

contest, match or exhibition; and (b) an affidavit stating that the boxer has not been knocked unconscious in boxing competition since the last electroencephalogram was administered. affidavit must state that the boxer has regularly trained for at least 60 days under the supervision of a second licensed by the board of boxing or a second or trainer licensed in another jurisdiction or the equivalent. The examination must include an electroencephalogram if the boxer has been knocked unconscious in boxing competition. The examination must also include an eye examination designed to reveal any retinal defects or damage that could be aggravated by boxing. The examination shall be performed at the expense of the promoter.

The board may order an electroencephalogram before any contest, match, or exhibition if it determines that the examination is necessary to protect the health of the boxer. The examination must be performed at the expense of the promoter.

Approved June 14, 1983

CHAPTER 342 — H.F.No. 1259

An act relating to taxation; establishing income tax definitions; altering, establishing, and eliminating certain income tax modifications, deductions, and credits; extending the income tax surtax; allowing suspension of indexing; modifying income tax administrative provisions; altering certain property tax credit, assessment, and administrative provisions; adjusting computation of property tax refunds; providing for computation and distribution of state aids to school districts and other local units of government; establishing the rate of sales and motor vehicle excise taxes and modifying exemption provisions; providing tax incentives for business development; authorizing the cities of Austin and Hastings and certain nonprofit entities in the city of Bemidji and within Independent School District No. 692, Babbitt, to hold property for economic development purposes; authorizing the imposition of city lodging taxes; providing for the imposition of a tax on aggregate materials by the counties of Stearns, Benton, Sherburne, Wright, Carver, Scott, Dakota, LeSueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomen, Clay, Becker, Wilkin, Traverse, Big Stone, Stevens, Pope, Anoka, Hennepin, Washington, and Ramsey; revising provisions governing property tax delinquencies and sales of tax-forfeited lands; enacting the multistate tax compact; authorizing St. Louis County to abate certain taxes; providing for a budget reserve account and prescribing certain budget procedures; authorizing the city of Rochester to impose a local sales tax; authorizing certain refunds of motor vehicle excise tax; defining terms; imposing penalties; appropriating money; amending Minnesota Statutes 1982, sections 16A.15, subdivision 1, and by adding subdivisions; 116J.42, subdivision 7; 124.11, subdivisions 2a and 2b; 124.2137, subdivision 1; 270.60; 272.02, subdivision 1; 272.03, subdivision 8; 272.115, subdivision 1; 273.11, subdivision 1 and by adding subdivisions; 273.115, subdivision 1; 273.13, subdivisions 6, 6a, 7, 9, 11, 14a, 17, 17b, 17c, 20; 273.1311; 273.1312, subdivisions 2, 3, 4, and 5; 273.1313, subdivisions 1, 2, 3, and 5; 273.135, subdivision 1; 273.138, subdivisions 2, 3,

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

and 6; 273.1391, subdivision 1; 273.1392; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, by adding subdivisions; 276.04; 276.09; 276.10; 276.11; 278.01, subdivisions 1 and 2; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivision 1; 279.05; 279.06; 279.14; 279.15; 279.16; 279.20; 280.01; 280.07; 280.10; 280.38; 280.385, subdivision 1; 281.01; 280.02; 281.03; 281.05; 281.17; 281.18; 281.23; 281.25; 281.34; 281.39; 282.01, subdivision 5; 282.039; 282.17; 282.171; 282.222, subdivisions 4 and 5; 282.301; 287.05, subdivision 1; 290.01, subdivisions 19, 20, 20a, as amended, 20b, as amended, 20f; 290.06, subdivisions 2e, as amended, 11, 13, 14, and by adding a subdivision; 290.067, subdivisions 1 and 2; 290.068, by adding a subdivision; 290.07, subdivision 1; 290.09, subdivisions 1, 2, 3, as amended, 4, 5, and 29; 290.14; 290.17, subdivision 2; 290.18, subdivisions 1 and 2; 290.21, subdivisions 1 and 3; 290.23, subdivision 5; 290.31, subdivisions 2 and 3; 290.34, subdivision 2; 290.37, subdivision 1; 290.39, subdivision 2; 290.431; 290.46; 290.53, subdivision 2, as amended; 290.92, subdivision 2a, and by adding subdivisions; 290A.03, subdivisions 3, 6, 8, 11, 13, as amended, and by adding a subdivision; 290A.04, subdivisions 1, 2, 2a, 2b, 3, and by adding subdivisions; 290A.07, subdivision 3; 290A.16; 290A.18; 290A.19; 296.18, subdivision 1; 296.421, subdivision 5; 297A.02, as amended; 297A.03, subdivision 2, as amended; 297A.14, as amended; 297A.25, subdivision 1; 297A.35, subdivision 3; 297B.01, subdivision 8; 297B.02, as amended; 298.75; 325D.32, subdivision 9; 471.59, by adding a subdivision; 473F.08, subdivision 7a; 477A.011, subdivisions 6, 7, 10, and by adding subdivisions; 477A.012; 477A.013; 477A.014, subdivision 1; 477A.03, subdivision 2; 515A.1-105; 559.21, by adding a subdivision; Laws 1981, First Special Session, chapter 1, article II, section 25; Third Special Session chapter 2, article III, section 22, as amended; proposing new law coded in Minnesota Statutes, chapters 124; 168; 273; 276; 279; 280; 282; 290; 297A; 297B; 477A; 507; repealing Minnesota Statutes 1982, sections 16A.153; 273.13, subdivision 15b; 273.138, subdivisions 1 and 4; 273.139; 275.09, subdivision 3; 275.50, subdivision 6; 275.51, subdivisions 3e and 5; 279.24; 281.36; 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 32; 290.501; 340.986; 352C.07; 477A.011, subdivisions 8 and 9; Laws 1961, chapter 605; Laws 1963, chapter 475; Laws 1965, chapter 163; Laws 1977, chapters 112 and 117; Laws 1979, chapter 273; and Laws 1982, chapter 523, article VII, section 3 and Third Special Session chapter 1, article 5, section 4.

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

ARTICLE 1 INCOME TAX

Section 1. Minnesota Statutes 1982, section 290.01, subdivision 19, is amended to read:

Subd. 19. **NET INCOME.** The term "net income" means the gross income, as defined in subdivision 20, less the following deductions allowed by section 290.09 (and for individuals, section 290.21) to the extent allowed by section 290.18, subdivision 1:

- (a) For corporations, the deductions allowed by section 290.09;
- (b) For individuals, the deductions allowed in section 15, without regard to section 290.18, subdivision 1, section 16, and 290.09; and

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

(c) For estates and trusts, the deduction allowed by section 15, without regard to section 290.18, subdivision 1.

Sec. 2. Minnesota Statutes 1982, section 290.01, subdivision 20, is amended to read:

Subd. 20. **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.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income 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 subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income 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 subdivision and in subdivisions 20a to 20f, and with the modification that the federal deduction for personal exemptions for trusts and estates shall not be allowed.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes.

The provisions of section 4 of P.L. 95-458, sections 131, 133, 134, 141, 152, 156, 157, 405, and 543 of P.L. 95-600, and section 2 of P.L. 96-608 (relating to pensions, individual retirement accounts, deferred compensation plans, the sale of a residence and to conservation payments to farmers) including the amendments made to these sections in P.L. 96-222 shall be effective at the same time that these provisions became effective for federal income tax purposes.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit

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

Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they

- become effective for federal income tax purposes.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, 20c, and 20e, and 20f shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 3. Minnesota Statutes 1982, section 290.01, subdivision 20a, as amended by Laws 1982, Third Special Session chapter 1, article 5, section 1, is amended to read:

Subd. 20a. **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 other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) ~~A business casualty loss if the taxpayer elected to deduct the loss on the current year's federal income tax return but had deducted the loss on the previous year's Minnesota income tax return;~~

(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) (3) 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;

(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 the reimbursed expenditure resulted in a tax benefit;~~

(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 the previous taxable year. The amount of the federal income tax overpayment shall be reported only

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

to the extent that the amount resulted in a reduction of the tax imposed by this chapter.

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, combined, or separate Minnesota income tax returns. In the case of combined or 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 combined or separate Minnesota income tax return for such previous taxable year;

~~(7)~~ (4) 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;

~~(8)~~ (5) The amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction under Minnesota Statutes 1982, section 290.01, subdivision 20b, clause (7);

~~(9)~~ (6) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

~~(10)~~ (7) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

~~(11)~~ (8) 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;

~~(12)~~ (9) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

~~(13)~~ (10) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

~~(14)~~ (11) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

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

(15) (12) The amount of any excluded gain recognized by a trust on the sale or exchange of property as defined in section 641(c)(1) of the Internal Revenue Code of 1954;

(16) (13) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 40 percent of the portion of the gain. This modification is limited to property that qualified for the energy equity investment credit contained in section 290.06, subdivision 14, 290.069, subdivision 4, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (7);

(17) (14) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

(18) ~~The amount of a distribution from an individual housing account which is to be included in gross income as required under section 290.08, subdivision 25;~~

(19) (15) To the extent deducted in computing the taxpayer's federal adjusted gross income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10);

~~(20) To the extent excluded from federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of contributions made by the city manager or administrator which is equal to the amount which would have been the city manager's or administrator's employee contribution pursuant to section 353.27, subdivision 2, if he were a member of the public employees retirement association;~~

(21) (16) The deduction for two-earner married couples provided in section 221 of the Internal Revenue Code of 1954;

~~(22) Interest on all-savers certificates which is excluded under section 128 of the Internal Revenue Code of 1954;~~

(23) (17) Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(24) (18) Expenses and depreciation attributable to property subject to Laws 1982, chapter 523, article 7, section 3 which has not been registered;

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

~~(25)~~ (19) The amount of contributions to an individual retirement account, simplified employee pension plan, or self-employed retirement plan which is allowed under sections 311 and 312 of Public Law Number 97-34 to the extent those contributions were not an allowable deduction prior to the enactment of that law;

(26) To the extent deducted in computing federal adjusted gross income, living expenses of a member of congress in excess of that allowable under section 290.09, subdivision 2, clause (a)(3); and

~~(27)~~ (20) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any contributions to a qualified pension plan, designated as employee contributions but which the employing unit picks up and which are treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code of 1954.

Sec. 4. Minnesota Statutes 1982, section 290.01, subdivision 20b, as amended by Laws 1982, Third Special Session chapter 1, article 5, section 2, is amended to read:

Subd. 20b. **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;

(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 40 per centum of the 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) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(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 or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(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

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

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 the amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank 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 firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) The amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954 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;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) (8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of

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

a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(10) (9) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1986 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) (10) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause (6);

(12) (11) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause (6);

(13) (12) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, 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;

(14) (13) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, 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;

(15) (14) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) (15) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(18) Minnesota exempt-interest dividends as provided by subdivision 27;

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

(19) A business casualty loss which the taxpayer elected to deduct on the current year's Minnesota income tax return but did not deduct on the current year's federal income tax return;

(20) To the extent included in federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of payments from the deferred compensation program equivalent to the amount of contributions taxed under subdivision 20a, clause (20);

(21) Contributions to and interest earned on an individual housing account as provided by section 290.08, subdivision 25;

(22) (16) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine percent per year for the duration of the term of the contract. This exclusion shall be available only if (1) the purchaser is an individual who, together with his spouse and dependents, has a total net worth valued at less than \$150,000 and (2) the property sold under the contract is farm land as defined in section 41.52, subdivision 6 of no more than 1,000 acres that the purchaser intends to use for agricultural purposes. Compliance with these requirements shall be stated in an affidavit to be filed with the first income tax return on which the taxpayer claims the exclusion provided in this clause. Upon request accompanied by the information necessary to make the determination, the commissioner shall determine whether interest to be paid on a proposed transaction will qualify for this exclusion; the determination shall be provided within 30 days of receipt of the request, unless the commissioner finds it necessary to obtain additional information, or verification of the information provided, in which case the determination shall be provided within 30 days of receipt of the final item of information or verification. The exclusion provided in this clause shall apply to interest earned on contracts for deed entered into after December 31, 1981 and before July 1, 1983;

(23) The penalty on the early withdrawal of an all-savers certificate as provided in section 128(e) of the Internal Revenue Code of 1954 to the extent that the interest was included in income under subdivision 20a, clause (22);

(24) (17) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; and

(25) (18) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause ~~(27)~~ (20); and

(19) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated

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

employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (19). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted.

Sec. 5. Minnesota Statutes 1982, section 290.01, subdivision 20f, is amended to read:

Subd. 20f. **MODIFICATION FOR ACCELERATED COST RECOVERY SYSTEM.** A modification shall be made for the allowable deduction under the accelerated cost recovery system as ~~provided in subdivision 28.~~ The allowable deduction for the accelerated cost recovery system as provided in section 168 of the Internal Revenue Code of 1954 shall be the same amount as provided in that section for individuals, estates, and trusts with the following modifications:

(1) For property placed in service after December 31, 1980, and for taxable years beginning before January 1, 1982, 15 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed.

(2)(a) For taxable years beginning after December 31, 1981, and before January 1, 1983, for 15-year real property as defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property, 17 percent of the allowance shall not be allowed.

(b) For taxable years beginning after December 31, 1982, and with respect to property placed in service in taxable years beginning before January 1, 1983, for 15 year real property as defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property 20 percent of the allowance shall not be allowed.

(3) For property placed in service in taxable years beginning after December 31, 1982, the allowable deduction shall be the amount provided by section 168 of the Internal Revenue Code of 1954.

(4) For property placed in service after December 31, 1980, for which the taxpayer elects to use the straight line method provided in section 168(b)(3) or a method provided in section 168(e)(2) of the Internal Revenue Code of 1954, the modifications provided in clauses (1) and (2) do not apply.

(5) For property subject to the modifications contained in clause (1) or (2) above or subject to a reduction in basis pursuant to section 48(q) of the Internal Revenue Code of 1954, the following modification shall be made after the entire amount of the allowable deduction for that property under the provision of section 168 of the Internal Revenue Code of 1954 has been obtained. The remaining depreciable basis in those assets for Minnesota purposes shall be a

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

depreciation allowance computed by using the straight line method over the following number of years:

- (a) 3 year property - 1 year.
- (b) 5 year property - 2 years.
- (c) 10 year property - 5 years.
- (d) All 15 year property - 7 years.

(6) The basis of property to which section 168 of the Internal Revenue Code of 1954 applies shall be its basis as provided in this chapter and including the modifications provided in this subdivision. The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code of 1954 shall apply but shall be calculated using the basis provided in the preceding sentence. When an asset is exchanged for another asset including an involuntary conversion and under the provision of the Internal Revenue Code of 1954 gain is not recognized in whole or in part on the exchange of the first asset, the basis of the second asset shall be the same as its federal basis provided that the difference in basis due to clause (1) or (2) can be written off as provided in clause (5).

(7) The modifications provided in this subdivision shall apply before applying any limitation to out-of-state losses contained in section 290.17 or farm losses contained in section 290.09, subdivision 29.

(8) After the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code of 1954 has been obtained, the remaining depreciable basis in those assets for Minnesota purposes that is allowable under clause (5) shall include the amount of any basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code of 1954 to reflect the investment tax credit. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954.

Sec. 6. Minnesota Statutes 1982, section 290.06, is amended by adding a subdivision to read:

Subd. 2f. SUSPENSION OF INFLATION ADJUSTMENTS. (a) The taxable net income brackets, the personal credit amounts established pursuant to subdivision 3f and 3g, and the maximum standard deduction provided under section 16, subdivision 3, shall not be adjusted for inflation pursuant to subdivision 2d, for taxable years beginning during a calendar year if the following conditions occur:

(1) The legislature and the governor have enacted a budget providing for an appropriation to the budget reserve account of at least \$250,000,000 for the biennium during which the calendar year began or, in the second half of an odd-numbered year, for the biennium which began during the calendar year; and

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

(2) The commissioner of finance estimated at the time the budget is enacted that the state would receive sufficient general fund receipts during the biennium to fund the full appropriation to the budget reserve account; and

(3) On or before September 15 of the calendar year it is estimated by the commissioner of finance that the probable general fund receipts from taxes and other sources will be less than estimated and consequently the amount available for the remainder of the biennium after transferring any available funds in the budget reserve account will be less than the amount estimated or allotted to be expended or incurred from the general fund; and

(4) The additional receipts resulting from the suspension of the inflation adjustments, together with all other general fund revenues, are not estimated to exceed the sum of the amounts necessary to fund in full all appropriations, including the appropriation to the budget reserve account, in which case the commissioner of revenue shall provide for partial inflation adjustments sufficient to fund in full the appropriations.

(b) The suspension of inflation adjustments shall apply only during the biennium in which the conditions specified in paragraph (a) have been satisfied.

(c) For taxable years beginning during a calendar year in which the inflation adjustments of the brackets, credits, and maximum standard deduction are not made pursuant to this subdivision, the taxable net income adjustment factor, as defined in section 290.18, subdivision 4, shall be the adjustment factor applicable to taxable years beginning during the preceding calendar year. For taxable years beginning during a calendar year in which the inflation adjustments are suspended for one-half of the taxable year as a result of paragraph (b), the taxable net income adjustment factor shall be determined by multiplying the factor for the previous year by an amount equal to the current year factor divided by two, plus one.

(d) For taxable years beginning during a calendar year in which the inflation adjustments are suspended pursuant to this subdivision and for which paragraph (b) will result in the inflation adjustments being suspended for only one-half of the taxable year, the commissioner of revenue shall adjust the withholding tables, notwithstanding section 290.92, subdivision 2a, so that the additional tax imposed is withheld and remitted by employers during the first six months of the taxable year as if the suspension were in effect for the entire year.

