

**CHAPTER 2 — S.F.No. 41**

*An act relating to public finance; delaying the effective date of the requirement that certain securities be in registered form; authorizing Ramsey County to issue bonds or levy taxes to finance the installation or improvement of heating, cooling, and domestic hot water systems; amending Minnesota Statutes 1982, sections 290.09, subdivision 3, as amended; and 383A.411, by adding subdivisions; Laws 1982, Third Special Session chapter 1, article VII, section 9; repealing Minnesota Statutes 1982, section 383A.411, subdivisions 1, 2, and 3.*

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

Section 1. Minnesota Statutes 1982, section 290.09, subdivision 3, as amended by Laws 1982, Third Special Session chapter 1, article 7, section 1, is amended to read:

Subd. 3. **INTEREST.** (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under sections 290.01, subdivisions 20 to 20f or 290.08, or shares of a regulated investment company which during the taxable year of the holder thereof distributes Minnesota exempt-interest dividends as defined in section 290.01, subdivision 27, or on indebtedness described in section 264(a)(2) and (3), (b) and (c) (relating to life insurance) of the Internal Revenue Code of 1954, as amended through December 1, 1982 shall not be allowed as a deduction.

(c) If personal property or educational services are purchased under a contract the provisions of section 163(b) of the Internal Revenue Code of 1954, as amended through December 1, 1982 shall apply.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 47.58, subdivision 1, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

(e) In the case of a taxpayer other than a corporation, the amount of interest on investment indebtedness allowable as a deduction shall be allowed and limited as set forth in section 163(d) of the Internal Revenue Code of 1954, as amended through December 1, 1982. The limitation prescribed in section 163(d)(1)(A) for married individuals who file separate returns shall also apply to married individuals who file separately on one return.

(f) A taxpayer may not deduct interest on indebtedness incurred or continued to purchase or carry obligations or shares, or to make deposits or other

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

investments, the interest on which is described in section 116(c) of the Internal Revenue Code of 1954, as amended through December 1, 1982 to the extent such interest is excludable from gross income under section 116 of the Internal Revenue Code of 1954 as amended through December 1, 1982. Interest and carrying costs in the case of straddles shall be treated as provided in section 263(g) of the Internal Revenue Code of 1954, as amended through December 1, 1982. The deduction of original issue discount shall be allowed as provided in section 163(e) of the Internal Revenue Code of 1954, as amended through December 1, 1982.

(g) No deduction shall be allowed for interest on any registration-required obligation unless the obligation is in registered form as provided in section 163(f) of the Internal Revenue Code of 1954, as amended through ~~December 1, 1982~~ January 15, 1983.

Sec. 2. Laws 1982, Third Special Session chapter 1, article 7, section 9, is amended to read:

Sec. 9. **EFFECTIVE DATE.**

Section 1 is effective for taxable years beginning after December 31, 1982, except the provisions relating to original issue discount are effective at the same time as the provision became effective for federal tax purposes and the provisions relating to registration-required obligations are effective at the same time that section 306(b)(2) of Public Law Number 97-448 is effective for federal tax purposes. Sections 2 and 4 to 8 are effective at the same time in 1982 as the provisions become effective for federal income tax purposes. Section 3 is effective for taxable years beginning after December 31, 1982 with respect to construction that commences after that date.

Sec. 3. Minnesota Statutes 1982, section 383A.411, is amended by adding a subdivision to read:

Subd. 4. Ramsey county may issue and sell from time to time general obligation bonds of the county in an aggregate principal amount not to exceed \$5,000,000 to finance the construction, installation, modification, or improvement of heating, cooling, and domestic hot water systems serving buildings owned in whole or part, operated, or maintained by the county or the Ramsey county medical center commission. The county shall pledge its full faith and credit and taxing powers for the payment of the bonds. Except as provided in this section, the bonds shall be issued in accordance with Minnesota Statutes, chapter 475. The bonds may be issued and sold without submitting the question of the issuance of the bonds to a vote by the people. The bonds shall be in a form and bear interest at the rate that the county prescribes and shall be sold by the county to the bidder with the most favorable bid, after notice of the time and place for the receiving of the bids has been published according to law. The bonds shall not be included in computing the net debt of the county under any law, and the

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

taxes required for payment of the bonds and interest on them shall not be subject to any limitation provided by other law.

Sec. 4. Minnesota Statutes 1982, section 383A.411, is amended by adding a subdivision to read:

Subd. 5. In substitution of, but not in addition to, powers granted to Ramsey county in subdivision 4, Ramsey county may levy and collect a tax, not to exceed the lesser of \$5,000,000 or two mills, upon all taxable property in Ramsey county to finance the construction, installation, modification, or improvement of heating, cooling, and domestic hot water systems serving buildings owned in whole or part, operated, or maintained by the county or Ramsey county medical center commission. A levy made pursuant to this subdivision shall not be subject to any limitation provided by other law.

Sec. 5. Minnesota Statutes 1982, section 383A.411, is amended by adding a subdivision to read:

Subd. 6. The bonds described in subdivision 4 may not be issued and the tax described in subdivision 5 may not be levied until construction is commenced on a district heating system in St. Paul which is designed for heating or cooling or domestic hot water service to one or more buildings owned in whole or part, operated, or maintained by the county or the Ramsey county medical center commission.

Sec. 6. **REPEALER.**

Minnesota Statutes 1982, section 383A.411, subdivisions 1, 2, and 3 are repealed.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 and 2 are effective December 31, 1982. Sections 3, 4, 5, and 6 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Ramsey county.

Approved February 11, 1983

---

**CHAPTER 3 — H.F.No. 55**

*An act relating to towns; setting the time for posting audit reports; amending Minnesota Statutes 1982, section 366.22.*

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

Section 1. Minnesota Statutes 1982, section 366.22, is amended to read:

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