ARTICLE VI

Section 1. Minnesota Statutes 1976, Section 275.53, Subdivision 1, is amended to read:

275.53 GOVERNING CENSUS. Subdivision 1. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with a per capita limitation established by this chapter or the amount of aid that a city or township may receive pursuant to section 477A.01, the population of the governmental subdivision shall

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be that established by the last state or federal census, or by a special census taken within the entire governmental subdivision pursuant to sections 275.50 to 275.56 or to any other law, by a census taken pursuant to subdivision 2, or by a population estimate made by the metropolitan council, by an order of the Minnesota municipal board pursuant to section 414.01, subdivision 14, or by an estimate made pursuant to subdivision 3, whichever is the most recent as to the stated date of count or estimate, up to and including October 1 of the current levy year. Population changes established after October 1 of the current levy year shall not be used in determining the levy limitation of a governmental subdivision for the current levy year under sections 275.50 to 275.56.

Sec. 2. Minnesota Statutes 1976, Section 275.53, Subdivision 3, is amended to read:

Subd. 3. (a) In lieu of passing a resolution pursuant to subdivision 2, the governing body of a governmental subdivision may pass by June 1 of any year a resolution containing an estimate of the current population of the subdivision. The resolution shall describe the criteria upon which the estimate is based, and shall state that the estimate is made for purposes of increasing that subdivision's tax levy pursuant to sections 275.50 to 275.56 or local government aids pursuant to section 477A.01. The resolution shall be in the form and accompanied by the data required by the state planning agency.

(b) The resolution shall then be submitted to the state planning agency. The agency shall determine, and inform the subdivision in writing within 30 days of receipt of the resolution, whether the criteria and process described therein do or do not provide a reasonable basis for the population estimate. The estimate prepared by the subdivision shall be reviewed by the state planning agency with reference to county population estimates prepared by the state demographer. The state demographer's county population estimates will be used as a county control.

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

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

(e) Upon the receipt of a petition conforming to this subdivision, the governing body shall pass a resolution requesting the secretary of state to take a special census of the governmental subdivision. The census shall be taken and financed pursuant to the

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provisions of subdivision 2. Any population estimate made by the governing body of any governmental subdivision shall be superseded by any subsequent state or federal census taken pursuant to sections 275.50 to 275.56 or any other law, or by a population estimate made by the metropolitan council or the state demographer. The governing body of a governmental subdivision may not avail itself of the provisions of this subdivision during any year for which any state or federal census has been taken or for which the metropolitan council has made a population estimate of the subdivision.

Sec. 3. Minnesota Statutes 1976, Section 275.59, is amended to read:

275.59 GOVERNMENTAL SUBDIVISIONS UNDER 2,500 POPULATION; EXEMPTION FROM LEVY LIMITS. Commencing with levy year 1975 and thereafter, taxes payable in 1976 and thereafter, the provisions of sections 275.50 to 275.52 and 275.54 to 275.56 shall not apply to any city, statutory city or town with statutory city powers whose population according to the latest state or federal census is under 2,500.

Sec. 4. Minnesota Statutes 1976, Section 477A.01, Subdivision 1, is amended to read:

477A.01 LOCAL GOVERNMENT AID. Subdivision 1. The state shall distribute ~~\$42~~ \$52 for each person residing in the territory comprising each county for the calendar year ~~1976~~ 1978 and ~~\$45~~ \$59 for calendar year ~~1977~~ 1979 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory. For purposes of this subdivision the number of persons residing in a county shall be the 1970 federal census population. For the purposes of subdivisions 1, 3, 4, 4a and 4b, the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.

Sec. 5. Minnesota Statutes 1976, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. Every county government except that of a county containing a city of the first class shall receive a distribution equal to the distribution it was entitled to receive in ~~1975~~ the preceding year pursuant to Minnesota Statutes 1974, Section 477A.01.

Sec. 6. Minnesota Statutes 1976, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. The balance of the distributions in ~~1976~~ 1978 pursuant to subdivision 1, shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times

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(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town ~~1974~~ 1976 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory.

The balance of the distributions in ~~1977~~ 1979 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town ~~1975~~ 1977 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory.

Sec. 7. Minnesota Statutes 1976, Section 477A.01, Subdivision 4a, is amended to read:

Subd. 4a. If the amount distributed to a city or town pursuant to subdivision 4 is less than the aids the city or town ~~received~~ was entitled to receive in ~~1975~~ the preceding year, before corrections for prior year aid payments, pursuant to Minnesota Statutes 1974, Section 477A.01, the amount distributed to it shall be raised to the amount the city or town ~~received~~ was entitled to receive in ~~1975~~ the preceding year, before corrections for prior year aid payments, and the distributions to the other cities and towns within the county's territory shall be proportionately reduced as necessary to supply the difference.

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Sec. 8. Minnesota Statutes 1976, Section 477A.01, Subdivision 4b, is amended to read:

Subd. 4b. The commissioner of revenue shall make all necessary calculations and make payments directly to the affected taxing authorities in four equal parts installments on March 15, July 15, September 15, and November 15 in 1976 and 1977 annually.

Sec. 9. Minnesota Statutes 1976, Section 477A.01, is amended by adding a subdivision to read:

Subd. 4c. For the purpose of the distributions based on populations provided in subdivisions 1 and 4, cities and towns having boundary changes resulting from Minnesota municipal board orders shall have their population counts modified to reflect such changes. The modified population counts shall be included in all Minnesota municipal board orders, a copy of which shall be forwarded to the commissioner of revenue.

Sec. 10. Minnesota Statutes 1976, Section 477A.01, is amended by adding a subdivision to read:

Subd. 4d. A taxing authority may object to the commissioner of revenue with respect to the amount of the distribution which it has been certified to receive pursuant to subdivision 4b. No objection raised after July 1, 1977 shall be raised later than 60 days after the taxing authority has received notice from the commissioner of the amount which it has been certified to receive.