Sec. 7. Minnesota Statutes 1982, section 290.06, subdivision 2e, as amended by Laws 1982, Third Special Session chapter 1, article 5, section 3, is amended to read:

Subd. 2e. **ADDITIONAL INCOME TAX.** In addition to the tax computed pursuant to subdivisions 2c and 2d or subdivision 3d, there is hereby imposed an additional income tax on individuals, estates, and trusts, other than those taxable as corporations. The additional tax shall be computed by applying

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

the following rates to the tax computed pursuant to subdivision 3d or, in the case of an individual who does not qualify for the low income alternative tax and estates and trusts, the tax computed pursuant to subdivisions 2c and 2d and sections 290.032 and 290.091 less the credits allowed by sections 290.06, subdivisions 3e, 3f, 9, 9a, 11 and 14; and 290.081.

(1) For taxable years beginning after December 31, 1981, but before January 1, 1983, seven percent;

(2) For taxable years beginning after December 31, 1982, but before January 1, 1984 1985, 5 10 percent;

(3) For taxable years beginning after December 31, 1984, but before January 1, 1986, 5 percent.

On October 1, 1983 the commissioner of finance shall determine the amount of the state's unrestricted general fund balance at the close of the 1982-1983 biennium. If this amount is more than \$150,000,000, the commissioner shall reduce the rate of the surtax in effect for taxable years beginning after December 31, 1982 and before January 1, 1984, so that the amount of revenue raised by the surtax results in a fund balance of no more than \$150,000,000, provided that the rate so determined shall be rounded upward to the next one-tenth of one percent and no adjustment shall be required if the change in the rate of the surtax would be less than one-tenth of one percent.

Sec. 8. ADJUSTMENT TO WITHHOLDING AND DECLARATIONS.

For taxable years beginning after December 31, 1984, but before January 1, 1986, the commissioner of revenue shall adjust the withholding tables, notwithstanding section 290.92, subdivision 2a, so that the additional tax imposed by section 7 for the entire year is withheld and remitted by employers as if the additional tax were imposed at a rate of ten percent during the first six months of the taxable year.

For the same period, the commissioner shall require that declarations filed for the first six months of the taxable year by individuals shall include the additional tax imposed by section 7.

Sec. 9. Minnesota Statutes 1982, section 290.06, subdivision 11, is amended to read:

Subd. 11. CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES. ~~In lieu of the deduction provided by section 290.21, subdivision 3, clause (e),~~ A taxpayer may take a credit against the tax due under this chapter of 50 percent of his contributions to candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed \$50 and, for a married couple filing jointly or filing a combined return, shall not exceed \$100. No credit shall be allowed under this subdivision for a

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

contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 10. Minnesota Statutes 1982, section 290.06, subdivision 13, is amended to read:

Subd. 13. **GASOLINE AND SPECIAL FUEL TAX REFUND.** Subject to the provisions of section 296.18, a credit equal to the amount paid by the taxpayer during the taxable year as excise tax on gasoline bought and used for any purpose other than use in motor vehicles ~~or~~, snowmobiles, ~~or~~ motorboats, or on special fuel bought and used for any purpose other than use in licensed motor vehicles may be deducted from any tax due under this chapter. Any amount by which the credit exceeds the tax due shall be refunded.

Sec. 11. Minnesota Statutes 1982, section 290.06, subdivision 14, is amended to read:

Subd. 14. **RESIDENTIAL ENERGY CREDIT.** A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and (d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter for the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the building for use as a principal residence or for residential rental purposes; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy source credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1981, and any regulations promulgated pursuant thereto, provided that, after December 31, 1980, any solar collector included in the claimed expenditure is certified by the commissioner of energy, planning and development. A solar collector is a device designed to absorb incident solar radiation, convert it to thermal energy, and transfer the thermal energy to a fluid passing through or in contact with the device. "Solar collector" shall not include passive solar energy systems as defined in clause (d);

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

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the roof area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment located in Minnesota which produces ethanol, methane or methanol for use as a gaseous or as a liquid fuel which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building with the sun's energy by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include either or both:

(1) Control and distribution element, including fans, louvers, and air ducts; or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules adopted by the commissioner of revenue in cooperation with the commissioner of energy, planning and development. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall

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

be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years. A taxpayer shall never be allowed to claim more than \$10,000 of expenditures during the duration of the renewable energy credit.

The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10.

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1987.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under section 44C (d) of the Internal Revenue Code of 1954, as amended through December 31, 1981. "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit provided in this subdivision is subject to the provisions of Section 44C, (c) (7) and (10), and (d) (1) to (3), and ~~(e)~~, of the Internal Revenue Code of 1954, as amended through December 31, 1981, and any regulations promulgated pursuant thereto.

The commissioner of revenue in cooperation with the commissioner of energy, planning and development shall adopt rules establishing additional qualifications and definitions for the credits provided in this subdivision.

Notwithstanding section 290.61, the commissioner of revenue may request the commissioner of energy, planning and development to assist in the review and auditing of the information furnished by the taxpayer for purposes of claiming this credit. The provisions of section 290.61 shall apply to employees of the department of energy, planning and development who receive information furnished by a taxpayer for purposes of claiming this credit.

The commissioner of energy, planning and development shall adopt rules establishing the criteria for certification of solar collectors as required by clause (a). The criteria shall:

- (1) Specify the testing procedures to be used in the evaluation of solar collectors;
- (2) Establish minimum levels of collector quality for safety;
- (3) Provide a means to determine the maintainability and structural integrity of solar collectors;

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

(4) Establish a system for evaluating and rating the thermal performance of solar collectors;

(5) Specify the procedures to follow to obtain certification of a solar collector;

(6) Conform to the maximum extent practicable to the solar collector certification requirements of other states which have adopted certification procedures; and

(7) Allow for individual variation so as not to hamper the development of innovative solar collectors.

The commissioner of energy, planning and development may adopt temporary rules pursuant to sections 14.29 to 14.36 to establish this certification procedure.

This subdivision is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1986.

Sec. 12. Minnesota Statutes 1982, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **AMOUNT OF CREDIT.** A taxpayer may take as a credit against the tax due from him and his spouse, if any, under this chapter an amount equal to 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, ~~1981~~ 1982, except that the applicable percentage of the employment-related expenses shall be 20 percent and subject to the other limitations provided in subdivision 2.

Sec. 13. Minnesota Statutes 1982, section 290.067, subdivision 2, is amended to read:

Subd. 2. **LIMITATIONS.** The credit for expenses incurred for the care of each dependent shall not exceed \$400 ~~\$720~~ in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$800 ~~\$1,440~~ in a taxable year. The total credit shall be reduced by five percent of the amount by which according to the amount of the combined federal adjusted gross income, plus the ordinary income portion of any lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, ~~1981~~ 1982, of the claimant and his spouse, if any, ~~exceeds \$15,000.~~ as follows:

income up to \$10,000, \$720 maximum for one dependent, \$1,440 for all dependents;

income of \$10,001 to \$11,000, \$670 maximum for one dependent, \$1,340 for all dependents;

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

income of \$11,001 to \$12,000, \$620 maximum for one dependent, \$1,240 for all dependents;

income of \$12,001 to \$13,000, \$570 maximum for one dependent, \$1,140 for all dependents;

income of \$13,001 to \$15,000, \$520 maximum for one dependent, \$1,040 for all dependents;

income of \$15,001 to \$22,000, \$400 maximum for one dependent, \$800 for all dependents, reduced by five percent of the amount by which the income exceeds \$15,000, plus \$70;

income of \$22,001 to \$23,000, \$70 for one dependent, \$140 for all dependents;

income of \$23,001 to \$24,000, \$20 for one dependent, \$40 for all dependents;

\$24,001 and over, no credit.

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.

The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

Sec. 14. Minnesota Statutes 1982, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **ANNUAL ACCOUNTING PERIOD.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the federal income tax act Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.34, subdivision 2, when members of the group use different accounting periods for federal income tax purposes. Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.

A taxpayer may change his accounting period only with the consent of the commissioner. In case of any such change, he shall pay a tax for the period not

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

included in either his former or newly adopted taxable year, computed as provided in section 290.32.

Sec. 15. [290.088] DEDUCTION FOR FEDERAL INCOME TAXES.

Adjusted gross income for individuals, estates, and trusts shall be computed by allowing to individuals, estates, and trusts a deduction from gross income for federal income taxes. The amount of the deduction is determined under section 290.18, subdivision 2.

Sec. 16. [290.089] DEDUCTIONS FROM GROSS INCOME; INDIVIDUALS.

Subdivision 1. AMOUNT ALLOWED. In computing the net income of individuals, an amount determined pursuant to subdivision 2 or 3 is allowed as a deduction.

Subd. 2. ITEMIZED DEDUCTIONS. Subject to the provisions of section 290.18, subdivision 1, an amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) Add the amount paid to others not to exceed \$500 for each dependent in grades K to 6 and \$700 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(b) Add the amount of Minnesota and other states' estate or inheritance taxes which were allowed as a deduction under section 290.077, subdivision 4, on income in respect of a decedent;

(c) Add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

(d) Subtract income taxes paid or accrued within the taxable year under this chapter;

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

(e) Subtract income taxes paid to any other state or to any province or territory of Canada if a credit is allowed for the taxes under section 290.081;

(f) If the deduction computed under section 164 of the Internal Revenue Code is not reduced by the amount of the credit or refund allowed under chapter 290A, subtract that amount;

(g) Subtract the amount of interest on investment indebtedness paid or accrued in a taxable year beginning before January 1, 1981, which has been carried forward and is allowed as a deduction in the taxable year under section 163(d) of the Internal Revenue Code;

(h) Subtract the amount of charitable contributions deducted under section 170 of the Internal Revenue Code that (i) exceeds the following limitations: (A) an overall limit of 30 percent of the taxpayer's Minnesota gross income which, for purposes of this paragraph, shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code; and (B) the aggregate of contributions to organizations described in section 290.21, subdivision 3, clause (c) shall not exceed 20 percent of the taxpayer's Minnesota gross income; or (ii) was deducted as a carryover under section 170(d) of the Internal Revenue Code.

Subd. 3. STANDARD DEDUCTION. In lieu of the deductions provided in subdivision 2, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,250.

In the case of a husband and wife, 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.

(b) The maximum amount of the standard deduction shall be adjusted for inflation in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the taxable net income brackets.

(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 \$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.

Subd. 4. ADOPTION EXPENSES. An individual taxpayer is allowed a deduction for the expenses incurred during the taxable year arising from the adoption of one or more children, including attorney fees, court costs, social or

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

adoption agency fees, and other necessary costs in connection with an adoption; the total expense, however, shall not exceed \$1,250 per child adopted. If under the taxpayer's system of accounting, the expense is deductible in two different taxable years, the total deduction for the two years shall not exceed \$1,250 per child.

Subd. 5. COMPUTATION OF MINNESOTA DEDUCTIONS. An individual who does not itemize deductions for federal purposes but does itemize deductions for Minnesota purposes shall compute that person's deductions for Minnesota as if that person had itemized their deductions for federal purposes under the provisions of subdivision 2. The individual shall be allowed as an itemized deduction for Minnesota the charitable contributions claimed as a deduction for federal purposes under the provisions of section 170(i) of the Internal Revenue Code.

Subd. 6. SEPARATE RETURNS ON SINGLE FORM. In the case of a husband and wife who filed a joint federal income tax return but filed separate Minnesota income tax returns, the amount of the itemized deductions that shall be allowed shall be the same amount that was allowed on their joint federal income tax return and as modified by subdivision 2. The deductions shall be divided between them based on who incurred and paid the amount which qualifies as a deduction. Amounts which qualify as a deduction and which are paid from joint funds may be divided between the spouses as they elect.

Subd. 7. INTERNAL REVENUE CODE. The Internal Revenue Code referred to in any of the subdivisions of this section means the Internal Revenue Code of 1954, as amended through March 12, 1983.

Sec. 17. Minnesota Statutes 1982, section 290.09, subdivision 1, is amended to read:

Subdivision 1. **LIMITATIONS.** (a) Except as provided in this subdivision, the following deductions provided in this section from gross income shall only be allowed to corporations in computing net income, provided that any item which was deducted in arriving at gross income under the provisions of section 290.01, subdivisions 20 to 20f, shall not be again deducted under this section.

(b) Property taxes may not be deducted under this section if

(1) The taxes are attributable to a trade or business carried on by an individual, or

(2) The taxes are expenses for the production of income which are paid or incurred by an individual; and which are not allowed as a deduction under section 164 of the Internal Revenue Code of 1954, as amended through December 31, 1981.

(c) Interest and depreciation attributable to rental residential property may not be deducted under this section if the property does not comply with the

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

requirements of Laws 1982, chapter 523, article 7, section 3. The provisions of subdivisions 2, clause (c), 28, and 29 shall also apply to individuals, estates, and trusts to the extent provided in those subdivisions.

Sec. 18. Minnesota Statutes 1982, section 290.09, subdivision 2, is amended to read:

Subd. 2. **TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.** (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including amounts expended for meals and lodging other than amounts which are lavish or extravagant under the circumstances) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. ~~For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.~~

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Actual campaign expenditures in an amount not to exceed one-third of the salary of the office sought, for the year the election is held, by the candidate, but no less than \$100, not reimbursed, which have been personally paid by a candidate for public office;

(d) No deduction shall be allowed under this subdivision for any contribution or gift which would be allowable as a deduction under section 290.21 were it not for the percentage limitations set forth in such section;

(e) (c) All expense money paid by the legislature to legislators;

(f) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the

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

Internal Revenue Code of 1954, as amended through December 31, 1981, shall be applicable in determining the availability of any deduction under this subdivision.

~~(g)~~ (d) Entertainment, amusement, or recreation expenses shall be allowed under this subdivision only to the extent that they qualify as a deduction under section 274 of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 19. 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 section 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 investments, the interest on which is described in section 116(e) 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

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

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)~~ (c) 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.

Sec. 20. Minnesota Statutes 1982, 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 and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (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 chapter 290A;~~ (f) federal income taxes (including the windfall profit tax on domestic crude oil), by corporations, national and state banks; ~~(g) mortgage registry tax;~~ (h) real estate transfer tax; (i) federal telephone tax; ~~(j) federal transportation tax;~~ and ~~(k)~~ (d) 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 Internal Revenue Code of 1954, as amended through December 31, 1981. 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.

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.

Property taxes shall be allowed as a deduction to the same taxpayer and in the same manner as provided in section 164 of the Internal Revenue Code of 1954, as amended through December 31, 1981, notwithstanding the provisions of section 272.31.

Sec. 21. Minnesota Statutes 1982, section 290.09, subdivision 5, is amended to read:

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

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 this chapter 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 (e) (3) of the Internal Revenue Code of 1954, as amended through December 31, 1981. 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 or estate tax purposes.

(d) **WAGERING LOSSES.** Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions. No loss from pari-mutuel betting shall be allowed except to the extent of verified receipts and the sworn testimony of at least one witness other than the taxpayer or his spouse.

(e) **(d) 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) **(e) CAPITAL LOSSES.** Losses from sales or exchanges of capital assets shall be allowed only to the extent allowed in section 290.16.

(g) **(f) WORTHLESS SECURITIES.** (1) **GENERAL RULE.** If any security which is a capital asset becomes worthless during 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

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

(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 80 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. The definitions contained in section 165(g) of the Internal Revenue Code of 1954, as amended through January 15, 1983, shall apply. No deduction shall be allowed for any loss sustained on any registration-required obligation as defined in and except as provided in section 165(j) of the Internal Revenue Code of 1954, as amended through January 15, 1983.

(h) (g) **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 the provisions of the Federal Disaster Relief Act of 1974, at the election of the taxpayer, may shall be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred. Such election may be made This provision shall apply only if a similar an election has been made under the provisions of Section ~~165(h)~~ 165(i) of the Internal Revenue Code of 1954, as amended through ~~December 31, 1981~~ January 15, 1983 for federal income tax purposes. Such deduction allowed in the preceding taxable year 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 exceed the uncompensated amount determined on the basis of the facts existing at the date the taxpayer claims the loss. If an

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

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 manner of making an election to claim a disaster loss under this clause.

(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. 22. Minnesota Statutes 1982, section 290.09, subdivision 29, is amended to read:

Subd. 29. **DEDUCTIONS ATTRIBUTABLE TO FARMING.** (a) **DEFINITIONS.** For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, including horses for horse racing, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging."

(b) **DEDUCTIONS LIMITED.** Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) **DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.** Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ~~\$15,000~~ \$30,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ~~\$15,000~~ \$30,000, the maximum allowable amount of ~~\$15,000~~ \$30,000 shall be reduced by ~~twice the~~ an amount by which equal to the nonfarm income exceeds the amount in excess of ~~\$15,000~~ \$30,000

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

multiplied by three. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1981. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1981, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first ~~\$15,000~~ \$30,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds ~~\$15,000~~ \$30,000, the maximum allowable amount of ~~\$15,000~~ \$30,000 shall be reduced by twice the an amount by which equal to the nonfarm income exceeds the amount in excess of ~~\$15,000~~ \$30,000 multiplied by three.

(d) **SHAREHOLDERS SEPARATE ENTITIES.** For purposes of this subdivision, individual shareholders of an electing small business corporation shall be considered separate entities.

(e) **SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.** For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback.

(f) **INTEREST ON CLAIMS.** In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

(g) **ORDER OF APPLICATION.** The application of this subdivision shall be made after applying any limitation to out of state losses contained in section 290.17.

Sec. 23. Minnesota Statutes 1982, section 290.14, is amended to read:

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

290.14 GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1981, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1981, its value determined by that section.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

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

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 16 or section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1981.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

(7) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

(8) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1981 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of

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

gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 24. Minnesota Statutes 1982, section 290.17, subdivision 2, is amended to read:

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) (a) 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.

(b) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner.

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state if the state or province in which the athletic team is based provides a similar income exclusion. If the state or province in which the athletic team's operations are based does not have an income tax on an individual's personal service income, it will be deemed that that state or province has a similar income exclusion. As used in the preceding sentence, the term "province" means a province of Canada.

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete not listed in clause (i), or who is an entertainer, for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in 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 from winnings on Minnesota pari-mutuel betting tickets shall be assigned to this state. Income and gains received from tangible

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

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 section 290.28 or 290.29;

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

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1), nor shall it apply to income from the operation of a farm which is subject to the provisions of clause (2). 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.

If the trade or business carried on wholly or partly in Minnesota is part of a unitary business, the entire income of that unitary business shall be subject to apportionment under section 290.19 except for business income subject to the provisions of clause (1) and farm income subject to the provisions of clause (2). The term "unitary business" shall mean a ~~number~~ of business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. Unity shall be presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other con-

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

trolled interaction but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity of ownership will not be deemed to exist unless the corporation owns more than 50 percent of the voting stock of the other corporation when a corporation is involved unless that corporation is a member of a group of two or more corporations more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group.

The entire income of a unitary business, ~~including all income from each activity, operation or division,~~ shall be subject to apportionment as provided in section 290.19. None of the income of a unitary business shall be considered as derived from any particular source and none shall be allocated to any particular place except as provided by the applicable apportionment formula.

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) ~~In the case of a nonresident who is liable for payment of a penalty for having withdrawn funds from an individual housing account established pursuant to section 290.08, subdivision 25, the amount so withdrawn and for which a deduction was allowed shall be an item of income assignable to this state, and the penalty tax of ten percent shall remain an additional liability of that taxpayer.~~

(6) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1981, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

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

~~(7)~~ (6) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 25. Minnesota Statutes 1982, section 290.18, subdivision 1, is amended to read:

Subdivision 1. **TAXABLE NET INCOME.** (a) For resident individuals, taxable net income shall be the same as net income.

(b) For all other taxpayers, the taxable net income shall, except insofar as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17 deductions of the kind permitted by section sections 16, 290.09, and section 62 of the Internal Revenue Code of 1954, as amended through March 12, 1983, in accordance with the following provisions:

(1) Such deductions shall be allowed to the extent that they are connected with and allocable against the production or receipt of such gross income assignable to this state;

(2) That proportion of such deductions, so far as not connected with and allocable against the production or receipt of such gross income assignable to this state and so far as not connected with and allocable against the production or receipt of gross income assignable to other states or countries and so far as not entering into the computation of the net income assignable to this state under section 290.19, shall be allowed which the taxpayer's gross income from sources within this state, as determined under section 290.17, subdivision 2, clauses (1), (2), (3), ~~(5)~~, and ~~(7)~~ (6), bears to his gross income from all sources, including that entering into the computations provided for by section 290.19; provided that taxes of the kind deductible under section 290.09, subdivision 4, shall, so far as within the description of deductions deductible under this clause, be deductible in their entirety if paid to the state of Minnesota, or any of its subdivisions authorized to impose such taxes, and thereupon be excluded in making the computation of deductions, as in this clause provided.

Sec. 26. Minnesota Statutes 1982, section 290.18, subdivision 2, is amended to read:

Subd. 2. **FEDERAL INCOME TAX PAYMENTS AND REFUNDS.** The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10 (8), (9) or (10), and 290.18.

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be

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

deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income. For purposes of the preceding sentence, "federal adjusted gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

(ii) taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986. For an amount which remains to be deducted in a taxable year beginning after December 31, 1982, where the federal tax liability for the year in which the payment was made is joint and several under the computation of a joint federal return of husband and wife, the remaining amounts to be deducted shall be claimed by the same spouse and in the same dollar amount as the deduction was claimed in the first taxable year beginning after December 31, 1981.

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount shall be apportioned between spouses as provided in clause (i) and shall be allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the year in which the payment was made.

~~(iii)~~ (4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this section clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

~~(iv)~~ (iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

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

(~~v~~) (iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this ~~section~~ subdivision shall be modified for such year.

(~~vi~~) (v) If the readjustments required in (~~iv~~) (iii) or (~~v~~) (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(~~vii~~) (vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(~~viii~~) (vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 27. Minnesota Statutes 1982, section 290.21, subdivision 1, is amended to read:

Subdivision 1. The following deductions shall be allowed only to corporations and shall be deductions from ~~gross income in computing net income for individuals, and from a corporation's~~ taxable net income for corporations.

Sec. 28. Minnesota Statutes 1982, section 290.21, subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this

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

state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the deduction shall be allowed in an amount equal to the ratio of the taxpayer's gross income assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a major political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a major political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a major political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a major political party, as defined in section 200.02, subdivision 7, \$150;

(f) in the case of an individual, the total deduction allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total deduction under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the deduction under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a deduction under subparagraph (i). For purposes of paragraph (f) the term Minnesota gross income shall also include the ordinary

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

income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981;

~~(e)~~ in the case of a corporation, the total deduction hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the deductions allowable under this section other than those for contributions or gifts,

~~(h)~~ (f) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

~~(i)~~ (g) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1981, a deduction shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

~~(j)~~ amounts paid to maintain certain students as members of the taxpayer's household shall be allowed as a deduction as provided in section 170(g) of the Internal Revenue Code of 1954, as amended through December 31, 1981. No other deduction shall be allowed under this subdivision for these amounts and the limitations contained in clause ~~(f)~~ shall not apply to these amounts.

Sec. 29. Minnesota Statutes 1982, section 290.23, subdivision 5, is amended to read:

Subd. 5. **DISTRIBUTABLE NET INCOME, INCOME, BENEFICIARY; DEFINED.** (1) For purposes of sections 290.22 through 290.25, the term "distributable net income" means the same as that term is defined in section 643(a) of the Internal Revenue Code of 1954, as amended through December 31, 1981 with the following modification:

There shall be included any tax-exempt interest to which section 290.01, subdivision 20b, clause (1) applies, reduced by any amounts which would be deductible in respect of disbursements allocable to such interest but for the provisions of ~~sections 290.09~~, subdivision 3, and section 290.10(9) (relating to disallowance of certain deductions).

If the estate or trust is allowed a deduction under section 642(c) of the Internal Revenue Code of 1954, as amended through December 31, 1981, the amount of the modification shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in that section of the Internal Revenue Code is deemed to consist of items specified in the modification. For this purpose, such amount shall (in the

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

absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes.

(2) The term "income," and the term "beneficiary" have the same meaning as those terms are defined in section 643(b) and (c) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 30. Minnesota Statutes 1982, section 290.31, subdivision 2, is amended to read:

Subd. 2. **INCOME AND CREDITS OF PARTNER.** (1) In determining his income tax, each partner shall take into account separately his distributive share of the partnership's

(a) gains and losses from sales or exchanges of capital assets held for not more than one year,

(b) gains and losses from sales or exchanges of capital assets held for more than one year,

(c) gains and losses from sales or exchanges of property described in section ~~290.16, subdivision 9(1) and (2)~~ 1231 of the Internal Revenue Code of 1954, as amended through January 15, 1983 (relating to certain property used in a trade or business and involuntary conversions),

(d) charitable contributions (as defined in section ~~290.21, subdivision 3~~) as defined in section 170(c) of the Internal Revenue Code of 1954, as amended through December 31, 1982,

(e) dividends with respect to which there is provided a ~~deduction under section 290.21, an exclusion under section 116 or a deduction under sections 241 to 247 of the Internal Revenue Code of 1954, as amended through December 31, 1982,~~

(f) other items of income, gain, loss, deduction, or credit, to the extent provided by regulations prescribed by the commissioner, and

(g) taxable net income or loss, exclusive of items requiring separate computation under other subparagraphs of this paragraph (1).

(2) The character of any item of income, gain, loss, deduction, or credit included in a partner's distributive share under paragraphs (a) through (f) of paragraph (1) shall be determined as if such item were realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership.

(3) In any case where it is necessary to determine the gross income of a partner for purposes of this chapter, such amount shall include his distributive share of the gross income of the partnership.

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

Sec. 31. Minnesota Statutes 1982, section 290.31, subdivision 3, is amended to read:

Subd. 3. **PARTNERSHIP COMPUTATIONS.** The taxable net income of a partnership shall be computed in the same manner as in the case of an individual except that

(1) the items described in subdivision 2(1) shall be separately stated, and

(2) the following deductions shall not be allowed to the partnership:

(a) the deduction for taxes provided in section ~~290.09, subdivision 4 164(a)~~ of the Internal Revenue Code of 1954, as amended through December 31, 1982, with respect to taxes, described in section 901 of the Internal Revenue Code of 1954, as amended through December 31, 1981, paid or accrued to foreign countries and to possessions of the United States,

(b) the deduction for charitable contributions provided in section 290.21, subdivision 3 or section 170 of the Internal Revenue Code of 1954, as amended through December 31, 1982,

(c) the net operating loss deduction provided in section 290.095,

(d) the additional itemized deductions for individuals provided in ~~section 290.09, subdivisions 10 and 17 sections 211 to 223~~ of the Internal Revenue Code of 1954, as amended through December 31, 1982, and,

(e) the deduction for depletion under section 290.09, subdivision 8 with respect to oil and gas wells.

Any election affecting the computation of taxable net income derived from a partnership shall be made by the partnership except as provided in section 703(b) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 32. Minnesota Statutes 1982, section 290.34, subdivision 2, is amended to read:

Subd. 2. **AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.** When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in his opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, and payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report.

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

The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing. All intercompany transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36.

Sec. 33. Minnesota Statutes 290.37, subdivision 1, is amended to read:

Subdivision 1. **PERSONS MAKING RETURNS.** (a) The commissioner of revenue shall annually determine the gross income levels at which individuals and estates shall be required to file a return for each taxable year.

In the case of a decedent who has gross income in excess of the minimum amount at which an individual is required to file a return, the decedent's final income tax return shall be filed by his or her personal representative, if any. If there is no personal representative, the return shall be filed by the successors (as defined in section 524.1-201) who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return 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.

Every corporation shall file a return. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return 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.

(b) Such return shall (1) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (2) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision 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, 1981, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), (6) and ~~(4)~~ (10), 290.08, and 290.17.

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

Sec. 34. Minnesota Statutes 1982, section 290.39, subdivision 2, is amended to read:

Subd. 2. **SEPARATE COMPUTATIONS ON A SINGLE RETURN.** Notwithstanding the provisions of section 290.61, a husband and wife may elect to compute their Minnesota income tax separately on a single return, in which event:

(a) if the sum of the payments by either spouse, including withheld and estimated taxes, exceeds the amount of tax of such spouse as computed separately, the excess may be applied by the commissioner to the credit of the other spouse if the sum of the payments by such other spouse, including withheld and estimated taxes, is less than the amount of the tax of such other spouse as computed separately;

(b) if the sum of the payments made by both spouses with respect to the taxes of both as computed separately, including withheld and estimated taxes, exceeds the total of the taxes due, refund of the excess may be made payable to both spouses or may be credited against any liability in respect of Minnesota income tax on the part of either spouse;

(c) if the sum of the payments made by both spouses with respect to the taxes of both as computed separately, including withheld and estimated taxes, is less than the total of the taxes due, the liability for the unpaid tax shall be joint and several; provided that a spouse may be relieved of liability in those cases contained in section 6013(e) of the Internal Revenue Code of 1954 as amended through December 31, 1981 (for purposes of computing the 25 percent test contained in that section, the amount of gross income stated in the return shall include the total gross income of both spouses);

(d) if the standard deduction provided for by section ~~290.09, subdivision 15~~ 16, subdivision 3, is not utilized, then the total of the Minnesota itemized deductions of a husband and wife may be taken by either or divided between them as they elect;

(e) the limitation on the deduction for investment interest prescribed in section 163(d)(1)(A) of the Internal Revenue Code of 1954, as amended through March 12, 1983, for married individuals who file separate returns shall also apply to married individuals who file separately on one return.

Sec. 35. Minnesota Statutes 1982, section 290.431, is amended to read:
290.431 NONGAME WILDLIFE CHECKOFF.

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the first page of the

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

income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame section of the division of wildlife in the department of natural resources. The commissioner of natural resources shall submit a work program for each fiscal year and semi-annual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

Sec. 36. Minnesota Statutes 1982, section 290.46, is amended to read:

290.46 EXAMINATION OF RETURNS; ASSESSMENTS, RE-FUNDS.

The commissioner shall, as soon as practicable after the return is filed, examine the same and make any investigation or examination of the taxpayer's records and accounts that he may deem necessary for determining the correctness of the return. The tax computed by him on the basis of such examination and investigation shall be the tax to be paid by such taxpayer. If the tax found due shall be greater than the amount reported as due on the taxpayer's return, the commissioner shall assess a tax in the amount of such excess and the whole amount of such excess shall be paid to the commissioner within 60 days after notice of the amount and demand for its payment shall have been mailed to the taxpayer by the commissioner. If the understatement of the tax on the return was false and fraudulent with intent to evade the tax, the installments of the tax shown by the taxpayer on his return which have not yet been paid shall be paid to the commissioner within 60 days after notice of the amount thereof and demand for payment shall have been mailed to the taxpayer by the commissioner. If the amount of the tax found due by the commissioner shall be less than that reported as due on the taxpayer's return, the excess shall be refunded to the taxpayer in the manner provided by section 290.50 (except that no demand therefor shall be necessary), if he has already paid the whole of such tax, or credited against any unpaid installment thereof; provided, that no refundment shall be made except as provided in section 290.50.

If the commissioner examines returns of a taxpayer for more than one year, he may issue one order covering the several years under consideration reflecting the aggregate refund or additional tax due.

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

The notices and demands provided for by sections 290.46 to 290.48 shall be in such form as the commissioner may determine (including a statement) and shall contain a brief explanation of the computation of the tax and shall be sent by mail to the taxpayer at the address given in his return, or to his last known address.

In cases where there has been an overpayment of a self-assessed liability as shown on the return filed by the taxpayer, the commissioner may refund such overpayment to the taxpayer and no demand therefor shall be necessary; further, written findings by the commissioner, notice by mail to the taxpayer and certificate for refundment by the commissioner shall not be necessary and the provisions of section 270.10, in such case, shall not be applicable.

In the case of an individual, estate or trust, the commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income (or federal taxable income for estates or trusts) to make it properly conform with the provisions of section 290.01, subdivision 20. In the case of an individual, the commissioner may audit and adjust the taxpayer's computation of itemized deductions to make them properly conform with the provisions of section 16.

Sec. 37. Minnesota Statutes 1982, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. **COLLECTION AT SOURCE. (1) DEDUCTIONS.** Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) **WITHHOLDING ON PAYROLL PERIOD.** The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) **WITHHOLDING TABLES.** Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration the allowable deduction for federal income tax and the deduction allowable under section ~~290.09~~ 16, subdivision ~~15~~ 3, and the personal credits allowed against the tax.

(4) **MISCELLANEOUS PAYROLL PERIOD.** If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period

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

containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) MISCELLANEOUS PAYROLL PERIOD. (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) WAGES COMPUTED TO NEAREST DOLLAR. If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) REGULATIONS ON WITHHOLDING. The commissioner may, by regulations, authorize employers:

(a) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) ADDITIONAL WITHHOLDING. The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) TIPS. In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as

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

amended through December 31, 1981, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1981 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than \$20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

Sec. 38. Minnesota Statutes 1982, section 290.92, is amended by adding a subdivision to read:

Subd. 27. Any holder of a class A, B, or D license issued by the Minnesota horse racing commission, who makes a payment or payments for winnings on a pari-mutuel betting ticket or tickets in an amount of \$200 or more to the same individual, shall deduct from the payment or payments and withhold 11 percent of the amount as Minnesota withholding tax. For purposes of this subdivision, winnings from a pari-mutuel betting ticket must be determined by reducing the amount received by the amount paid for the ticket, and payments for winning on a pari-mutuel betting ticket which are not money must be taken into account at their fair market value. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment and of each person entitled to any portion of such payment. The license holder is liable for the payment of the tax required to be withheld under this subdivision and subdivision 27 but is not liable to any person for the amount of the payment.

Sec. 39. Minnesota Statutes 1982, section 290.92, is amended by adding a subdivision to read:

Subd. 28. Any holder of a class A or B license issued by the Minnesota horse racing commission who makes a payment to a holder of a class C license

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

issued by the commission, or who pays an amount as a purse, shall deduct from the payment and withhold seven percent of the amount as Minnesota withholding tax when the amount paid to that individual during the calendar year exceeds \$200. For purposes of the provisions of this section, a payment to any person which is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment which is subject to withholding under this subdivision shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. No withholding is required if the individual presents a signed certificate from his employer which states that the individual is an employee of that employer. A nonresident individual who holds a class C license must be treated as an athlete for purposes of applying the provisions of sections 290.17, subdivision 2(1)(b)(ii) and 290.92, subdivision 4a.