Sec. 11. Minnesota Statutes 1976, Section 477A.01, is amended by adding a subdivision to read:

Subd. 4e. If, due to an error in the factors used to calculate a taxing authority's aid pursuant to subdivision 4, the amount indicated in the certification of the commissioner to the taxing authority for a year is less than the amount to which it is entitled pursuant to this section, the commissioner of revenue shall additionally distribute the amount necessary to make the full correct distribution to the taxing authority. The additional distribution shall be paid from the general fund and shall not diminish the distributions made to other taxing authorities under this section.

Sec. 12. Minnesota Statutes 1976, Section 477A.03, is amended to read:

477A.03 **APPROPRIATION.** A sum sufficient to discharge the duties imposed by ~~Laws 1975, Chapter 437, Article 3 sections 4 and 11~~ is annually appropriated from the general fund to the commissioner of revenue.

Sec. 13. Minnesota Statutes 1976, Chapter 477A, is amended by adding a section to read:

[477A.04] ASSESSMENT DISPERSION PENALTY. Subdivision 1. To encourage the proper assessment of property an assessment dispersion penalty shall be imposed on assessment districts as provided in subdivision 2. Each city or town which employs a local

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assessor, either singly or jointly with other cities or towns, shall be considered an assessment district for purposes of this section. Any two or more cities or towns which enter into an agreement pursuant to Minnesota Statutes, Section 471.59, for the assessment of property in the contracting units, shall for purposes of this section be a single assessment district. The balance of each county, including any city or town which contracts with the county for assessment of property therein, shall be deemed a single assessment district for purposes of this section.

The coefficient of dispersion shall be determined by the equalization aid review committee of the department of revenue. The coefficient of dispersion shall be determined on the assessor's market value before the limitation provided in Minnesota Statutes, Section 273.11, Subdivision 2. The population shall be the number of persons residing in the assessment district according to the 1970 federal census.

Subd. 2. Beginning in calendar year 1980 and subsequent years, an assessment district shall be penalized according to the following schedule:

(a) \$1 per capita if the coefficient of dispersion in assessments for the preceding year is more than 10 percent but less than 12.5 percent;

(b) \$3 per capita if the coefficient of dispersion in assessments for the preceding year is at least 12.5 percent but no more than 15 percent;

(c) \$5 per capita if the coefficient of dispersion in assessments for the preceding year is greater than 15 percent.

Subd. 3. The amount of penalty resulting from this section shall be deducted from the local government aid payments provided in section 477A.01.

Sec. 14. EFFECTIVE DATE. Section 10 is effective for objections to certifications made after June 1, 1977. Section 11 is effective for adjustments made after April 1, 1977. Section 13 is effective the day following final enactment.

ARTICLE VII

Section 1. Minnesota Statutes 1976, Chapter 290, is amended by adding a section to read:

[290.067] DEPENDENT CARE CREDIT. Subdivision 1. AMOUNT OF CREDIT. A taxpayer may take as a credit against the tax due from him and his spouse, if any, under chapter 290 an amount equal to 50 percent of the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, 1976, subject to the limitations provided in subdivision 2.

Subd. 2. LIMITATIONS. The credit for expenses incurred for the care of each dependent shall not exceed \$150 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$300 in a taxable year. The total credit shall be

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reduced by five percent of the amount by which the combined federal adjusted gross income of the claimant and his spouse, if any, exceeds \$12,000. A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit. No expense for which a medical expense deduction is claimed pursuant to section 290.09, subdivision 10, shall be claimed as a dependent care expense.

Subd. 3. CREDIT TO BE REFUNDABLE. If the amount of credit which a claimant would be eligible to receive pursuant to this subdivision exceeds his tax liability under Minnesota Statutes, Chapter 290, the excess amount of the credit shall be refunded to the claimant by the commissioner of revenue.

Subd. 4. RIGHT TO FILE CLAIM. The right to file a claim under this section shall be personal to the claimant and shall not survive his death, but such right may be exercised on behalf of a claimant by his legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of his household, the claim may be paid to his personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

Sec. 2. [290.067] [Subd. 5.] APPROPRIATION. A sum sufficient to pay the claims for credit to be given pursuant to section 1 shall be appropriated annually to the commissioner of revenue from the general fund in the state treasury.

Sec. 3. REPEALER. Minnesota Statutes 1976, Section 290.09, Subdivision 26, is repealed.

Sec. 4. EFFECTIVE DATE. This article is effective for taxable years beginning after December 31, 1976.

ARTICLE VIII

Section 1. Minnesota Statutes 1976, Chapter 3, is amended by adding a section to read:

[3.86] TAX STUDY COMMISSION. Subdivision 1. CREATION; PURPOSE. A tax study commission is hereby created to examine the total tax structure and the revenue needs and the sources of revenue of this state and its political subdivisions.

Subd. 2. DUTIES. Together with its examination of the existing tax system, the commission shall:

(a) study and make recommendations regarding long range tax policy;

(b) analyze proposed tax legislation, with particular reference to analysis of revenue and distribution impact, local government financing and adherence to sound tax policy, and report its findings to the legislature; and

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(c) file a report at least biennially with the legislature.

Subd. 3. MEMBERSHIP. The commission shall consist of seven members of the senate, including the chairman of the committee on taxes and tax laws, to be appointed by the committee on committees and seven members of the house of representatives, including the chairman of the committee on taxes, to be appointed by the speaker. Each of these people shall be a member of the commission only while that person is a member of the body from which that person was appointed. The first members of this commission shall be selected to serve for a term expiring on January 15 of the next biennial session of the legislature and until their successors are appointed. Subsequent members of the commission shall be appointed at the commencement of each biennial session of the legislature for a two year term beginning on January 16 of that year. Vacancies shall be filled in the same manner as the original appointment.