Sec. 40. Minnesota Statutes 1982, section 290A.03, subdivision 3, is amended to read:

Subd. 3. **INCOME.** (1) "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, 1981~~ March 12, 1982; 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 20a, clauses (1), ~~(3), (9), (14), (15), and (21)~~ (2), (6), (11), (12), and (16);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends and interest excluded from federal adjusted gross income under sections 116 or 128 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), 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 instrumentality or political subdivision thereof;

(viii) workers' compensation;

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

- (ix) unemployment benefits;
- (x) nontaxable strike benefits; and

(xi) the gross amounts of 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. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

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

(d) relief granted under sections 290A.01 to 290A.20;

(e) child support payments received under a temporary or final decree of dissolution or legal separation;

(f) federal adjusted gross income shall be reduced by wage or salary expense, or expense of work incentive programs which are not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954; or

(g) federal adjusted gross income shall be reduced by the amount of the penalty on the early withdrawal of an all-savers certificate as provided in section 128(e) of the Internal Revenue Code of 1954.

Sec. 41. Minnesota Statutes 1982, section 290A.16, is amended to read:

290A.16 INCOME TAX DEDUCTION PROHIBITED.

~~Notwithstanding section 290.09, subdivision 4,~~ The income tax deduction for property taxes paid shall not exceed the amount paid, reduced by the amount of credit allowed with respect to the tax pursuant to sections 290A.01 to 290A.20.

Sec. 42. Minnesota Statutes 1982; section 290.53, subdivision 2, as amended by Laws 1983, H.F. No. 381, section 27, is amended to read:

Subd. 2. **FAILURE TO MAKE AND FILE RETURN.** In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, there

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

shall be added to the tax in lieu of the penalty provided in subdivision 1: ten percent if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

In the case of a failure to file a return of tax imposed by this chapter within 60 days of the date prescribed for filing of the return (determined with regard to any extensions of time for filing), where the return has been demanded by the commissioner under the provisions of section 290.47, the amount added to the tax under this subdivision shall not be less than the lesser of \$50 or 100 percent of the amount required to be shown as the amount of tax on which is due with the return.

The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For the purposes of this subdivision the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 43. INSTRUCTIONS TO THE REVISOR.

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1954, as amended through March 12, 1983" for the words "Internal Revenue Code of 1954, as amended through December 31, 1981" or for the words "Internal Revenue Code of 1954, as amended through December 1, 1982" wherever the phrase occurs in chapter 290, except sections 290.01, subdivision 20, and 290.09, subdivision 5.

Sec. 44. REPEALER.

Minnesota Statutes 1982, sections 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 3a; 290.501; and 352C.07; and Laws 1982, chapter 523, article VII, section 3, and Third Special Session chapter 1, article 5, section 4, are repealed.

Sec. 45. EFFECTIVE DATE.

Sections 1 to 44 are effective for taxable years beginning after December 31, 1982, except as otherwise specifically provided by this section or section 2. For any carryback to a taxable year beginning before January 1, 1983, "\$15,000" shall be substituted for "\$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c), the modifications

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

to the rate of phase-out of the deduction provided by section 22 do not apply to such carryback, and section 22 is effective for carryover amounts from taxable years beginning before January 1, 1983. The amendments striking Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (22) and subdivision 20b, clause (23) are effective for taxable years beginning after December 31, 1983. The amendment to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (5) is effective for medical expenses deducted in taxable years after December 31, 1981. The amendments to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (6) is effective for federal income tax refunds received for taxable years beginning after December 31, 1980. The amendment to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (20) and subdivision 20b, striking clause (20) is effective for taxable years beginning after December 31, 1980. The carryover provisions of sections 290.06, subdivisions 9 and 9a continue to apply to credit amounts attributable to a taxable year beginning before January 1, 1983. Section 40 is effective for claims based on rent paid in 1983 and thereafter and for property taxes paid in 1984 and thereafter.

ARTICLE 2 PROPERTY TAX

Section 1. Minnesota Statutes 1982, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. **TAX REDUCTIONS.** The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to 29 percent of the tax levy that would be produced by applying a rate of 18 mills imposed on up to 320 acres of the property land including the buildings and structures thereon but excluding the homestead dwelling and surrounding one acre of land. The county auditor shall reduce the tax for school purposes on the next 320 acres classified pursuant to section 273.13, subdivision 6 by an amount equal to 13 percent of the tax levy that would be produced by applying a rate of ten mills imposed on the property. The tax on all other agricultural lands classified pursuant to section 273.13, subdivision 6 shall be reduced by an amount equal to ten percent of the tax levy that would be produced by applying a rate of eight mills imposed on the property. The tax on the first 320 acres of agricultural land classified pursuant to section 273.13, subdivision 4 and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall be reduced by an amount that would be produced by applying a rate of ten mills equal to 13 percent of the tax imposed on the property. The tax on timber land classified pursuant to section 273.13, subdivision 8a and agricultural land in excess of 320 acres classified pursuant to section 273.13, subdivision 4 shall be reduced by an amount equal to ten percent

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

of the tax levy that would be produced by applying a rate of eight mills imposed 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~~ the 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. The amount of the reduction provided under this subdivision which any taxpayer can receive on all qualifying property which he owns shall not exceed \$2,000 in the case of agricultural property and shall not exceed \$100 in the case of seasonal residential recreational property. In the case of property owned by more than one person, the maximum amount of the reduction shall apply to the total of all the owners.

Sec. 2. Minnesota Statutes 1982, section 272.02, subdivision 1, is amended to read:

Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025 or section 273.13, subdivisions 17, 17b, 17c or 17d, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;
- (7) All public property exclusively used for any public purpose;
- (8) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct ~~such~~ the exemption from the total valuation of ~~such~~ the property as equalized by the ~~revenue~~ commissioner of revenue assessed to ~~such~~ the household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.
- (b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall

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

lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting ~~such~~ the bonds from the payment of a tax thereon, as provided for by section 291.01, when any of ~~such~~ the bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(9) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(10) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1, clause (c), except personal property which is part 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 and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(11) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by ~~Extra Session Laws 1967,~~ chapter 32 297A;

(12) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(13) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

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

(14) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. ~~Any such~~ The equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting ~~such~~ the property from taxation. ~~Any such~~ The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(15) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be legal, feasible, and economically practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(16) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(17) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors

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

the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1980 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(18) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(19) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

Sec. 3. Minnesota Statutes 1982, section 272.03, subdivision 8, is amended to read:

Subd. 8. **MARKET VALUE.** "Market value" means the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale and ~~not at forced or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arms length transaction.~~ The price obtained at a forced sale shall not be considered.

Sec. 4. Minnesota Statutes 1982, section 272.115, subdivision 1, is amended to read:

272.115 CERTIFICATE OF VALUE; FILING.

Subdivision 1. Whenever any real estate is sold on or after January 1, 1978 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 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. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. ~~The~~

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

commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.

Sec. 5. Minnesota Statutes 1982, section 273.11, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Except as provided in subdivisions 6 and 7, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 6. Minnesota Statutes 1982, section 273.11, is amended by adding a subdivision to read:

Subd. 8. LIMITED EQUITY COOPERATIVE APARTMENTS. For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under Minnesota Statutes, chapter 308, which has as its primary purpose the provision of housing and related services to its members, who must be persons or families of low and moderate income as defined in section 462A.03, subdivision 10, at the

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

time they purchase their membership, and which meets the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, or a public agency.

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

A "limited equity cooperative apartment" is a dwelling unit owned or leased by a limited equity cooperative. If the dwelling unit is leased by the cooperative the lease agreement must meet the conditions for a cooperative lease stated in Minnesota Statutes, section 273.133, subdivision 3.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

Sec. 7. Minnesota Statutes 1982, section 273.11, is amended by adding a subdivision to read:

Subd. 9. CONDOMINIUM PROPERTY. Notwithstanding any other provision of law to the contrary, for purposes of property taxation, condominium property shall be valued in accordance with this subdivision.

(a) A structure or building that is initially constructed as condominiums shall be identified as separate units after the filing of a declaration. The market value of the residential units in that structure or building and included in the declaration shall be valued as condominiums.

(b) When 60 percent or more of the residential units in a structure or building being converted to condominiums have been sold as condominiums including those units that the converters retain for their own investment, the market value of the remaining residential units in that structure or building which are included in the declaration shall be valued as condominiums. If not all of the residential units in the structure or building are included in the declaration, the 60 percent factor shall apply to those in the declaration. A separate description shall be recognized when a declaration is filed. For purposes of this clause, "retain" shall mean units that are rented and completed units that are not available for sale.

(c) For purposes of this subdivision, a "sale" is defined as the date when the first written document for the purchase or conveyance of the property is signed, unless that document is revoked.

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

Sec. 8. Minnesota Statutes 1982, section 273.115, subdivision 1, is amended to read:

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (15), by an amount equal to ~~three-fourths~~ one-half of one percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying wetland is located, multiplied by the number of acres of wetlands he owns. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the wetlands for any parcel he owns which is contiguous to the parcel containing the wetlands.

Sec. 9. Minnesota Statutes 1982, 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 for taxes payable in 1981 and thereafter as follows: the first ~~\$50,000~~ \$60,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. ~~Effective for taxes payable in 1982 and thereafter,~~ The maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to sections ~~124.213 and 124.2137, 273.123, 273.135, and 473H.10~~ shall be reduced by ~~58~~ 54 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said the reduction shall not exceed \$650. ~~Valuation subject to relief shall be limited to 240 acres of land, most contiguous surrounding, bordering, or closest to 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, provided that~~ Noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. 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 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

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

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.

~~Effective for the 1981 assessment and in subsequent years,~~ The assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 10. Minnesota Statutes 1982, section 273.13, subdivision 6a, is amended to read:

Subd. 6a. **HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.** (a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Such a The homestead shall not exceed 240 acres, and shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon.

Sec. 11. Minnesota Statutes 1982, 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 for taxes payable in 1981 and thereafter as follows: the first ~~\$25,000~~ \$30,000 of market value shall be valued and assessed at ~~16~~ 17 percent; the next ~~\$25,000~~ \$30,000 of market value shall be valued and assessed at ~~22~~ 19 percent; and the remaining market value shall be valued and assessed at ~~28~~ 30 percent. ~~Effective for taxes payable in 1982 and thereafter,~~ The maximum amounts of the market value of the homestead brackets subject to the ~~16~~ 17 percent and ~~22~~ 19 percent rates shall

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

be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to ~~section~~ sections 273.123, 273.135, and 473H.10 shall be reduced by ~~58~~ 54 percent of the tax for taxes payable in 1981 and thereafter imposed on the first \$67,000 of market value; provided that the amount of ~~said~~ the reduction shall not exceed \$650. 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.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if ~~such~~ the blind person is the owner thereof or if ~~such~~ the blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (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 (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 the surviving spouse of ~~such~~ a the deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) ~~is receiving~~ receives 90 percent or more of his total income from (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; which aid is at least 90 percent of the total income of such disabled person from all sources. Property shall be classified and assessed as class 3cc only if the commissioner of revenue certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. Class 3cc property shall be valued and assessed for taxes payable in 1981 and thereafter as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first ~~\$33,000~~ \$30,000 of market value shall be valued and assessed at five percent, the next ~~\$17,000~~ \$30,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and manufactured homes, the first ~~\$33,000~~ \$30,000 of market value shall be valued and assessed at five percent, the next ~~\$17,000~~ \$30,000 of market value shall be valued and assessed at ~~22~~ 19

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

percent, and the remaining market value shall be valued and assessed at ~~28~~ 30 percent. ~~Effective for taxes payable in 1982 and thereafter,~~ In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311; the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and ~~22~~ 19 percent rates. 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 shall be reduced by ~~58~~ 54 percent of the tax ~~for taxes payable in 1984 and thereafter imposed on the first \$67,000 of market value~~; provided that the amount of ~~said~~ the reduction shall not exceed \$650.

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of 1983 or the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 12. Minnesota Statutes 1982, section 273.13, subdivision 9, is amended to read:

Subd. 9. **CLASS 4A, 4B, 4C, AND 4D.** (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at ~~40~~ 34 percent of the first \$50,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the ~~40~~ 34 percent assessment, and in the case of other commercial or industrial property owned by one person

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

or entity, only one parcel in each county shall qualify for the 40 34 percent assessment.

(4) Industrial employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder.

Sec. 13. Minnesota Statutes 1982, section 273.13, subdivision 11, is amended to read:

Subd. 11. **ASSESSOR MAY REQUIRE PROOF.** The assessor ~~may~~ shall require proof, by affidavit or otherwise of the facts upon which classification as a homestead may be determined under the provisions of subdivisions 5a, 6, 7, 7c, 7d, and 10.

Sec. 14. Minnesota Statutes 1982, 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 shall be reduced by ~~58~~ 54 percent of the amount of the tax in respect of said the value not in excess of \$67,000 as otherwise determined by law ~~for taxes payable in 1981, and thereafter,~~ but not by more than \$650.

Sec. 15. Minnesota Statutes 1982, section 273.13, subdivision 17, is amended to read:

Subd. 17. **TITLE II OR STATE HOUSING FINANCE AGENCY PROPERTY USED FOR ELDERLY AND LOW AND MODERATE INCOME FAMILIES.** (a) Except as provided in clause (b), a structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of said those acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) In the case of a structure described in clause (a) with respect to which construction or substantial rehabilitation had not been commenced prior to

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

January 1, 1984, the 20 percent assessment ratio shall apply only to that portion of the structure that is occupied by elderly persons or low and moderate income families as defined above.

Sec. 16. Minnesota Statutes 1982, section 273.13, subdivision 17b, is amended to read:

Subd. 17b. **VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.** (a) Notwithstanding any other provision of law, except as provided in clause (b), any structure

(a) (1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(b) (2) located in a municipality of less than 10,000 population,

(c) (3) financed by a direct loan or insured loan from the farmers home administration, and

(d) (4) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) A structure described in clause (a) with respect to which construction had not been commenced prior to January 1, 1984, shall be assessed at 20 percent of its market value, but only in proportion to its occupancy by elderly persons or low and moderate income families as defined above.

Sec. 17. Minnesota Statutes 1982, section 273.13, subdivision 17c, is amended to read:

Subd. 17c. **VALUATION OF LOWER INCOME HOUSING.** (a) Except as provided in clause (b), a structure which is

(a) (1) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(b) (2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

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

(b) In the case of a structure described in clause (a) with respect to which construction had not been commenced prior to January 1, 1984, the 20 percent assessment ratio shall apply only to that portion of the structure that is occupied by lower income families or elderly or handicapped persons as defined above.

Sec. 18. Minnesota Statutes 1982, section 273.13, subdivision 20, is amended to read:

Subd. 20. **TAXATION; APARTMENTS; ASSESSED VALUE; APARTMENT HOUSING OF TYPE I OR II CONSTRUCTION.** That portion of real property subject to a general property tax and assessed as a structure upon the land shall, when such structure is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more is used or is to be used as apartment housing, and no part of which is subject to the provisions of subdivisions 7 and, 17, 17b, 17c, and 17d be classified for the purposes of taxation for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date, as follows: (a) when such the structure is of a height of five or more stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 25 percent of the market value thereof; (b) ~~When such structure is of a height of four or less stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 33 1/3 percent of the market value thereof.~~

Sec. 19. Minnesota Statutes 1982, section 273.1311, is amended to read:

273.1311 FLEXIBLE HOMESTEAD BRACKETS.

~~Effective for taxes payable in 1982 and subsequent years, The maximum amount of the market value of the homestead brackets shall be adjusted as provided in this section.~~

~~For taxes payable in 1982, the homestead brackets shall be increased by the percentage increase in the statewide average purchase price of a residential home as indicated by bona fide sales, for the twelve-month period ending May 31, 1981, as compared to the twelve-month period ending May 31, 1980. The revised bracket shall be rounded to the nearest \$1,000. The commissioner of revenue shall determine and announce the revised brackets as soon as possible.~~

~~For taxes payable in 1983 1985 and subsequent years, the commissioner shall adjust the brackets used in the preceding assessment by the estimated percentage increase in the statewide average purchase price assessors' estimated market value of a residential home for the twelve-month period ending August 31 of the year preceding the assessment date as compared to the twelve-month period for the immediate preceding year current assessment over the previous assessment. The revised bracket shall be rounded to the nearest \$500. The commissioner of revenue shall determine and announce the revised bracket on October 1 of each year preceding the assessment date.~~

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

Sec. 20. [273.1315] CERTIFICATION OF 3CC PROPERTY.

Any property owner seeking classification and assessment of his homestead as class 3cc property pursuant to section 273.13, subdivision 7, shall file with the commissioner of revenue for each assessment year a 3cc homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or his spouse satisfies the requirements of section 273.13, subdivision 7, for 3cc classification;

(b) the property owner's household income, as defined in section 290A.03, for the previous calendar year; and

(c) any additional information prescribed by the commissioner.

The declaration shall be filed on or before February 1 of each year to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to section 290A.17.

The commissioner shall provide to the assessor on or before April 1 a listing of the parcels of property qualifying for 3cc classification.

Sec. 21. Minnesota Statutes 1982, section 273.135, subdivision 1, is amended to read:

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property ~~not exceeding 240 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. 22. Minnesota Statutes 1982, section 273.1391, subdivision 1, is amended to read:

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on class 3b property ~~not exceeding 240 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. 23. Minnesota Statutes 1982, section 278.05, subdivision 4, is amended to read:

Subd. 4. **SALES RATIO STUDIES AS EVIDENCE.** The sales ratio studies published by the department of revenue, or any part of the studies, or any

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

copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing.

Sec. 24. Minnesota Statutes 1982, section 287.05, subdivision 1, is amended to read:

Subdivision 1. A tax of 15 cents is hereby imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property ~~situat~~ situated within the state executed, delivered, and recorded or registered; provided, however, that ~~said~~ the tax shall be imposed but once upon any mortgage and extension thereof. If any such the mortgage describes any real estate ~~situat~~ situated outside of this state, such the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described ~~situat~~ situated in this state bears to the value of the whole of the real estate described therein, as ~~such~~ the value is determined by the commissioner of revenue upon application of the mortgagee. The tax imposed by this section shall not apply to a contract for the conveyance of real estate or any interest in real estate recorded or registered on or after January 1, 1984.

Sec. 25. [507.235] **FILING CONTRACTS FOR DEED.**

Subdivision 1. **FILING REQUIRED.** All contracts for deed executed on or after January 1, 1984, shall be recorded within six months in the office of the county recorder or registrar of titles in the county in which the land is situated.

Subd. 2. **PENALTY FOR FAILURE TO FILE.** If a contract for deed is not filed as required by the county board adopted pursuant to subdivision 1, a penalty is imposed equal to 0.15 percent of the principal amount of the contract debt. Payments of the penalty shall be deposited in the general fund of the county. The penalty shall be a lien against the property and shall have the same priority and be collected in the same manner provided for real property taxes.

Sec. 26. Minnesota Statutes 1982, section 515A.1-105, is amended to read:

515A.1-105 **SEPARATE TITLES AND PROPERTY TAXATION; HOMESTEAD.**

Subdivision 1. **HOMESTEAD.** (a) Each unit together with its common element interest constitutes for all purposes a separate parcel of real estate.

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

(b) If a declaration is recorded prior to ten days before any installment of real estate taxes becomes payable, the local taxing authority shall split the taxes so payable on the condominium among the units. Interest and penalties which would otherwise accrue shall not begin to accrue until at least 30 days after the split is accomplished.

(c) A unit used for residential purposes together with not more than two units used for vehicular parking and their common element interests shall be treated the same as any other real estate in determining whether homestead exemptions or classifications shall apply.

Subd. 2. MARKET VALUATION. For purposes of property taxation, the residential units in a structure or building which are initially constructed as condominiums or are being converted into condominiums shall be valued as provided in section 7.

Sec. 27. Laws 1981, First Special Session chapter 1, article II, section 25, is amended to read:

Sec. 25. EFFECTIVE DATE.

Sections 1, 2, 5 to 15, 20, and 22 are effective for taxes levied in 1981 and thereafter, payable in 1982 and thereafter. ~~Sections 3 and 4 are~~ Section 3 is effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter. Section 4 is effective for taxes levied in 1984 and thereafter, payable in 1985 and thereafter. Section 18 is effective the day following final enactment. Section 19 is effective for taxes levied in 1980, payable in 1981. If a claimant filed a property tax refund for property taxes payable in 1981 and, if as a result of section 19 the amount of the eligible refund has changed, the claimant may file an amended return pursuant to section 290.391 to obtain any additional refund due. Taxpayers who meet the requirements in section 9 and who notify the assessor prior to September 1, 1981, shall receive homestead classification on the qualifying property for the 1981 assessment to the same extent as other 3c and 3cc property.

Sec. 28. FARMLAND ASSESSMENT STUDY.

The committees on taxes shall study the feasibility of assessing farmland on the basis of productivity and net earning capacity.

In conducting the study, the committees shall consider the use of modern soil survey, including surface and subsoil types, and moisture, temperature, soil conservation practices applied by land occupiers, and other conditions affecting the soil. In addition, the committees shall consider data available from the department of revenue, the Minnesota crop and livestock reporting service, post-secondary agricultural institutions, and other appropriate sources. The committees shall also take into account the experiences of other states which have

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

implemented farmland assessment programs based on productivity and net earning capacity.

The committees shall report their findings and recommendations prior to the third week of the 1984 legislative session.

Sec. 29. APPROPRIATION.

There is appropriated to the department of revenue for the purpose of administering the provisions of sections 4, 11, and article 4, section 15, \$147,000 for fiscal year 1984 and \$162,000 for fiscal year 1985. The complement of the department of revenue is increased by six.

Sec. 30. REPEALER.

Minnesota Statutes 1982, section 273.13, subdivision 15b, is repealed.

Sec. 31. EFFECTIVE DATE.

Sections 1 to 3, 5, 6, 8 to 12, 14, 18, 19, 21, 22, and 30 are effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter. Section 4 is effective for sales occurring on or after July 1, 1983. Sections 7, 13, 15, 16, 17, 20, and 26 are effective for the 1984 assessment and thereafter. Sections 23, 27, and 28 are effective the day after final enactment. Section 29 is effective July 1, 1983.

**ARTICLE 3
LEVY LIMITS**

Section 1. Minnesota Statutes 1982, section 275.50, subdivision 2, is amended to read:

Subd. 2. **GOVERNMENTAL SUBDIVISION.** "Governmental subdivision" means a county, home rule charter city, or statutory city, ~~town or special taxing district determined by the department of revenue, except a town home rule charter or statutory city~~ that has a population of less than 5,000 according to the most recent federal census, ~~provided that the population of an incorporated municipality located within the boundaries of a town is not included in the population of the town. The term does not include school districts or the metropolitan transit commission created pursuant to section 473.404.~~

Sec. 2. Minnesota Statutes 1982, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in ~~1982~~ 1983 payable in ~~1983~~ 1984 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

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

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, 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 to a governmental subdivision for their minimum required share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, excluding the administrative costs of public assistance programs, to the extent of the increase in levy for the taxes payable year 1983 and subsequent years over the amount levied for the local share of the program for the taxes payable year 1971. This clause shall apply only to those programs or projects for which matching funds have been designated by the state of Minnesota or the United States on or before September 1, of the previous year and only when the receipt of these matching funds is contingent upon the initiation or implementation of the project or program during the year in which the taxes are payable or those programs or projects approved by the commissioner;

(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, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year;

(e) 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

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

year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(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;

(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;

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

(i) pay the amounts required to compensate for a decrease in manufactured 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 manufactured homes tax to the governmental subdivision pursuant to section 273.13, subdivision 3, in calendar year 1971;

(j) 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;

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

(l) 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;

(m) 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

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

assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

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

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

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

(n) 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;

(o) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 ~~reduced 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

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

subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(p) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(q) pay the costs of financial assistance to local governmental units and certain administrative, engineering, and legal expenses pursuant to Laws 1979, Chapter 253, Section 3;

(r) compensate for revenue lost as a result of abatements or court action pursuant to sections 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(s) pay the costs of implementing section 18.023, including sanitation and reforestation; and

(t) pay the estimated cost for the following calendar year of the county's share of funding the Minnesota cooperative soil survey.

Sec. 3. Minnesota Statutes 1982, section 275.50, is amended by adding a subdivision to read:

Subd. 8. IMPLICIT PRICE DEFLATOR. "Implicit price deflator" means the implicit price deflator for government purchases of goods and services for state and local government prepared by the bureau of economic analysis of the United States Department of Commerce for the 12-month period ending in June of the levy year.

Sec. 4. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3f. LEVY LIMIT BASE. (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1983 shall be calculated by adding the following amounts:

(1) the property tax permitted to be levied in 1982 for taxes payable in 1983 pursuant to Minnesota Statutes 1982, section 275.51, subdivision 3e; plus

(2) the amount of any payments the governmental subdivision was certified to receive in 1983 pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03; plus

(3) the amount of any payments certified to the governmental subdivision in 1983 pursuant to Minnesota Statutes 1982, sections 298.28 and 298.282; plus

(4) the difference between the amount certified to the governmental subdivision in 1983 and the amount certified in 1984 pursuant to section 273.138; plus

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

(5) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983; and

(6) the amount of any base adjustment authorized by the commissioner of revenue pursuant to subdivision 3g.

(b) For taxes levied in 1984 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year provided that, for taxes levied in 1984, the levy limit base of a county containing a city of the first class shall be increased by the amount paid to the county under section 273.138 in 1984 less the amount that will be paid to it under section 273.138 in 1985.

Sec. 5. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3g. BASE ADJUSTMENTS. Any governmental subdivision which reduced any of its unreserved, undesignated fund balances because of spending for nonspecial levy purposes in calendar year 1981 may apply to the commissioner of revenue to have its levy limit base increased for the taxes payable year 1984 by no more than the amount of the reduction in the fund balances.

Applications shall be in the form and accompanied by the data required by the commissioner. If approved by the commissioner, the subdivision may then pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision. 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

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

shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October 1, 1983.

Sec. 6. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3h. ADJUSTED LEVY LIMIT BASE. For taxes levied in 1983 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) a percentage equal to the percentage growth in the implicit price deflator, or five percent, whichever is greater;

(b) a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived pursuant to section 275.51, subdivision 6;

(c) one-half of the amount levied as a special levy in the previous year for paying the costs of municipal services provided to new private industrial and nonresidential commercial development pursuant to section 275.50, subdivision 5, clause (m), if the special levy is discontinued; and

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

Sec. 7. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3i. LEVY LIMITATION. The levy limitation for a governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by (a) the total amount of local government aid that the governmental subdivision has been certified to receive pursuant to sections 477A.011 to 477A.014; (b) taconite taxes and aids pursuant to sections 298.28 and 298.282; (c) state reimbursements for wetlands and native prairie property tax exemptions pursuant to sections 273.115, subdivision 3 and 273.116, subdivision 3; and (d) payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction certified to be paid in the calendar year in which property taxes are payable.

As provided in section 298.28, subdivision 1, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. 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.

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

Sec. 8. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 6. POPULATION AND HOUSEHOLD ESTIMATES. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with limitation established by this chapter, the population or the number of households of the governmental subdivision shall be that established by the last federal census, by a census taken pursuant to section 275.14, or by an estimate made by the metropolitan council, or by the state demographer made pursuant to section 116J.42, subdivision 7, whichever is the most recent as to the stated date of count or estimate, up to and including July 1 of the current levy year.

Sec. 9. **REPEALER.**

Minnesota Statutes 1982, sections 275.09, subdivision 3; 275.50, subdivision 6; and 275.51, subdivisions 3e and 5, are repealed.

Sec. 10. **EFFECTIVE DATE.**

Sections 1 to 9 are effective for taxes levied in 1983, payable in 1984 and thereafter.

ARTICLE 4 PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1982, section 290A.03, subdivision 6, is amended to read:

Subd. 6. HOMESTEAD. "Homestead" means the dwelling occupied by a claimant as a place of his principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 7, ~~except that this restriction shall not be applicable to for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 6, "homestead" is limited to 320 acres.~~ The homestead may be owned or rented and may be a part of a multi-dwelling or multi-purpose building and the land on which it is built. A manufactured home, as defined in section 168.011, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 2. Minnesota Statutes 1982, section 290A.03, subdivision 8, is amended to read:

Subd. 8. CLAIMANT. (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.20 and who

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

was domiciled in this state during the calendar year for which the claim for relief was filed.

(b) 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, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under Title XVI of the social security act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to Title XIX of the social security act, or the general assistance medical care program pursuant to section 256D.03, Subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is his income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part year Minnesota 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. 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 property owner was a part year Minnesota resident, the income reflected in the computa-

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

tion made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more 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. 3. Minnesota Statutes 1982, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **RENT CONSTITUTING PROPERTY TAXES.** "Rent constituting property taxes" means 23 percent of the amount of gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or that portion of gross rent which is (b) to the amount paid in lieu of property taxes, in any 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.20 by the claimant. The amount of rent attributable to property taxes paid or payments in lieu made on the unit shall be determined by multiplying the net tax on the property where the unit is located by a fraction, the numerator of which is the gross rent paid by the claimant for the calendar year for the unit and the denominator of which is the gross rent paid for the calendar year for the property in which the unit is located. In the case of a claimant who resides in a unit for which a rent subsidy is paid pursuant to section 8 of the United States Housing Act of 1937, as amended, or under another state or federal program providing rent supplements or reduced rent for low and moderate income families, 20 percent of gross rent actually paid in cash or its equivalent shall be the claimant's "rent constituting property taxes paid."

Sec. 4. Minnesota Statutes 1982, section 290A.03, subdivision 13, as amended by Laws 1983, chapter 15, section 28, 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, 7 and 14a, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 273.139, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. 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 manufactured homes as defined in section 168.011, subdivision 8, "property taxes

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

payable" shall also include 23 percent the amount of the gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. 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 and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to July 1 October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 5. Minnesota Statutes 1982, section 290A.03, is amended by adding a subdivision to read:

Subd. 14. NET TAX. "Net tax" means

(a) the property tax, exclusive of special assessments, interest, and penalties, or

(b) the payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes,

for the calendar year in which the rent was paid. If a portion of the property is occupied as a homestead or is used for other than rental purposes, the net tax shall be the amount of tax after reductions pursuant to section 273.13, subdivisions 6, 7, and 14a, reduced by the percentage that the nonrental use comprises of the total square footage of the building. If a portion of the property is used for purposes other than for residential rental and none of the property is occupied as a homestead, the net tax shall be the amount of the tax of the parcel multiplied by a fraction, the numerator of which is the assessed value of the residential rental portion and the denominator of which is the total assessed value of the parcel. If a portion of the property is used for other than rental residential purposes, the county treasurer shall list on the property tax statement the amount of net tax pertaining to the rental residential portion of the property.

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

The amount of the net tax shall not be reduced by an abatement or a court ordered reduction in the property tax on the property made after the certificate of rent constituting property tax has been provided to the renter.

Sec. 6. Minnesota Statutes 1982, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. A credit shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid. The maximum credit for any claimant who was disabled on or before June 1 or who attained the age of 65 prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid shall be \$200 above the maximum for which that claimant would otherwise be eligible according to his income. If the amount of property taxes payable or rent constituting property taxes is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid, the claimant shall not be eligible for a state refund pursuant to this section.

Sec. 7. Minnesota Statutes 1982, section 290A.04, subdivision 2, is amended to read:

Subd. 2. The 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 \$2,999, 0.5 percent, up to \$650;
- 3,000 to 3,999, 0.6 percent, up to \$650;
- 4,000 to 4,999, 0.7 percent, up to \$650;
- 5,000 to 5,999, 0.8 percent, up to \$650;
- 6,000 to 6,999, 0.9 percent, up to \$650;
- 7,000 to 7,999, 1.0 percent, up to \$650;
- 8,000 to 8,999, 1.1 percent, up to \$650;
- 9,000 to 9,999, 1.2 percent, up to \$650;
- 10,000 to 10,999, 1.3 percent, up to \$650;
- 11,000 to 11,999, 1.4 percent, up to \$650;
- 12,000 to 19,999, 1.5 percent, up to \$650;

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

20,000 to 22,999, 1.6 percent, up to \$650;

23,000 to 25,999, 1.8 percent, up to \$600;

26,000 to 30,999, 2.0 percent, up to \$550;

31,000 to 35,999, 2.2 percent, up to \$525;

36,000 to 40,999, 2.4 percent, up to \$500;

41,000 to 44,999, 2.6 percent, up to \$500;

45,000 to 52,999, 2.8 percent, up to \$500;

53,000 to 65,999, 3.0 percent, up to \$500;

66,000 to 81,999, 3.2 percent, up to \$500;

82,000 to 99,999, 3.5 percent, up to \$500;

100,000 and over, 4.0 percent, up to \$500;

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.

A claimant whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the amount shown for the appropriate household income level and the state refund will be equal to an amount up to the state refund amount shown below.

<u>Household Income</u>	<u>Percent</u>	<u>Claimant</u>	<u>State</u>
<u>Net loss and</u>	<u>of Income</u>	<u>Pays</u>	<u>Refund</u>
up to \$2,999	0.5 percent	\$13	\$13
3,000 to 3,499	0.6 percent	\$15	\$15
3,500 to 3,999	0.6 percent	\$18	\$18
4,000 to 4,499	0.7 percent	\$20	\$20
4,500 to 4,999	0.7 percent	\$23	\$23
5,000 to 5,999	0.8 percent	\$40	\$40
6,000 to 6,999	0.9 percent	\$54	\$54
7,000 to 7,999	1.0 percent	\$70	\$70
8,000 to 8,999	1.1 percent	\$88	\$88
9,000 to 9,999	1.2 percent	\$108	\$108
10,000 to 10,999	1.3 percent	\$130	\$130
11,000 to 11,999	1.4 percent	\$154	\$154
12,000 to 12,999	1.5 percent	\$180	\$180
13,000 to 13,999	1.5 percent	\$195	\$195
14,000 to 14,999	1.5 percent	\$210	\$210
15,000 to 15,999	1.5 percent	\$225	\$225

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

<u>16,000 to 16,999</u>	<u>1.5 percent</u>	<u>\$240</u>	<u>\$240</u>
<u>17,000 to 17,999</u>	<u>1.5 percent</u>	<u>\$255</u>	<u>\$255</u>
<u>18,000 to 18,999</u>	<u>1.5 percent</u>	<u>\$270</u>	<u>\$270</u>
<u>19,000 to 19,999</u>	<u>1.5 percent</u>	<u>\$285</u>	<u>\$285</u>
<u>20,000 to 20,999</u>	<u>1.6 percent</u>	<u>\$320</u>	<u>\$320</u>
<u>21,000 to 21,999</u>	<u>1.6 percent</u>	<u>\$336</u>	<u>\$336</u>
<u>22,000 to 22,999</u>	<u>1.6 percent</u>	<u>\$352</u>	<u>\$352</u>
<u>23,000 to 23,999</u>	<u>1.8 percent</u>	<u>\$414</u>	<u>\$414</u>
<u>24,000 to 24,999</u>	<u>1.8 percent</u>	<u>\$432</u>	<u>\$432</u>
<u>25,000 to 25,999</u>	<u>1.8 percent</u>	<u>\$450</u>	<u>\$450</u>
<u>26,000 to 26,999</u>	<u>2.0 percent</u>	<u>\$520</u>	<u>\$520</u>
<u>27,000 to 27,999</u>	<u>2.0 percent</u>	<u>\$540</u>	<u>\$540</u>
<u>28,000 to 28,999</u>	<u>2.0 percent</u>	<u>\$560</u>	<u>\$560</u>
<u>29,000 to 29,999</u>	<u>2.0 percent</u>	<u>\$580</u>	<u>\$580</u>
<u>30,000 to 30,999</u>	<u>2.0 percent</u>	<u>\$600</u>	<u>\$600</u>
<u>31,000 to 31,999</u>	<u>2.2 percent</u>	<u>\$620</u>	<u>\$620</u>
<u>32,000 to 32,999</u>	<u>2.2 percent</u>	<u>\$640</u>	<u>\$640</u>
<u>33,000 to 33,999</u>	<u>2.2 percent</u>	<u>\$726</u>	<u>\$700</u>
<u>34,000 to 34,999</u>	<u>2.2 percent</u>	<u>\$748</u>	<u>\$600</u>
<u>35,000 to 35,999</u>	<u>2.2 percent</u>	<u>\$770</u>	<u>\$500</u>
<u>36,000 to 36,999</u>	<u>2.4 percent</u>	<u>\$792</u>	<u>\$400</u>
<u>37,000 to 37,999</u>	<u>2.4 percent</u>	<u>\$814</u>	<u>\$300</u>
<u>38,000 to 38,999</u>	<u>2.4 percent</u>	<u>\$912</u>	<u>\$200</u>
<u>39,000 to 39,999</u>	<u>2.4 percent</u>	<u>\$936</u>	<u>\$100</u>

The payment made to a claimant shall be the amount of the state refund calculated pursuant to this subdivision, but not exceeding \$850, less the home-
stead credit given pursuant to section 273.13, subdivisions 6, 7 and 14a.