Subd. 4. OFFICE; MEETINGS; OFFICERS. The commission shall maintain an office in the capitol group of buildings in space which the commissioner of administration shall provide. The commission shall hold meetings at the times and places it may designate. It shall select a chairman, a vice chairman and other officers from its membership as it deems necessary.

Subd. 5. STAFF. The commission may employ the professional, clerical, and technical assistants it deems necessary in order to perform its duties.

Subd. 6. ASSISTANCE OF OTHER AGENCIES. The commission may request information from any state officer or agency in order to assist in carrying out the terms of this section and the officer or agency shall promptly furnish any data requested to the extent permitted by law.

Subd. 7. RECORDS AND INFORMATION OF PREVIOUS TAX STUDY COMMISSION. The records, information and other material in the possession of the tax study commission created pursuant to Extra Session Laws 1971, Chapter 31, Article 13, Section 1, shall be conveyed to the tax study commission created pursuant to this section.

Subd. 8. EXPENSES AND REIMBURSEMENT OF MEMBERS AND STAFF. The members of the commission and its assistants shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. Reimbursement shall be made pursuant to the rules governing legislators and legislative employees.

Subd. 9. COMMISSION EXPENSES AND REPORTS. Expenses of the commission shall be approved by the chairman or other member as the rules of the commission may provide and the expenses shall then be paid in the same manner as other state expenses are paid. A general summary or statement of expenses incurred by the commission and paid shall be made to the legislature by November 15 of each even numbered year.

Subd. 10. APPROPRIATION. There is hereby appropriated for the biennium ending June 30, 1979, from the general fund, the sum of \$250,000 to pay the expenses incurred by the commission.

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Sec. 2. EFFECTIVE DATE. This article is effective July 1, 1977.

ARTICLE IX

Section 1. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.045] DECLARATION OF ESTIMATED OCCUPATION TAX. Subdivision 1. REQUIREMENTS OF DECLARATION. Every person subject to the taxes imposed by sections 298.01 to 298.21 shall file with the commissioner of revenue a declaration of estimated tax for the calendar year based on the estimate of the mining and production of ores that will occur in that year. In making the declaration, each person shall aggregate total production from all of that person's natural ore mines located in Minnesota. The declaration shall contain any pertinent information the commissioner of revenue may by rule or form prescribe.

Subd. 2. FILING REQUIREMENT FOR DECLARATION. The declaration of estimated tax for that year shall be filed on March 15 of that year, except that the declaration for 1977 shall be filed in accordance with subdivision 3.

Subd. 3. TIME FOR FILING DECLARATIONS FOR 1977. The declaration of estimated tax required by this section for 1977 shall be filed on or before July 15, 1977. The amount of the estimated tax shall be paid in four equal installments on the following dates: July 15, September 15, and December 15, of 1977, and March 15, 1978.

Subd. 4. EXTENSION OF TIME FOR FILING DECLARATIONS. The commissioner may grant a reasonable extension of time for filing the declaration required by this section. No extension shall be for more than six months.

Subd. 5. AMENDMENT. An amendment of a declaration may be filed in any interval between installment dates prescribed for the year, but only one amendment may be filed in an interval.

Sec. 2. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.046] INSTALLMENT PAYMENTS OF ESTIMATED OCCUPATION TAX. Subdivision 1. AMOUNT AND TIME FOR PAYMENT OF EACH INSTALLMENT. The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on the 15th day of March, June, September, and December of the calendar year for which the declaration is required.

Subd. 2. AMENDMENT OF DECLARATION. If an amendment of a declaration is filed, the amount of any remaining installments shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased by any amount computed by dividing:

(a) the difference between (i) the amount of estimated tax required to be paid

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before the date on which the amendment is made, and (ii) the amount of estimated tax which would have been required to be paid before that date if the new estimate had been made when the first estimate was made, by

(b) the number of installments remaining to be paid on or after the date on which the amendment is made.

Subd. 3. INSTALLMENTS PAID IN ADVANCE. At the election of the taxpayer, an installment of the estimated tax may be paid before the date prescribed for its payment.

Sec. 3. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.047] FAILURE TO PAY ESTIMATED OCCUPATION TAX. Subdivision 1. ADDITION TO THE TAX. In the case of an underpayment of estimated tax by a taxpayer, except as provided in subdivision 4, there shall be added to the estimated tax for the calendar year a penalty of ten percent and interest at the rate specified in section 270.75 upon the amount of the underpayment determined under subdivision 2 for the period of the underpayment determined under subdivision 3.

Subd. 2. AMOUNT OF UNDERPAYMENT. For purposes of subdivision 1, the amount of the underpayment shall be the excess of:

(a) the amount of the installment that was due, over

(b) the amount, if any, of the installment paid on or before the last date prescribed for payment.

Subd. 3. PERIOD OF UNDERPAYMENT. The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier:

(a) March 1 of the following calendar year; or

(b) with respect to any portion of the underpayment, the date on which the portion is paid. For purposes of this paragraph, a payment of estimated tax on an installment date shall be considered a payment of a previous underpayment only to the extent the payment exceeds the amount of the installment for that installment date.

Subd. 4. EXCEPTION. Notwithstanding the provisions of subdivisions 1 to 3, penalty and interest with respect to an underpayment of an installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of the installment equals or exceeds the amount which would have been required to be paid on or before that date if the estimated tax were the lesser of:

(a) (i) in the case of a person subject to the tax imposed by section 298.01,

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subdivision 2, the tax as finally determined by the commissioner for the preceding calendar year if a tax liability existed for the preceding calendar year; or

(ii) in the case of a person subject to the tax imposed by section 298.01, subdivision 1, the tax shown on the aggregate returns of the taxpayer or a predecessor company for the preceding calendar year reduced by \$100,000, if a return was filed by the taxpayer for the preceding calendar year; or

(iii) in the case of a person subject to the tax imposed by section 298.01, subdivision 1, if that person or its predecessor company had a tax liability of less than \$100,000 in the preceding calendar year, its anticipated tax payment on its aggregate returns reduced by \$100,000; or

(b) an amount equal to the tax computed at the rates applicable to the calendar year but otherwise on the basis of the facts shown on the report of the taxpayer for, and the law applicable to, the preceding calendar year.

Subd. 5. FAILURE TO FILE AN ESTIMATE. In the case of a taxpayer who fails to file a declaration of estimated tax for a calendar year when one is required, the period of the underpayment shall run from the four installment dates as set forth in section 2, subdivision 1, to whichever of the periods set forth in subdivision 3, clauses (a) and (b), is the earlier.

Sec. 4. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.048] OVERPAYMENT OF ESTIMATED TAX. Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of the installment payment, the overpayment shall be credited against any unpaid installments. Where the total amount of the estimated tax payments and other payments, if any, exceeds by \$1 or more the taxes and any added penalties and interest as finally determined by the commissioner, the commissioner shall make and file an order determining the amount of the overpayment and credit it against occupation taxes otherwise payable by the person who has overpaid the amount so determined.

Sec. 5. EFFECTIVE DATE. This article is effective for any ores mined or produced in any year beginning after December 31, 1976.

ARTICLE X

Section 1. Minnesota Statutes 1976, Section 273.02, Subdivision 4, is amended to read:

Subd. 4. **IRON ORE.** Newly discovered iron ore shall be entered on the assessment books for the six years immediately preceding the year of discovery and taxed as omitted property. The tax on such omitted property shall be determined by applying the rates of levy for the respective years in which the property was omitted. ~~This subdivision shall not apply to any iron ore discovered in the course of mining operations, which has not been~~

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known to exist by drillings or operations in previous years; provided that the company that would otherwise be taxed therefor is not a company that would be disqualified from receiving discount credits pursuant to section 298.021, subdivision 3.

Sec. 2. Minnesota Statutes 1976, Section 273.134, is amended to read:

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

For the purposes of section 273.135 "tax relief area" means the geographic area contained, within the boundaries of a school district which contains a municipality which meets the following qualifications:

(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property and in which, as of the applicable assessment date, the assessed valuation of unmined iron ore is not more than 60 percent of the assessed valuation of all real property; or

(2) it is a municipality in which, ~~as of~~ on January 1, 1977 or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.

Sec. 3. Minnesota Statutes 1976, Section 273.135, Subdivision 1, is amended to read:

273.135 HOMESTEAD PROPERTY TAX RELIEF. Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property not exceeding ~~80~~ 160 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Sec. 4. Minnesota Statutes 1976, Section 273.135, Subdivision 2, is amended to read:

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

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, ~~60~~ 66 percent of the amount of such tax, provided that the amount of said reduction shall not exceed ~~\$350~~ the maximum amount specified in clause (e).

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, ~~\$2~~ 57 percent of the amount of

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such tax, provided that the amount of said reduction shall not exceed \$300 the maximum amount specified in clause (e).

(c) in the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, ~~\$2~~ 57 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed \$300 the maximum amount specified in clause (e). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(d) in the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the amount of the tax, but not to exceed the maximum specified in clause (e).

(e) The maximum reduction for property described in clause (a) shall be \$385 and for property described in clauses (b), (c) and (d), \$330 for taxes payable in 1978. These maximum amounts shall increase by \$15 per year for taxes payable in 1979 and subsequent years.

Sec. 5. Minnesota Statutes 1976, Section 294.26, is amended to read:

294.26 **DIVISION OF PROCEEDS OF TAX.** The proceeds of the taxes collected under sections 294.21 to 294.27 shall be distributed in accordance with the determination made by the commissioner of revenue; to deposited in the general fund of the state and to the various taxing districts in which such railway operations are conducted, in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If such railroad operation, or different steps therein, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the terminal facilities at each end of the railway line of a taconite railroad company, and the remaining 20 percent thereof to the railway trackage connecting such terminals, and with respect to each such portion giving due consideration to the relative extent of such portion of the operation performed in each such taxing district. If any part of such facilities are located outside the limits of any organized city or town, 70 percent of the portion of the tax which would be distributed to any such governmental unit, if it existed and the facilities were located therein, shall be added to the portion distributed to the school district, and 30 percent

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thereof shall be added to the portion distributed to the county in which such facilities are located; also, if the amount otherwise distributable to any city or town hereunder would exceed \$75 per capita of the population thereof, the amount of such excess shall be added to the portions distributed to the school district and county in which such facilities are located in the proportions above set forth. The commissioner's order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the taxing district in the same proportion as the general ad valorem property tax thereof.

There is hereby appropriated to such persons, city, town, school district, or county as are entitled to such payment, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment authorized herein. The commissioner of revenue shall make such payments on March 15 and September 15 annually.

Sec. 6. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.012] DEFINITION OF CITY. For purposes of chapter 298, the word "city" includes any home rule charter city, statutory city, or any city however organized.