Sec. 8. Minnesota Statutes 1982, section 290A.04, subdivision 2a, is amended 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 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 25,999, up to \$1,000;

26,000 to 35,999, up to \$850;

36,000 and over, up to \$550;

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

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 \$30 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.

A claimant whose property taxes payable or rent constituting property taxes are in excess of the sum of the amounts in subdivision 2 paid by the claimant and the state for the specified household income level shall be allowed an additional refund. The amount of the additional refund shall be equal to the remaining amount of the claimant's property taxes payable or rent constituting property taxes less the percentage to be paid by the claimant pursuant to the table below up to the specified maximum state refund. The refund shall be reduced by the homestead credit given pursuant to section 273.13, subdivisions 6, 7, and 14a. The sum of the state refunds provided in subdivision 2 and this subdivision shall not exceed a total of \$1,125.

<u>Household Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
<u>Net loss and up to \$2,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>3,000 to 3,499</u>	<u>6 percent</u>	<u>\$1,125</u>
<u>3,500 to 3,999</u>	<u>7 percent</u>	<u>\$1,125</u>
<u>4,000 to 4,499</u>	<u>8 percent</u>	<u>\$1,125</u>
<u>4,500 to 4,999</u>	<u>9 percent</u>	<u>\$1,125</u>
<u>5,000 to 5,999</u>	<u>10 percent</u>	<u>\$1,125</u>
<u>6,000 to 6,999</u>	<u>11 percent</u>	<u>\$1,125</u>
<u>7,000 to 7,999</u>	<u>12 percent</u>	<u>\$1,125</u>
<u>8,000 to 8,999</u>	<u>13 percent</u>	<u>\$1,125</u>
<u>9,000 to 9,999</u>	<u>14 percent</u>	<u>\$1,125</u>
<u>10,000 to 10,999</u>	<u>15 percent</u>	<u>\$1,125</u>
<u>11,000 to 11,999</u>	<u>16 percent</u>	<u>\$1,125</u>
<u>12,000 to 12,999</u>	<u>17 percent</u>	<u>\$1,125</u>
<u>13,000 to 13,999</u>	<u>18 percent</u>	<u>\$1,125</u>
<u>14,000 to 14,999</u>	<u>19 percent</u>	<u>\$1,125</u>
<u>15,000 to 15,999</u>	<u>20 percent</u>	<u>\$1,125</u>
<u>16,000 to 16,999</u>	<u>21 percent</u>	<u>\$1,125</u>
<u>17,000 to 17,999</u>	<u>22 percent</u>	<u>\$1,125</u>
<u>18,000 to 18,999</u>	<u>23 percent</u>	<u>\$1,125</u>
<u>19,000 to 19,999</u>	<u>24 percent</u>	<u>\$1,125</u>
<u>20,000 to 20,999</u>	<u>25 percent</u>	<u>\$1,125</u>
<u>21,000 to 21,999</u>	<u>27 percent</u>	<u>\$1,125</u>
<u>22,000 to 22,999</u>	<u>29 percent</u>	<u>\$1,125</u>
<u>23,000 to 23,999</u>	<u>31 percent</u>	<u>\$1,125</u>

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

<u>24,000 to 24,999</u>	<u>33 percent</u>	<u>\$1,105</u>
<u>25,000 to 25,999</u>	<u>35 percent</u>	<u>\$1,080</u>
<u>26,000 to 26,999</u>	<u>38 percent</u>	<u>\$1,050</u>
<u>27,000 to 27,999</u>	<u>41 percent</u>	<u>\$1,020</u>
<u>28,000 to 28,999</u>	<u>44 percent</u>	<u>\$990</u>
<u>29,000 to 29,999</u>	<u>47 percent</u>	<u>\$960</u>
<u>30,000 to 30,999</u>	<u>50 percent</u>	<u>\$930</u>
<u>31,000 to 31,999</u>	<u>50 percent</u>	<u>\$900</u>
<u>32,000 to 32,999</u>	<u>50 percent</u>	<u>\$800</u>
<u>33,000 to 33,999</u>	<u>50 percent</u>	<u>\$700</u>
<u>34,000 to 34,999</u>	<u>50 percent</u>	<u>\$600</u>
<u>35,000 to 35,999</u>	<u>50 percent</u>	<u>\$500</u>
<u>36,000 to 36,999</u>	<u>50 percent</u>	<u>\$400</u>
<u>37,000 to 37,999</u>	<u>50 percent</u>	<u>\$300</u>
<u>38,000 to 38,999</u>	<u>50 percent</u>	<u>\$200</u>
<u>39,000 to 39,999</u>	<u>50 percent</u>	<u>\$100</u>
<u>40,000 and over</u>		<u>-0-</u>

No credit or payment will be allowed pursuant to subdivision 2 or 2a if the claimant's household income is \$40,000 or more. This subdivision shall not apply to a claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes are payable.

Sec. 9. Minnesota Statutes 1982, section 290A.04, subdivision 2b, is amended 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 22,999, up to \$1,000;

23,000 to 25,999, up to \$975;

26,000 to 35,999, up to \$950;

36,000 and over, up to \$750;

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

between \$20,000 and \$26,000 decline \$8.33 per \$1,000; between \$26,000 and \$36,000 decline \$20 per \$1,000,

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

In the case of a claimant who was disabled on or before 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, if the claimant's property taxes payable or rent constituting property taxes exceed the total amount in subdivision 2 to be paid by the claimant and by the state for the claimant's household income. The amount of the additional refund shall be equal to the remaining amount of the claimant's property taxes payable or rent constituting property taxes less the percentage to be paid by the claimant pursuant to the table below up to the specified maximum state refund. The refund shall be reduced by the homestead credit given pursuant to section 273.13, subdivisions 6, 7, and 14a. The sum of the state refunds provided in subdivision 2 and this subdivision shall not exceed a total of \$1,125.

<u>Household Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
<u>Net loss and up to \$2,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>3,000 to 3,499</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>3,500 to 3,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>4,000 to 4,499</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>4,500 to 4,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>5,000 to 5,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>6,000 to 6,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>7,000 to 7,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>8,000 to 8,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>9,000 to 9,999</u>	<u>5 percent</u>	<u>\$1,125</u>
<u>10,000 to 10,999</u>	<u>6 percent</u>	<u>\$1,125</u>
<u>11,000 to 11,999</u>	<u>7 percent</u>	<u>\$1,125</u>
<u>12,000 to 12,999</u>	<u>8 percent</u>	<u>\$1,125</u>
<u>13,000 to 13,999</u>	<u>9 percent</u>	<u>\$1,125</u>
<u>14,000 to 14,999</u>	<u>10 percent</u>	<u>\$1,125</u>
<u>15,000 to 15,999</u>	<u>10 percent</u>	<u>\$1,125</u>
<u>16,000 to 16,999</u>	<u>11 percent</u>	<u>\$1,125</u>
<u>17,000 to 17,999</u>	<u>11 percent</u>	<u>\$1,125</u>
<u>18,000 to 18,999</u>	<u>12 percent</u>	<u>\$1,125</u>
<u>19,000 to 19,999</u>	<u>12 percent</u>	<u>\$1,125</u>
<u>20,000 to 20,999</u>	<u>13 percent</u>	<u>\$1,125</u>
<u>21,000 to 21,999</u>	<u>15 percent</u>	<u>\$1,125</u>
<u>22,000 to 22,999</u>	<u>18 percent</u>	<u>\$1,125</u>
<u>23,000 to 23,999</u>	<u>21 percent</u>	<u>\$1,125</u>
<u>24,000 to 24,999</u>	<u>24 percent</u>	<u>\$1,105</u>
<u>25,000 to 25,999</u>	<u>27 percent</u>	<u>\$1,080</u>
<u>26,000 to 26,999</u>	<u>30 percent</u>	<u>\$1,050</u>

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

<u>27,000 to 27,999</u>	<u>35 percent</u>	<u>\$1,020</u>
<u>28,000 to 28,999</u>	<u>40 percent</u>	<u>\$990</u>
<u>29,000 to 29,999</u>	<u>45 percent</u>	<u>\$960</u>
<u>30,000 to 30,999</u>	<u>50 percent</u>	<u>\$930</u>
<u>31,000 to 31,999</u>	<u>50 percent</u>	<u>\$900</u>
<u>32,000 to 32,999</u>	<u>50 percent</u>	<u>\$800</u>
<u>33,000 to 33,999</u>	<u>50 percent</u>	<u>\$700</u>
<u>34,000 to 34,999</u>	<u>50 percent</u>	<u>\$600</u>
<u>35,000 to 35,999</u>	<u>50 percent</u>	<u>\$500</u>
<u>36,000 to 36,999</u>	<u>50 percent</u>	<u>\$400</u>
<u>37,000 to 37,999</u>	<u>50 percent</u>	<u>\$300</u>
<u>38,000 to 38,999</u>	<u>50 percent</u>	<u>\$200</u>
<u>39,000 to 39,999</u>	<u>50 percent</u>	<u>\$100</u>
<u>40,000 and over</u>		<u>-0-</u>

No credit or payment will be allowed pursuant to subdivision 2 or 2b if the claimant's household income is \$40,000 or more.

Sec. 10. Minnesota Statutes 1982, section 290A.04, is amended by adding a subdivision to read:

Subd. 2e. If the net property taxes payable on a homestead increase more than 20 percent over the net property taxes payable in the previous year on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds 20 percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$200. The maximum refund shall be reduced by \$20 for each \$1,000 of the claimant's household income in excess of \$30,000. No refund shall be allowed if the claimant's household income exceeds \$40,000.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 124.2137; 273.13, subdivisions 6, 7, and 14a; 273.115, subdivision 1; 273.116, subdivision 1; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

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

On or before December 1, 1983, the commissioner shall estimate the cost of making the payments provided by this section. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed \$11,000,000, the commissioner shall adjust accordingly the percentage

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

increase in net property taxes payable over the previous year which is required to qualify for the credit provided in this subdivision.

This subdivision is repealed effective for property taxes levied in 1984, payable in 1985.

Sec. 11. Minnesota Statutes 1982, section 290A.04, is amended by adding a subdivision to read:

Subd. 2f. If the net property taxes payable in 1984 on a homestead increases more than ten percent over the net property taxes payable in 1983 on the same property, and if the effective tax rate of property tax paid in 1983 on that homestead as compared to the January 2, 1982, estimated market value exceeds 2.25 percent, an additional credit shall be paid by the commissioner to the claimant. The additional credit shall be equal to 50 percent of the amount by which the increase exceeds ten percent but in no case shall the additional credit exceed \$200. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

For purposes of this subdivision, "effective tax rate" means the net property tax paid by the claimant in 1983, divided by the assessor's 1982 estimated market value times 100.

For purposes of this subdivision, "net property taxes" means the gross tax less the homestead credit and any other state paid credit and after the deduction of tax refund amounts for which the claimant qualifies.

The city assessor, or the county assessor if the property is located in a taxing district which does not have a city assessor, shall notify all affected property owners of the availability of this credit and furnish the forms which the commissioner shall prescribe.

The additional refunds shall be paid at the same time as the commissioner pays other property tax refund claims.

Sec. 12. Minnesota Statutes 1982, section 290A.04, subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in subdivisions 2, 2a, and 2b, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective

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

homestead credit percentage for taxes payable in 1975 calculated under section 273.13, subdivisions 6 and 7.

Sec. 13. Minnesota Statutes 1982, section 290A.07, subdivision 3, is amended to read:

Subd. 3. Any claimant not included in subdivision 2a shall receive full payment after ~~September 30~~ August 31 and prior to ~~October~~ September 15. Interest shall be added at six percent per annum from ~~October~~ September 15 or 60 days after receipt of the application if the application is filed after August 31. Interest will be computed until the date the claim is paid.

Sec. 14. Minnesota Statutes 1982, section 290A.18, is amended to read:

290A.18 RIGHT TO FILE CLAIM.

If a person entitled to relief under sections 290A.01 to 290A.23 dies prior to receiving relief, the surviving spouse, ~~or dependent or personal representative~~ of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Sec. 15. Minnesota Statutes 1982, section 290A.19, is amended to read:

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

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent shall at his option either provide the certificate to the renter at the time he moves, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. 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.

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

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

(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's

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

occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."

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

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

Sec. 16. EFFECTIVE DATE.

This article is effective for claims based on rent paid during calendar year 1983 and thereafter and property taxes payable in 1984 and thereafter, except that the date change in section 4 shall be effective beginning for claims based on rent paid during calendar year 1982.

ARTICLE 5 LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 1982, section 116J.42, subdivision 7, is amended to read:

Subd. 7. The commissioner:

(1) Shall continuously gather and develop demographic data within the state;

(2) Shall design and test methods of research and data collection;

(3) Shall have the power to call upon any agency of the state or political subdivision for data as may be available, and the agencies and political subdivisions shall cooperate to the fullest extent possible;

(4) Shall periodically prepare population projections for designated regions and for the state and may periodically prepare projections for each county, or other political or geographic division;

(5) Shall review, comment, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies or nongovernmental persons, institutions or commissions;

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

(6) Shall serve as the state liaison with the federal bureau of census, shall coordinate his activities with federal demographic activities to the fullest extent possible, and shall aid the legislature in preparing a census data plan and form for each decennial census;

(7) Shall compile an annual study of population estimates on the basis of county, regional or other political or geographic divisions as necessary to carry out the purposes of this subdivision and section 116J.43;

(8) Shall, on or before January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(9) Shall cause to be prepared maps of all counties in the state, all municipalities with a population of 10,000 or more, and any other municipalities as deemed necessary for census purposes, according to scale and detail recommended by the federal bureau of the census, with the maps of cities showing boundaries of precincts; and

(10) Shall annually prepare a ~~population~~ an estimate of population and of the number of households for each governmental subdivision for which the metropolitan council does not prepare an annual ~~population~~ estimate, and shall communicate the ~~estimate~~ estimates to the governing body of each governmental subdivision by May 1 of each year.

Sec. 2. Minnesota Statutes 1982, section 273.138, subdivision 2, is amended to read:

Subd. 2. (a) As provided in paragraphs (b) and (c), each county government, city and township shall receive reimbursement in 1978 1984 and subsequent years in an amount equal to based on the product of its total mill rate for taxes payable in the calendar year prior to the calendar year in which the aid is to be paid 1983, 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 the county, 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 the county which were not levied on the entire taxable value of such governmental unit the county.

(b) If the county contains a city of the first class, aid shall be paid in an amount equal to 50 percent of the amount computed pursuant to paragraph (a) in 1984, and no aid will be paid in 1985 and subsequent years.

(c) If the county does not contain a city of the first class, and if the product computed pursuant to paragraph (a) is \$50,000 or more for a county, aid shall be paid to that county in an amount equal to 90 percent of the amount computed pursuant to paragraph (a). If the product is less than \$50,000, no aid will be paid.

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

Sec. 3. Minnesota Statutes 1982, section 273.138, subdivision 3, is amended to read:

Subd. 3. (a) As provided in paragraph (b), each school district shall receive reimbursement in ~~1974~~ 1984 and subsequent years in an amount equal to based on the product of its 1972 assessed value of real property exempted from taxation by Laws 1973, Chapter 650, Article XXIV, Section 1, times the sum of its 1972 payable 1973 mill rates for the following levies:

(1) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (6) (c);

(2) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes 1971, Section 124.42;

(3) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes 1971, Section 124.43;

(4) A levy to pay amounts required in support of a teacher retirement fund, pursuant to Minnesota Statutes 1971, Section 422.13;

(5) A levy for additional maintenance cost in excess of 30 mills times the adjusted assessed valuation of the school district, pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (4).

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

(b) If the product computed pursuant to paragraph (a) is more than or equal to an amount equal to \$10 per pupil unit of the district, aid shall be paid to that school district in an amount equal to 90 percent of the amount computed pursuant to paragraph (a). If the product is an amount less than \$10 per pupil unit, no aid will be paid.