Sec. 7. Minnesota Statutes 1976, Section 298.03, is amended to read:

298.03 VALUE OF ORE; HOW ASCERTAINED. The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) The reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;

(2) If the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) If the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) The amount of royalties paid on the ore mined or produced during the year;

(5) A percentage of the ad valorem taxes levied for such year against the realty in

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which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) In the case of taconite, semi-taconite and iron sulphide operations, the tax payable under ~~sections~~ section 298.24 and, but not exceeding 25 cents per taxable ton, and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, Chapters 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) The amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore; ~~except that which can be measured in a manner determined by the commissioner of revenue. In no case shall the shrinkage subtraction exceed one-fourth of one percent of the value of the ore.~~

Sec. 8. Minnesota Statutes 1976, Section 298.22, Subdivision 1, is amended to read:

298.22 IRON RANGE RESOURCES AND REHABILITATION. Subdivision 1. ~~On and after July 1, 1969, there is hereby appropriated from the general fund for the purposes hereinafter set forth, five percent of all amounts paid and credited to said fund from the proceeds of taxes paid under the provisions of sections 298.04 to 298.24. The office of commissioner of iron range resources and rehabilitation is hereby created. The commissioner shall be appointed by the governor, with the advice and consent of the senate for a four year term which shall coincide with the term of the governor until his successor is duly appointed and has qualified. The governor may remove the commissioner at any time for cause after notice and hearing. In case of a vacancy, the governor may appoint a commissioner, who shall take office immediately and shall carry on the duties of the office until the next session of the legislature, when his appointment shall be submitted to the senate for approval. The salary of the commissioner, who shall be in the unclassified service, shall be paid from the amounts appropriated by this section; provided, that such salary shall be reduced by such amount as he may receive from other funds, and the commissioner may hold such other positions or appointments as are not incompatible with his duties as commissioner of iron range resources and rehabilitation. The commissioner may appoint a deputy commissioner who shall serve in the unclassified service at the pleasure of the commissioner. All expenses of the commissioner, including the payment of such assistance as may be necessary, shall be paid out of the amounts appropriated by this section 298.28, subdivision 1.~~

When the commissioner shall determine that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use thereof in the future and the decrease in employment resulting therefrom, now or hereafter, he may use such amounts of the appropriation made to him in this section 298.28, subdivision 1 as he may determine to be necessary and proper in the development of the remaining resources of said county and in the vocational training and rehabilitation of its residents. For the purposes of this section, "development of

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remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 9. Minnesota Statutes 1976, Section 298.22, Subdivision 2, is amended to read:

Subd. 2. There is hereby created the iron range resources and rehabilitation board, consisting of ~~seven~~ eleven members, ~~three~~ five of whom shall be state senators appointed by the ~~committee on subcommittee on~~ committees of the rules committee of the senate, and ~~three~~ five of whom shall be representatives, appointed by the speaker of the house of representatives, their terms of office to commence on May 1, 1943, and continue until January 3rd, 1945, or until their successors are appointed and qualified. Their successors shall be appointed each two years in the same manner as the original members were appointed, in January of every second year, commencing in January, 1945. The ~~seventh~~ eleventh member of said board shall be the commissioner of natural resources of the state of Minnesota. Vacancies on the board shall be filled in the same manner as the original members were chosen. All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to said iron range resources and rehabilitation board which shall recommend approval or disapproval or modification of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all said funds proposed to be disbursed shall be first approved or disapproved by said board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even numbered year. The expenses of said board shall be paid by the state of Minnesota from the funds raised pursuant to this section.

Sec. 10. Minnesota Statutes 1976, Section 298.24, Subdivision 1, is amended to read:

298.24 TAX ON TACONITE AND IRON SULPHIDES. Subdivision 1. (a) 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 ~~44.5 cents~~ \$1.25 per gross ton of merchantable iron ore concentrate as produced therefrom; ~~plus one-tenth of one cent.~~ The tax on concentrates produced in 1978 and subsequent years shall be equal to \$1.25 multiplied by the steel mill products index during the production year, divided by the steel mill products index in 1977. The index stated in code number 1013, or any subsequent equivalent, as published by the United States Department of Labor, Bureau of Labor Statistics Wholesale Prices and Price Indexes for the month of January of the year in which the concentrate is produced shall be the index used in calculating the tax imposed herein. In no event shall the tax be less than \$1.25 per gross ton of merchantable iron ore concentrate.

(b) An additional tax is hereby imposed equal to 1.6 percent of the total tax imposed by clause (a) per gross ton for each one percent that the iron content of such product exceeds 55.62 percent, when dried at 212 degrees Fahrenheit.

(c) The tax imposed by this subdivision shall be computed on the production for the current year or the average of the production for the current year and the previous two years, whichever is higher. 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

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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 \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 11. Minnesota Statutes 1976, Section 298.24, Subdivision 2, is amended to read:

Subd. 2. If the index of Wholesale Prices for All Commodities prepared for the Joint Economic Committee by the Council of Economic Advisers and distributed by the Superintendent of Documents, Government Printing Office, as of January of any year shall be above 110, using the average for the years 1957-1959 as the base of 100, the amount of the tax prescribed by subdivision 1 for such year shall be increased by one-tenth of one cent per gross ton for each point increase in said index above 110. For all purposes of this computation, a fractional point increase shall be disregarded if less than one-half point and treated as one full point, if one-half point or more. 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 tailings so produced an additional tax of 10 cents per 2,000 pounds of tailings produced. For the purposes of this subdivision tailings mean the solid and liquid waste materials resulting from the beneficiation process.

The tax imposed by this subdivision shall only apply to those tailings from a taconite facility which are not deposited on land in accordance with permits issued by the pollution control agency and the department of natural resources.

The proceeds of the tax imposed by this subdivision shall be deposited in the general fund of the state.

Sec. 12. Minnesota Statutes 1976, Section 298.244, Subdivision 2, is amended to read:

Subd. 2. (a) For the purposes of this subdivision, the following terms shall have the meanings given them.

(1) "Agency" means the state board of health.

(2) "Municipality" means any city or any other governmental subdivision having the power or duty to provide drinking water and using Lake Superior as the source of the drinking water.

(3) "Eligible cost" includes all costs incurred by a municipality including acquisition of necessary real and personal property, engineering, system cleaning, construction, alteration, improvements, inspection, supervision of construction and all other costs related to the construction and establishment of a permanent water filtration or purification system. Such costs shall be eligible even if incurred prior to June 7, 1975.

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(4) "Municipal water purification system" includes all properties, real or personal, determined by a municipality and the state to be necessary for the elimination of polluting or potentially injurious substances from water used for municipal water supply purposes.

(b) There is hereby appropriated from the general fund to the state board of health the sum of \$2,500,000 and an additional amount of \$1,750,000 for a grant program for the construction of water filtration and purification systems for those communities using Lake Superior as a drinking water source. The board of health shall establish a grant program to implement the provisions of this subdivision. This program shall include the disbursement of funds hereinafter described for the construction of the facilities, the creation of guidelines designed to assure that the funds will be disbursed in accord with the purposes of this subdivision, the continued surveillance of the effectiveness of constructed facilities in cooperation with other related state agencies, and other duties of administration necessary to accomplish the purpose of this subdivision. Grants shall be made in accordance with the guidelines created under authority of this subdivision and shall not exceed 33 percent of the eligible project cost.

(c) A Lake Superior water filtration and purification fund is created as a separate bookkeeping account in the general books of account of the state, to record receipts of the proceeds of moneys appropriated to the fund and disbursements of money appropriated from the fund to municipalities for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the construction of water filtration and purification systems, in accordance with the purpose of this subdivision. It is determined that state financial assistance for the construction of water filtration and purification facilities needed to fulfill the purposes of this subdivision is a public purpose and a proper function of state government.

(d) No recipient of financial assistance may receive more than 80 percent of the total amount of funds appropriated in this subdivision. Any recipient of financial assistance shall pursue its remedies under the permits granted to the discharges or subrogate to the state those remedies for purposes of obtaining reimbursement of the state funds expended for the purposes of this subdivision. The board of health shall at the time of any disbursement of funds under this subdivision enter into necessary agreements for reimbursement. Any amounts recovered pursuant to this subdivision shall be credited to and disbursed as provided in ~~subdivision 1, clause (1)~~ section 298.28, subdivision 1, clause (4), part (a).

(e) Prior to July 1, 1977, \$2,500,000 of the proceeds of the tax collected under section 298.243 shall be paid to the general fund of the state treasury from those funds distributed to the counties, except from the portion distributed to Itasca county, pursuant to subdivision 1, clause (1).

(f) This subdivision of Laws 1975, Chapter 437, Article XI, Section 2 is effective on June 7, 1975. The \$2,500,000 in funds appropriated pursuant to this subdivision are available as of July 1, 1975. The additional amount of \$1,750,000 appropriated pursuant to this subdivision shall be available July 1, 1977.

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(g) The additional \$1,750,000 appropriated by this subdivision shall be repaid to the general fund from proceeds of the tax imposed by section 11.

Sec. 13. Minnesota Statutes 1976, Section 298.25, is amended to read:

298.25 TAXES ADDITIONAL TO OTHER TAXES. The taxes imposed under ~~sections section~~ section 298.24 ~~and 298.244~~ shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite and iron sulphides, or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate therefrom, or upon the concentrate produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite or the concentrates produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of taconite and taconite concentrates within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or the transportation or loading of taconite or the concentrates thereof, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation or concentration of such taconite or concentrates produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 14. Minnesota Statutes 1976, Section 298.26, is amended to read:

298.26 TAX ON UNMINED IRON ORE OR IRON SULPHIDES. In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing taconite or iron sulphides, a tax may be assessed upon the taconite or iron sulphides therein at the mill rate prevailing in the taxing district and spread against the assessed value of the taconite or iron sulphides, such assessed value to

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be determined in accordance with existing laws. The amount of the tax spread under authority of this section by reason of the taconite and iron sulphides in any tract of land shall not exceed \$1 \$10 per acre.

Sec. 15. Minnesota Statutes 1976, Section 298.27, is amended to read:

298.27 COLLECTION AND PAYMENT OF TAX. The taxes provided by ~~sections~~ section 298.24, ~~298.241, and 298.243~~ shall be collected and paid in the same manner as provided by law for the payment of the occupation tax, except that the report required by section 298.05 shall be filed on or before February 15 together with a remittance equal to 90 percent of the estimated tax required to be paid hereunder on or before April 15. On or before February 25, the commissioner of revenue shall make distribution of such estimated payment in the manner provided by ~~sections~~ section 298.28 and ~~298.244~~. The commissioner of revenue shall determine the amount of tax due on or before March 15. The tax found to be due shall be paid on or before April 15 following the production year. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination, and collection of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the taxes imposed by ~~sections~~ section 298.24, ~~298.241, and 298.243~~, except in so far as inconsistent herewith. If any person subject to ~~sections~~ section 298.24, ~~298.241, and 298.243~~ shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon such information as he may possess or obtain, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 15, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person required to make an estimated tax payment at the time and in the manner herein provided, and fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the estimated tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the tax ~~taxes~~ provided for in ~~sections~~ section 298.24, ~~298.241, and 298.243~~ is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

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Sec. 16. Minnesota Statutes 1976, Section 298.28, Subdivision 1, is amended to read:

298.28 **DIVISION OF PROCEEDS.** Subdivision 1. The proceeds of the ~~tax~~ taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town to the various taxing districts in which the lands from which taconite was mined or quarried were located in the following manner and proportions: 11 1/2 percent thereof to the city or town; 27 percent thereof to the school district; 11 1/2 percent thereof to the county; three percent thereof to the state and 47 percent thereof, less any amount required to be distributed under subdivision 1a to the taconite property tax relief account in the apportionment fund in the state treasury or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions as provided above, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (c). The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. That portion of the amount so

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distributed to a school district which is not deducted from state aids in section 124.212, subdivision 8a, shall be included in computing the permissible levies under section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state.

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134.