Sec. 4. Minnesota Statutes 1982, section 273.138, subdivision 6, is amended to read:

Subd. 6. If a county government, city or township is subject to the provisions of sections ~~275.50 to 275.56~~, the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1976 shall be deducted from the taxing district's levy year 1975, taxes payable 1976 levy limit base determined pursuant to section 275.51, subdivision 3b and the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1977 shall be deducted from the taxing district's levy year 1976, taxes payable 1977 levy limit base determined pursuant to section 275.51, subdivision 3c for the purpose of calculating the taxing district's levy limitation for taxes payable in 1976 or 1977 as the case may

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

be. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), (5) and (6) ~~for 1975 or a subsequent year~~ shall be deducted from the school district's maintenance levy limitation established pursuant to section 275.125, subdivision 2a, in determining the amount of taxes the school district may levy for general and special purposes ~~for taxes payable in 1975 or a subsequent year.~~

Sec. 5. Minnesota Statutes 1982, section 477A.011, is amended by adding a subdivision to read:

Subd. 3a. NUMBER OF HOUSEHOLDS. Number of households means the number of households established by the most recent federal census, by a special census conducted under contract with the United States bureau of the census, by an estimate made by the metropolitan council, or by an estimate of the state demographer made pursuant to section 116J.42, subdivision 7, whichever is the most recent as to the stated date of the count or estimate.

Sec. 6. Minnesota Statutes 1982, section 477A.011, subdivision 6, is amended to read:

Subd. 6. CONSUMER PRICE INDEX IMPLICIT PRICE DEFLATOR INCREASE. For any calendar year aid distribution, the consumer price index implicit price deflator increase means the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis - St. Paul metropolitan area implicit price deflator for government purchases of goods and services for state and local government prepared by the bureau of economic analysis of the United States department of labor commerce for the 12-month period ending in June of the previous year.

Sec. 7. Minnesota Statutes 1982, section 477A.011, subdivision 7, is amended to read:

Subd. 7. LOCAL REVENUE BASE. For the ~~1982~~ 1984 aid distribution, a municipality's local revenue base means its local revenue base for the sum of:

(a) (1) in the case of a municipality which had a local revenue base for the 1981 aid distribution, the 1981 aid distribution base calculated pursuant to Minnesota Statutes 1980, section 477A.01, less any amount added to the local revenue base for the costs of principal and interest on bonded debt incurred for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers, and bridges, increased in the manner prescribed by clauses (a) and (b), multiplied by a factor of 1.208, and multiplied by a factor equal to the estimated 1981 population divided by the 1980 census population, provided that the latter factor is greater than 1.0; or

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

For all subsequent calendar year aid distributions, a municipality's local revenue base means its local revenue base for the previous year aid distribution calculated pursuant to sections 477A.011 to 477A.014 increased by:

- (a) a percentage equal to the consumer price index increase; and
- (b) a percentage equal to the percentage increase in population over that used to compute the previous year aid distribution, if any.

The local revenue base for a statutory or home rule charter city or a town having the powers of a statutory city pursuant to section 368.01 or special law which has a population of 2,500 or more according to the most recent federal census and

(2) in the case of a municipality which does ~~did~~ not have a local revenue base for the previous year 1981 aid distribution shall be established by adding, the prior year's local government aid distribution received certified for 1983 pursuant to Minnesota Statutes 1980, Section ~~477A.01~~ or sections 477A.011 to 477A.014, and plus the property tax levy, exclusive of levies for bonded indebtedness, in the preceding year and multiplying that sum by a percentage equal to the consumer price index increase. for taxes payable in 1983;

(b) the total amount certified in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.138; and

(c) the total amount certified in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.139, including any amount received by a district as defined by section 273.73, subdivision 9, or which qualifies for exemption pursuant to 273.78, which lies totally within the municipality, and including any amount which would have been received in 1983 pursuant to section 273.139 by a district as defined by section 273.73, subdivision 9, lying totally within the municipality, for a project approved by the Minnesota housing finance agency or the United States department of housing and urban development prior to March 1, 1983, had the project been completed and subject to taxation based upon full market value for taxes payable in 1983.

Any municipality whose payable 1983 levy exceeded its payable 1979 levy by a factor of ten, primarily because of a loss in state administered aids, may apply to the commissioner of revenue to have its local revenue base computed as if it did not have a local revenue base for the 1981 distribution. Applications shall be in the form and accompanied by the data required by the commissioner.

For 1985 and all subsequent calendar year aid distributions the local revenue base means the adjusted local revenue base used in the previous year aid distribution.

Sec. 8. Minnesota Statutes 1982, section 477A.011, is amended by adding a subdivision to read:

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

Subd. 7a. ADJUSTED LOCAL REVENUE BASE. Adjusted local revenue base means the local revenue base increased by:

(a) a percentage equal to the implicit price deflator increase; and

(b) a percentage equal to the percentage increase in population over that used to compute the previous year aid distribution, if any, or a percentage equal to the percentage increase in number of households over that used to compute the previous year aid distribution, if any, whichever is higher.

For the purposes of the 1984 aid distribution, the 1981 estimates of population and number of households shall be considered as the estimates used in the previous year aid distribution.

For the 1984 and 1985 aid distributions, the adjusted local revenue base of a city that issued general obligation bonds in 1982 to pay for the construction or reconstruction of water wells which replaced a municipal water supply found to be an environmental health hazard by the state department of health shall be increased by one-fourth of the amount of the bonds issued. This increase shall be disregarded in computing the local revenue base for the succeeding year aid distribution.

Sec. 9. Minnesota Statutes 1982, section 477A.011, subdivision 10, is amended to read:

Subd. 10. MAXIMUM INCREASE AID AMOUNT. For any calendar year the 1984 aid distribution, a municipality's maximum increase aid amount shall mean the following percentage of its previous year aid:

(a) 12 percent if its previous year aid is greater than \$100 per capita;

(b) 15 percent if its previous year aid is greater than \$75 per capita but not greater than \$100 per capita;

(c) 17 percent if its previous year aid is greater than \$50 per capita but not greater than \$75 per capita;

(d) 20 percent if its previous year aid is not greater than \$50 per capita but 106 percent of the amount it was certified to receive in 1983 pursuant to sections 477A.011 to 477A.03, plus any amounts certified in 1983 pursuant to Minnesota Statutes 1982, sections 273.138 and 273.139, including any amount certified by a district as defined by section 273.73, subdivision 9, or which qualifies for exemption pursuant to section 273.78, which lies totally within the municipality, and including any amount which would have been received in 1983 pursuant to section 273.139 by a district as defined by section 273.73, subdivision 9, lying totally within the municipality, for a project approved by the Minnesota housing finance agency or the United States department of housing and urban development prior to March 1, 1983, had the project been completed and subject to taxation based upon full market value for taxes payable in 1983.

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

For any subsequent calendar year aid distribution, a municipality's maximum aid amount shall be 106 percent of the amount received in the previous year pursuant to sections 477A.011 to 477A.03.

Sec. 10. Minnesota Statutes 1982, section 477A.012, is amended to read:
477A.012 **COUNTY GOVERNMENT DISTRIBUTIONS.**

In each calendar year, every county government ~~except that of a county containing a city of the first class~~ shall receive a distribution equal to its previous year aid 60 percent of the aid amount certified for 1983 pursuant to sections 477A.011 to 477A.03.

Sec. 11. Minnesota Statutes 1982, section 477A.013, is amended to read:
477A.013 **MUNICIPAL GOVERNMENT DISTRIBUTIONS.**

Subdivision 1. **MUNICIPALITIES UNDER 2,500 POPULATION TOWNS.** In each calendar year, each ~~municipality which is not covered by the provisions of subdivision 2~~ town which has an average equalized mill rate of at least two mills shall receive a distribution equal to its previous year aid plus its minimum increase 50 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03.

Subd. 2. **MUNICIPALITIES OVER 2,500 POPULATION CITIES AND TOWNS.** In each calendar year, each statutory and home rule charter city, and each town having the powers of a statutory city pursuant to section 368.01 or special law, which has a population of 2,500 or more according to the latest federal census shall receive a distribution equal to the amount obtained by subtracting the product of 10 mills and multiplied by the municipality's equalized assessed value from the adjusted local revenue base. This amount shall then be adjusted, so that it is neither less than the sum of its previous year aid and its minimum increase, nor greater than the sum of its previous year aid and its maximum increase.

An aid amount shall be computed in the same manner for all towns which have an average equalized mill rate of at least two mills. A town's final aid amount shall be determined by either the subdivision 1 or the subdivision 2 calculation, whichever is greater.

Subd. 3. **AID LIMITATION.** The aid amount determined pursuant to subdivision 2 shall be limited so that it is not greater than the municipality's maximum aid amount.

Sec. 12. [477A.0131] **MAXIMUM AID REDUCTION.**

Subdivision 1. No home rule charter or statutory city shall receive a distribution in any calendar year pursuant to sections 477A.011 to 477A.03 that is less than the sum of the amounts certified in the previous calendar year pursuant to sections 477A.011 to 477A.03, section 273.139, and section 273.138,

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

by more than an amount equal to three-quarters of one mill times the unit's equalized assessed value.

Subd. 2. Of the \$246,200,000 appropriated for distribution to cities for calendar year 1984, an amount not to exceed \$6,400,000 may be used for the purposes of this section. Payments shall be made in the manner prescribed in section 477A.015. In the event that this appropriation is not sufficient, aid amounts determined pursuant to this section shall be proportionally reduced.

Sec. 13. Minnesota Statutes 1982, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **CALCULATIONS AND PAYMENTS.** The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013 and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year.

Sec. 14. [477A.017] **UNIFORM FINANCIAL ACCOUNTING AND REPORTING SYSTEM.**

Subdivision 1. **PURPOSE.** Sections 477A.011 to 477A.03 are designed to provide property tax relief to local units of government. In order for the legislature to determine the amounts of relief necessary each year, the legislature must have uniform and current financial information from the governmental units which receive aid distributions. This section is intended to provide that information.

Subd. 2. **STATE AUDITOR'S DUTIES.** The state auditor shall prescribe uniform financial accounting and reporting standards in conformity with national standards to be applicable to cities of more than 2,500 population and uniform reporting standards to be applicable to cities of less than 2,500 population.

Subd. 3. **CONFORMITY.** Other law to the contrary notwithstanding, in order to receive distributions under sections 477A.011 to 477A.03, counties and cities must conform to the standards set in subdivision 2 in making all financial reports required to be made to the state auditor after June 30, 1984.

Sec. 15. Minnesota Statutes 1982, section 477A.03, subdivision 2, is amended to read:

Subd. 2. **LIMITATION ON APPROPRIATION; PROPORTIONATE REDUCTION.** The amount appropriated under subdivision 1 for distributions to towns pursuant to section 477A.013 shall not exceed \$240,725,464 \$8,750,000 for calendar year 1982 and the amount appropriated for distribution to cities pursuant to section 477A.013 shall not exceed \$270,561,978 \$246,200,000

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

for calendar year ~~1983~~ 1984. If the limitations contained in this subdivision result in a reduction in the amounts determined pursuant to sections 477A.012 and section 477A.013, subdivision 2, each governmental unit city receiving local government aid shall have its distribution proportionally reduced, but no local government unit shall receive less aid than its previous year aid in proportion to the amounts determined pursuant to section 477A.013, subdivision 2, before the limitation of section 477A.013, subdivision 3, is taken into account. If the limitations contained in this subdivision result in a reduction in the amounts determined pursuant to section 477A.013, subdivision 1, each town receiving local government aid shall have its distribution reduced in proportion to the amounts determined pursuant to section 477A.013, subdivision 1 or 2, before the limitation of section 477A.013, subdivision 3, is taken into account.

Sec. 16. REPEALER.

Minnesota Statutes 1982, sections 273.138, subdivisions 1 and 4; 273.139; and 477A.011, subdivisions 8 and 9, are repealed.

Sec. 17. EFFECTIVE DATE.

Sections 2 to 12 and 14 to 17 are effective January 1, 1984. Sections 1 and 13 are effective July 1, 1983.

ARTICLE 6

SALES AND EXCISE TAXES

Section 1. Minnesota Statutes 1982, section 270.60, is amended to read:

270.60 TAX REFUND AGREEMENTS WITH INDIANS.

The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any Sioux or Chippewa reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the Indian residents of a reservation into the state treasury after June 14, 1976, or for an amount which measures the economic value of an agreement by the council to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes.

There is annually appropriated from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided in this section.

Sec. 2. Minnesota Statutes 1982, section 296.18, subdivision 1, is amended to read:

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

Subdivision 1. **GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.** Any person who shall buy and use gasoline for any purpose other than use in motor vehicles ~~or~~, snowmobiles, or motorboats, or special fuel for any purpose other than use in licensed motor vehicles, and who shall have paid the excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be eligible to receive the credit provided in section 290.06, subdivision 13, in the amount of the tax paid by him. The taxpayer claiming this credit shall include with his income tax return information including the total amount of the gasoline so purchased and used by him other than in motor vehicles, or special fuel so purchased and used by him other than in licensed motor vehicles, and shall state when and for what purpose it was used. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft.

Sec. 3. Minnesota Statutes 1982, section 296.421, subdivision 5, is amended to read:

Subd. 5. **COMPUTATION OF UNREFUNDED TAX.** The amount of unrefunded tax shall be a sum equal to three-fourths of one percent of all revenues derived from the excise taxes on gasoline, except on gasoline used for aviation purposes, together with interest thereon and penalties for delinquency in payment, paid or collected pursuant to the provisions of sections 296.02 to 296.17, ~~from which shall be subtracted the total amount of money refunded for motor boat use pursuant to section 296.18.~~ The amount of such tax shall be computed for each six-month period commencing January 1, 1961, and shall be paid into the state treasury on November 1 and June 1 following each six-month period.

Sec. 4. Minnesota Statutes 1982, section 297A.02, as amended by Laws 1982, Third Special Session chapter 1, article 6, section 2, is amended to read:

297A.02 IMPOSITION OF TAX.

Subdivision 1. **GENERALLY.** Except as otherwise provided in this chapter, there is hereby imposed an excise tax of five six percent of the gross receipts from sales at retail, ~~as hereinbefore defined,~~ made by any person in this state, ~~except that for sales at retail made after December 31, 1982 and prior to July 1, 1983 the rate shall be six percent.~~

Subd. 2. **FARM MACHINERY.** Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of farm machinery shall be four percent.

Subd. 3. **LIQUOR AND BEER SALES.** Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340.07, subdivision 2, and nonintoxicating malt liquor, as defined in section 340.001, subdivision 2, shall be 8.5 percent. Nonintoxicating malt liquor is subject to taxation under this subdivision only when sold

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

at a on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Sec. 5. Minnesota Statutes 1982, section 297A.03, subdivision 2, as amended by Laws 1982, Third Special Session chapter 1, article VI, section 3, is amended to read:

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax if one-half cent or more may be considered an additional cent. If the sales price of any sale at retail is ~~nine cents or less, or if the sales price of any sale at retail made after December 31, 1982 and prior to July 1, 1983, is eight cents or less,~~ no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Sec. 6. Minnesota Statutes 1982, section 297A.14, as amended by Laws 1982, Third Special Session chapter 1, article 6, section 4, is amended to read:

297A.14 USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of ~~five~~ six percent of the sales price of sales at retail of any of the aforementioned items ~~made to such person unless the tax imposed by section 297A.02 was paid on the sales price, except that for sales at retail of any of the aforementioned items made after December 31, 1982 and prior to July 1, 1983 the rate shall be six percent.~~ Notwithstanding the provisions of this paragraph, the rate of the use tax imposed upon the sales price of sales of farm machinery shall be four percent.

A ~~motor vehicles~~ vehicle subject to tax under this section shall be taxed at ~~the its~~ fair market value at the time of transport into Minnesota if ~~such the~~ motor ~~vehicles were~~ vehicle was acquired more than three months prior to its transport into this state.

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

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

Sec. 7. Minnesota Statutes 1982, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one one-half gallon or more in size;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state;

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

except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants,

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

packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

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

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

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

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

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

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

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

(s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

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

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

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of

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

persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of section 290.05, subdivision 1, clause (i).

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.

Sec. 8. Minnesota Statutes 1982, section 297A.35, subdivision 3, is amended to read:

Subd. 3. A person who has paid an amount of tax to a retailer engaged in providing electricity in respect to the purchase for agricultural production of electricity which is exempt from tax under section 297A.25, subdivision 1, clause (h) may file a claim for refund of such the tax with the commissioner, notwithstanding any other provision of this chapter. ~~Such claim for refund shall be made pursuant to section 290.501.~~

Sec. 9. Minnesota Statutes 1982, section 297B.01, subdivision 8, is amended to read:

Subd. 8. "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise, provided however, that when a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under Laws 1971, Chapter 853, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount

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

expended for materials, labor and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle. The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a husband and wife or parent and child, nor shall it include the transfer of a motor vehicle by a guardian to his ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor. There shall not be included in "purchase price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.

Sec. 10. Minnesota Statutes 1982, section 297B.02, as amended by Laws 1982, Third Special Session chapter 1, article 6, section 5, is amended to read:

297B.02 TAX IMPOSED.

There is hereby imposed an excise tax at the rate of five percent provided in chapter 297A on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

Sec. 11. [297B.031] REFUND OF TAX; MANDATORY REFUND OR REPLACEMENT LAWS.