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(8) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (8) and parts (a), (b), (c), and (d) of this clause have been made shall be divided between the taconite environmental protection fund created in section 20 and the northeast Minnesota economic protection fund created in section 26 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

(c) In 1978 and each year thereafter, \$50,000 shall be distributed to the department of revenue for auditing and enforcing the production tax imposed by this article.

(d) In 1978 and 1979, \$150,000 shall be distributed to the department of revenue for the purpose of administering section 29. In 1980 and each year thereafter, \$100,000 shall be distributed to the department of revenue. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city and one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissible levies of such city or school district under sections 275.11 or 275.125, provided, in computing the deduction from permissible levies of cities by reason hereof effect shall be given to the cost of living adjustment allowed by section 275.11, subdivision 2, regardless of whether or not more than 25 percent of the assessed valuation consists of iron ore. On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district or city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be

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distributable to each such district in ~~such~~ the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district ~~except in the case of school districts one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the indicated amount is to be used in computing, pursuant to sections 275.11 or 275.125, the permissible tax levy of such~~ county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections ~~275.11~~ 275.50 to 275.59 or 275.125 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections ~~275.11~~ 275.50 to 275.59 or 275.125, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections ~~275.11~~ 275.50 to 275.59 or 275.125 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein ~~and~~, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 17: Minnesota Statutes 1976, Section 298.282, Subdivision 1, is amended to

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read:

298.282 DISTRIBUTION OF TACONITE MUNICIPAL AID ACCOUNT; TACONITE MUNICIPAL AID; PAYMENT. Subdivision 1. The amount deposited to the credit of the taconite municipal aid account in the apportionment fund of the state treasury as provided in section ~~298.281~~, ~~subdivision 4~~ 298.28, subdivision 1, clause (2) shall be distributed as provided by this section, among the municipalities comprising a tax relief area under section 273.134, as amended hereby, each being herein referred to as a qualifying municipality.

Sec. 18. Minnesota Statutes 1976, Section 298.282, Subdivision 2, is amended to read:

Subd. 2. Each year commencing in 1977, and ~~the~~ following the final determination of the amount of taxes payable under section ~~298.241~~ 298.24, the commissioner of revenue shall determine the amount in the taconite municipal aid account as of July 1 of such year and the amount to be distributed to each qualifying municipality during such year. The amount to be distributed to each qualifying municipality shall be determined by dividing the total amount in said account, after a reduction equal to the amount of the distribution in subdivision 5, as of July 1 by the total population according to the latest federal census of all qualifying municipalities to determine the per capita distributive share for such year and by multiplying the per capita distributive share by the population of such municipality. If the distribution under this section, sections 273.138, 298.26 and 298.28, and chapter 477A, to any municipality would exceed that municipality's permissible levy for the prior year, computed pursuant to sections 275.50 to 275.59, the amount in excess of the permissible levy for the prior year shall reduce the amount distributed to the municipality under this section and this excess amount shall be distributed to the other qualifying municipalities on a per capita basis. Upon completion of such determination, the commissioner of revenue shall certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to such municipality from the taconite municipal aid account that year.

Sec. 19. [298.222] CITATION. Sections 19 to 24 shall be known as the taconite environmental protection fund act of 1977.

Sec. 20. [298.223] TACONITE AREA ENVIRONMENTAL PROTECTION FUND. A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(a) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration or reforestation of minelands not otherwise provided

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for by state law;

(c) local economic development projects including construction of sewer and water systems, and other public works;

(d) monitoring of mineral industry related health problems among mining employees.

The taconite environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

Notwithstanding the above, in 1977 the commissioner, with the recommendation of the board, shall submit a list of projects to the legislative advisory commission by June 15. This list shall by July 1 be transmitted to the governor for approval. Funds may be expended upon approval by the governor.

There is hereby annually appropriated to the commissioner of the Iron Range Resources and Rehabilitation board such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 1, clause (9) relating to the taconite environmental protection fund.

Sec. 21. [298.224] INVESTMENT OF FUNDS; INCOME. The fund established by section 20 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund.

Sec. 22. There is hereby appropriated from the general fund to the taconite environmental protection fund on July 1, 1977, the sum of \$1,500,000. The taconite environmental protection fund shall reimburse the general fund plus interest at five percent on June 30, 1978.

Sec. 23. [298.225] APPROPRIATION. If a taconite producer ceases beneficiation operations, either temporarily or permanently, and if the recipients of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (8), would receive decreased distributions as a result thereof, then the distribution to these recipients in each of the two years immediately following the year in which operations ceased shall

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be equal to the amount they received in the last full year before operations ceased. There is hereby appropriated from the taconite environmental protection fund to the commissioner of revenue the amount needed to make the above payments. If a taconite producer, which ceases beneficiation operations either temporarily or permanently, is required by a special law to make bond payments for a school district, the taconite environmental protection fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. There is hereby appropriated from the taconite environmental protection fund to the commissioner of revenue the amounts needed to make these school bond payments.

Sec. 24. [298.226] APPROPRIATION. There is hereby appropriated from the general fund to the taconite environmental protection fund the amount needed to pay the payments authorized under section 23. The commissioner of finance shall transfer the funds only if the taconite environmental protection fund does not have a sufficient balance to pay the payments. No funds may be transferred from the general fund after January 1, 1980. Any amount transferred to the taconite environmental protection fund shall be repaid to the general fund without interest as soon as practicable.

Sec. 25. [298.291] CITATION. Sections 25 to 28 shall be known as the "northeast Minnesota economic protection fund act of 1977."

Sec. 26. [298.292] POLICY. The legislature is cognizant of the severe economic dislocations and widespread unemployment that result when a single industry on which an area is largely dependent, experiences a drastic reduction in activity. The northeast Minnesota economic protection fund is hereby created to be devoted to economic rehabilitation and diversification of industrial enterprises where these conditions ensue as the result of the decline of such a single industry.

Sec. 27. [298.293] The funds provided by Minnesota Statutes, Section 298.28, Subdivision 1, Clause (9), relating to the northeast Minnesota economic protection fund shall not be expended prior to (a) a declaration by the governor to the effect that the economic situation of northeast Minnesota requires remedial action by the legislature as a result of a decline in mineral-related activities, and (b) an appropriation of the funds by the legislature. The governor shall recommend to the legislature those measures that he believes will be appropriate in order to accomplish the purpose of his declaration. The funds provided by this fund may be spent only in those areas that are tax relief areas as defined in Minnesota Statutes, Section 273.134. The funds provided by Minnesota Statutes, Section 298.28, Subdivision 1, Clause (9), for this fund shall not be expended for this purpose prior to January 1, 2002.

Sec. 28. [298.294] The fund established by section 26 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund; provided that the governor may authorize the state treasurer to borrow an amount not exceeding 50 percent of the amount in the fund for a period terminating no later than December 31, 2001. The state treasurer, pursuant to the authorization, shall issue notes pledging the full faith and credit of the state for the purpose of repayment, and the notes shall bear interest at five percent per annum until paid.

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Sec. 29. Minnesota Statutes 1976, Chapter 298, is amended by adding a section to read:

[298.48] MINERAL RIGHTS; EXPLORATION DATA; FILING REQUIREMENTS. Subdivision 1. ANNUAL FILING. Every owner or lessee of mineral rights who, in respect thereto, has engaged in any exploration for or mining of taconite, semi-taconite, or iron-sulphide shall, within six months of the effective date of this section, file with the commissioner of revenue all data of the following kinds in the possession or under the control of the owner or lessee which was acquired prior to January 1, 1977:

(a) Maps and other records indicating the location, character and extent of exploration for taconite, semi-taconite, or iron-sulphides;

(b) Logs, notes and other records indicating the nature of minerals encountered during the course of exploration;

(c) The results of any analyses of metallurgical tests or samples taken in connection with exploration;

(d) The ultimate pit layout and the supporting cross sections; and

(e) Any other data which the commissioner of revenue may determine to be relevant to the determination of the location, nature, extent, quality or quantity of unmined ores of said minerals. The commissioner of revenue shall have the power to compel submission of the data. The clerk of any court of record, upon demand of the commissioner, shall issue a subpoena for the production of any data before the commissioner. Disobedience of subpoenas issued under this section shall be punished by the district court of the district in which the subpoena is issued as for a contempt of the district court. By April 1 of each succeeding year every owner or lessee of mineral rights shall file with the commissioner of revenue all such data acquired during the preceding calendar year.

Subd. 2. USE OF DATA. Notwithstanding any other law to the contrary, the commissioner of revenue may use any data filed pursuant to subdivision 1 and any similar data otherwise obtained to the extent and in the manner he deems necessary to project the future availability, value, and utilization of the metallic mineral resources of this state. In making such projections the commissioner of revenue may consult with the commissioner of natural resources and may provide him with data as he deems appropriate.

Subd. 3. PENALTIES. Any owner or lessee of mineral rights who fails, neglects or refuses to make any filing required by this section is guilty of a gross misdemeanor.

Subd. 4. CONFIDENTIAL NATURE OF INFORMATION. The data filed pursuant to subdivision 1 shall be considered confidential for three years from the date it is filed with the commissioner. Nothing herein contained shall be construed to prohibit the commissioner from disclosing information or publishing statistics so classified as not to disclose the identity of particular data.

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Notwithstanding the other provisions of this subdivision, the commissioner, at his discretion, may furnish any information supplied under this section to the commissioner of natural resources or the director of the state planning agency. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

Sec. 30. REPEALER. Minnesota Statutes 1976, Sections 294.27; 294.28; 298.244, Subdivision 1; 298.28, Subdivision 1a; and 298.281, are repealed.

Sec. 31. REPEALER. Minnesota Statutes 1976, Sections 298.241; and 298.243, are repealed.

Sec. 32. EFFECTIVE DATE. Sections 7, 10, 13, 15 and 31 are effective for iron ore concentrate produced in any year beginning after December 31, 1976. Sections 5, 8, 16, 17, 18 and 30 are effective for distributions made in any year after December 31, 1977. Sections 2, 6, 9, and 12 and 19 to 29 are effective the day after final enactment. Sections 1, 3, 4 and 14 are effective for property taxes levied in 1977 and thereafter, payable in 1978 and thereafter. Section 11 is effective for tailing produced after June 30, 1977.

ARTICLE XI

Section 1. APPROPRIATION. The sum of \$300,000 is appropriated from the general fund to the commissioner of revenue to meet the cost of administration of this act.

Approved June 2, 1977.

CHAPTER 424—H.F.No.1582

[Coded in Part]

An act relating to public safety; clarifying the duties of the commissioner of public safety in regard to the state criminal justice datacommunications network; amending Minnesota Statutes 1976, Sections 299C.46; 299C.48; and Chapter 299C, by adding a section; repealing Minnesota Statutes 1976, Section 299C.45.

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

Section 1. Minnesota Statutes 1976, Section 299C.46, is amended to read:

299C.46 **CRIMINAL JUSTICE DATACOMMUNICATIONS;**
ESTABLISHMENT, USE. Subdivision 1. The superintendent of the bureau of criminal apprehension commissioner of public safety shall establish a teletypewriter communications criminal justice datacommunications network which will inter-connect the sheriff's offices of enable the inter-connection of the criminal justice agencies within the state into a unified ~~written communications criminal justice information~~ system. The superintendent of the bureau of criminal apprehension commissioner of public safety is authorized to lease or purchase such facilities and equipment as may be necessary to

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