If a manufacturer of motor vehicles is required by Laws 1983, chapter 108, section 1, subdivision 3, to refund the tax imposed by this chapter, a portion of the tax paid by the purchaser shall be refunded to the manufacturer. The amount of the refund shall be the tax paid by the purchaser less an amount equal to the tax paid multiplied by a fraction, the denominator of which is the purchase price of the vehicle and the numerator of which is the allowance deducted from the refund for the consumer's use of the vehicle. The refund shall be paid to the manufacturer only upon filing of a written application, in a form and providing information as prescribed by the commissioner. Payment of a refund pursuant to this section shall be made out of the general and highway user funds in the same proportion provided for deposit of tax proceeds for the fiscal year pursuant to section 297B.09, subdivision 1. The amounts necessary to pay the refunds are appropriated out of the respective funds.

Sec. 12. TRANSITION PROVISION.

The increase in the excise tax on the purchase price of motor vehicles provided by section 10 for sales made after June 30, 1983 shall not apply to the purchase price of a motor vehicle, purchased or acquired pursuant to a bona fide written contract which (a) was executed prior to the day following final enactment of this law, (b) was enforceable prior to July 1, 1983, and (c) did not provide for the allocation of future taxes. This section shall not apply if delivery of the motor vehicle is accepted after December 31, 1983.

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

Sec. 13. **REPEALER.**

Minnesota Statutes 1982, section 340.986, is repealed.

Sec. 14. **EFFECTIVE DATE.**

Sections 2 and 3 are effective for taxable years beginning after December 31, 1982. Sections 4 to 10 and 12 are effective for sales made after June 30, 1983. Sections 1 and 11 are effective the day following final enactment.

**ARTICLE 7
CASH FLOW**

Section 1. Minnesota Statutes 1982, section 124.11, subdivision 2a, is amended to read:

Subd. 2a. (a) Through the 1981-1982 school year, ninety percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month. The estimated aid payments shall be paid on the basis of the department of education's estimates of the current year's average daily membership adjusted for the latest available information in November, February and May. The final payment, adjusted to reflect the actual average daily membership, shall be made in September of the following fiscal year.

(b) Beginning in For the 1982-1983 school year, eighty-five percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month. The estimated aid payments shall be paid on the basis of the department of education's estimates of the current year's average daily membership adjusted for the latest available information in November, February and May. The final payment, adjusted to reflect the actual average daily membership, shall be made in September of the following fiscal year.

Sec. 2. Minnesota Statutes 1982, section 124.11, subdivision 2b, is amended to read:

Subd. 2b. (a) Through the 1981-1982 school year, post-secondary vocational supply aid and support services aid shall be paid to districts in equal installments on or before August 1, November 1, February 1, and May 1 of each year. Eighty percent of post-secondary vocational equipment aid and repair and betterment aid shall be paid to districts on or before August 1 of each year. The remaining 20 percent of post-secondary vocational equipment aid and repair and betterment aid shall be paid to districts by May 1 of each year.

(b) Beginning in For the 1982-1983 school year, the state shall pay to districts 25 percent of post-secondary vocational supply aid and support services

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

aid by August 1, 20 percent by November 1, 20 percent by February 1, and 20 percent by May 1 of each school year. Eighty-five percent of post-secondary vocational equipment aid and repair and betterment aid shall be paid to districts by August 1 of each year. The final aid distribution shall be made by October 31 of the following fiscal year.

Sec. 3. [124.195] PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

Subdivision 1. APPLICABILITY. This section applies to all aids or credits paid by the commissioner of education from the general fund of the state of Minnesota to school districts except as provided in section 4. The procedures described in this section for making disbursements to school districts will be used starting in fiscal year 1984, except that for districts that have tax anticipation certificates or aid anticipation certificates which were sold prior to June 30, 1983, and which mature prior to June 30, 1984, the payment schedules specified in Minnesota Statutes 1982 may continue to be used in fiscal year 1984 if the school district provides evidence to the commissioner of education that the payment schedules established in this section would jeopardize repayment of these certificates or prevent the district from making payments for other services without additional borrowing.

Subd. 2. DEFINITIONS. (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to sections 294.21 to 294.26 and chapter 298.

(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6;
plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9;
plus

the other district receipts; plus

the final adjustment payment according to subdivision 6.

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

Subd. 3. PAYMENT DATES AND PERCENTAGES. Beginning in fiscal year 1984 and thereafter, the commissioner of education shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	<u>Payment date</u>	<u>Per-centage</u>
<u>Payment 1</u>	<u>First business day prior to July 15:</u>	<u>2.25</u>
<u>Payment 2</u>	<u>First business day prior to July 30:</u>	<u>4.50</u>
<u>Payment 3</u>	<u>First business day prior to August 15:</u>	<u>6.75</u>
<u>Payment 4</u>	<u>First business day prior to August 30:</u>	<u>9.0</u>
<u>Payment 5</u>	<u>First business day prior to September 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 12.75 percent</u>	
<u>Payment 6</u>	<u>First business day prior to September 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 16.5 percent</u>	
<u>Payment 7</u>	<u>First business day prior to October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent</u>	
<u>Payment 8</u>	<u>First business day prior to October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent</u>	
<u>Payment 9</u>	<u>First business day prior to November 15:</u>	<u>31.0</u>
<u>Payment 10</u>	<u>First business day prior to November 30:</u>	<u>37.0</u>
<u>Payment 11</u>	<u>First business day prior to December 15:</u>	<u>40.0</u>
<u>Payment 12</u>	<u>First business day prior to December 30:</u>	<u>43.0</u>
<u>Payment 13</u>	<u>First business day prior to January 15:</u>	<u>47.25</u>
<u>Payment 14</u>	<u>First business day prior to January 30:</u>	<u>51.5</u>
<u>Payment 15</u>	<u>First business day prior to February 15:</u>	<u>56.0</u>
<u>Payment 16</u>	<u>First business day prior to February 28:</u>	<u>60.5</u>
<u>Payment 17</u>	<u>First business day prior to March 15:</u>	<u>65.25</u>
<u>Payment 18</u>	<u>First business day prior to March 30:</u>	<u>70.0</u>
<u>Payment 19</u>	<u>First business day prior to April 15:</u>	<u>74.0</u>
<u>Payment 20</u>	<u>First business day prior to April 30:</u>	<u>85.0</u>
<u>Payment 21</u>	<u>First business day prior to May 15:</u>	<u>92.0</u>
<u>Payment 22</u>	<u>First business day prior to May 30:</u>	<u>100.0</u>

Subd. 4. PAYMENT LIMIT. Subdivision 3 does not authorize the commissioner of education to pay to a district's operating funds an amount of state general fund cash that exceeds the sum of:

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

(a) its estimated aid and credit payments for the current year according to subdivision 10;

(b) its actual aid payments according to subdivisions 8 and 9; and

(c) the final adjustment payment for the prior year.

Subd. 5. COMMISSIONER'S ASSUMPTIONS. For purposes of determining the amount of state general fund cash to be paid to school districts pursuant to subdivision 3, the commissioner of education shall:

(a) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.10 are made in the following manner:

(1) 50 percent within seven business days of each due date; and

(2) 100 percent within 14 business days of each due date;

(b) assume that the payments to school districts by county auditors pursuant to section 124.10, subdivision 2 are made at the end of the months indicated in that subdivision.

Subd. 6. FINAL ADJUSTMENT PAYMENT. For all aids and credits paid according to subdivision 10, the final adjustment payment shall include the amounts necessary to pay the district's full aid entitlement for the prior year based on actual data. This payment shall be used to correct all estimates used for the payment schedule in subdivision 3. The payment shall be made in two installments, during September or October, as specified in subdivision 3. In the event actual data are not available, the final adjustment payment may be computed based on estimated data. A corrected final adjustment payment shall be made when actual data are available.

Subd. 7. PAYMENTS TO SCHOOL NONOPERATING FUNDS. Beginning in fiscal year 1984, state general fund payments to school nonoperating funds shall be made at 85 percent of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year.

Subd. 8. PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS. The following aids shall be paid at 100 percent of the entitlement for the prior fiscal year: special education summer foundation aid according to section 124.201; abatement aid according to section 124.214, subdivision 2; special education residential aid according to section 124.32, subdivision 5; special education summer school aid, according to section 124.32, subdivision 10; veterans farm management aid, according to section 124.625; early retirement

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

aid according to section 125.611; and extended leave and part-time teacher aids according to chapters 354 and 354A.

Subd. 9. PAYMENT PERCENTAGE FOR CERTAIN AIDS. The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: school lunch aid, according to section 124.646; teacher institute aid, campus laboratory school aid, and high technology aids.

Subd. 10. AID PAYMENT PERCENTAGE. Except as provided in subdivisions 8 and 9, beginning in fiscal year 1984, all education aids and credits in chapters 121, 123, 124, 125, and 273.1392, except post-secondary vocational shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 4. [124.5629] PAYMENT OF AVTI INSTRUCTIONAL AID.

Beginning for the 1983-1984 school year, 85 percent of the estimated post-secondary vocational instructional aid entitlement for each district shall be paid during the fiscal year of entitlement in 24 uniform payments on the first business day prior to the 15th of each month and on the first business day prior to the last day of each month.

The amount of entitlement, adjusted for actual data on tuition and fund balances, minus the payments made during the fiscal year of entitlement, shall be the final adjustment paid to each district in two payments on September 15 and September 30 in the fiscal year following entitlement.

Sec. 5. Minnesota Statutes 1982, section 273.1392, is amended to read:

273.1392 PAYMENT; AIDS TO SCHOOL DISTRICTS.

The amounts of homestead credit under section 273.13, subdivisions 6, 7, and 14a; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under section 273.116; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; reimbursement under section 273.139; and metropolitan agricultural preserve credit reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to the schedule for payment of foundation aids pursuant to section 124.11 for fiscal year 1983. The sum sufficient to make the payments required by this section is appropriated from the general fund to the commissioner of education. Beginning in fiscal year 1984, the amounts so certified shall be paid according to section 3, subdivisions 6 and 10.

Sec. 6. Minnesota Statutes 1982, section 276.09, is amended to read:

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

276.09 SETTLEMENT BETWEEN AUDITOR AND TREASURER.

On the fifth day of March and the 20th day of March, June, and November ~~May, and October~~ of each year, the county treasurer shall make full settlement with the county auditor of all receipts collected by him for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in the form prescribed by the state auditor. At each settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

For purposes of this section, "receipts" shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 7. Minnesota Statutes 1982, section 276.10, is amended to read:

276.10 APPORTIONMENT AND DISTRIBUTION OF FUNDS.

On the settlement day in ~~March, June, and November~~ May and October of each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury, apportioning them, as provided by law, and placing them to the credit of the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall make a report of it to the state auditor in the form prescribed by the state auditor. The county auditor shall issue his warrant for the payment of moneys in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive them.

Sec. 8. Minnesota Statutes 1982, section 276.11, is amended to read:

276.11 WHEN TREASURER SHALL PAY FUNDS.

As soon as practical after each settlement in ~~March, June, and November~~ the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, school district, or special district, on the warrant of the county auditor, all receipts arising from taxes levied by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall preserve the receipt in the clerk's office. Upon written request of the state, a municipal corporation or other public body, the county treasurer shall, to the extent practicable, make partial payments of amounts collected periodically in advance of the next settlement and distribution. Accompanying each payment shall be a statement prepared by the county treasurer

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

designating the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties thereon. The county treasurer shall pay, upon written request of the state, a municipal corporation or other public body except school districts, at least 70 percent of the estimated collection within 30 days after the settlement date. Within ~~15~~ seven business days after the ~~settlement~~ due date, the county treasurer shall pay to the treasurer of the school districts at least ~~70~~ 50 percent of the estimated collections arising from taxes levied by and belonging to the school district and the remaining 50 percent of the estimated collections shall be paid to the treasurer of the school district within the next seven business days. The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the settlement date, provided, however, that after 45 days interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Sec. 9. Minnesota Statutes 1982, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **DETERMINATION OF VALIDITY.** 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 in comparison with other property in the city or county, or that the 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 or by the tax court 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 service, in the office of the clerk of the district court before the ~~first 16th~~ 16th day of ~~June~~ May of the year in which the 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. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to ~~June 1~~ May 16 of the year in which the taxes are payable.

Sec. 10. Minnesota Statutes 1982, section 278.01, subdivision 2, is amended to read:

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

Subd. 2. **HOMESTEADS.** 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 or by the tax court 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 before the first 16th day of June May 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. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court.

Sec. 11. Minnesota Statutes 1982, section 278.03, is amended to read:

278.03 PAYMENT OF TAX.

If the proceedings instituted by the filing of the petition have not been completed before the first 16th day of June May next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next ~~November 1~~ October 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the first 16th day of June May or the first 16th day of ~~November~~ October, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

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

(3) That it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 12. Minnesota Statutes 1982, section 278.05, subdivision 5, is amended to read:

Subd. 5. 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 the 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, county, city or town 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, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, he may file the offer with proof of notice, and the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the first 16th day of ~~November~~ October of the year the 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 16th day of ~~November~~ October of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 13. Minnesota Statutes 1982, section 279.01, subdivision 1, is amended to read:

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

Subdivision 1. On ~~June first~~ May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on non-homestead property. Thereafter, for both homestead and non-homestead property, on the ~~first~~ 16th day of each month, up to and including ~~November first~~ October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$10, one-half thereof may be paid prior to ~~June first~~ May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to ~~November first~~ October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on non-homestead property. Thereafter, for homestead property, on the ~~first~~ 16th day of each month up to and including ~~January 1~~ December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for non-homestead property, on the ~~first~~ 16th day of each month up to and including ~~January 1~~ December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to ~~June first~~ May 16, the same may be paid at any time prior to ~~November first~~ October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until ~~November first~~ October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to ~~April first~~ March 16; one-fourth prior to ~~June first~~ May 16; one-fourth prior to ~~September first~~ August 16; and the remaining one-fourth prior to ~~November first~~ October 16, subject to the aforesaid penalties. Where the taxes delinquent after ~~November first~~ October 16 against any tract or parcel exceed \$40, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 14. Minnesota Statutes 1982, section 473F.08, subdivision 7a, is amended to read:

Subd. 7a. The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (a), within the county and the total tax on contribution value pursuant to subdivision 6, within the county. On or before ~~June 1~~ May 16 of each year, he shall certify the differences so determined to each county auditor. In addition, he shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on

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

contribution value over the total levy on distribution value in the county. On or before June 30 15 and November 30 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditors certification.

Sec. 15. **EFFECTIVE DATE.**

Sections 6, 7, and 9 to 14 are effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter. Sections 1 to 5 and 8 are effective July 1, 1983.

**ARTICLE 8
ECONOMIC DEVELOPMENT**

Section 1. Minnesota Statutes 1982, section 273.13, subdivision 9, is amended to read:

Subd. 9. **CLASS 4A, 4B, 4C, AND 4D.** (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 40 percent of the first \$50,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 40 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 40 percent assessment.

(4) Industrial Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder, except that for employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), the first \$50,000 of market value shall be valued and assessed at 31.5 percent and the remainder shall be assessed and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been

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

designated by the governing body for the receipt of tax reductions authorized by section 10, subdivision 9, paragraph (a).

Sec. 2. Minnesota Statutes 1982, section 273.1312, subdivision 2, is amended to read:

Subd. 2. **DESIGNATION.** The commissioner shall designate an area as an enterprise zone if ~~(i)~~ (a) an application is made in the form and manner and containing the information ~~as prescribed by the commissioner's rules~~ commissioner; ~~(ii)~~ (b) the application is made ~~or approved~~ by the governing body of the area; and ~~(iii)~~ (c) the area is determined by the commissioner to be eligible for designation under subdivision 4; and (d) the zone is selected pursuant to the process provided by section 10.

Sec. 3. Minnesota Statutes 1982, section 273.1312, subdivision 3, is amended to read:

Subd. 3. **DURATION.** The designation of an area as an enterprise zone shall be effective ~~from~~ for seven years after the date of designation ~~to 12 years thereafter.~~

Sec. 4. Minnesota Statutes 1982, section 273.1312, subdivision 4, is amended to read:

Subd. 4. **ELIGIBILITY REQUIREMENTS.** An area is eligible for designation if the following requirements are met:

~~(1)~~ (a) Its boundary is continuous and includes, if feasible, proximately located vacant or underutilized lands or buildings conveniently accessible to residents of the area.

~~(2)~~ Its population as determined under the most recent federal decennial census is at least ~~(i)~~ 4,000 if any of the area is located within an SMSA with a population of 50,000 or more, or ~~(ii)~~ 2,500 in any other case unless the area is an Indian reservation, for which no minimum population is required.

(b) The area of the zone is less than 400 acres and the total market value of the taxable property contained in the zone at the time of application is less than \$100,000 per acre or \$300,000 per acre for an area located wholly within a first class city, except that these restrictions shall not apply to areas designated pursuant to paragraph (c), clause (2) or (3).

~~(3)~~ (a) ~~(c)~~ (1) The proposed zone is located within an economic hardship area, as established by meeting ~~three~~ two or more of the following criteria:

(4) (A) the percentage number of total residential housing units within the zone area which was constructed prior to 1950 is 70 are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

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

(2) (B) the percentage of households within the zone area that fall below the poverty level, as determined by the United States census bureau, is 20 percent or greater;

(3) (C) (i) the total number of persons residing within the zone has declined by ten percent or more over the ten years preceding application market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area, as equalized by the sales ratio study, has declined or its growth has lagged three percentage points behind the statewide growth in total equalized market value in the state over the preceding three year period;

(4) (D) for the last full year for which data is available, the percentage of the work force of the jurisdiction of the governing body of the area in which the zone is located engaged in manufacturing is less than the percentage of the work force of the state engaged in manufacturing nonfarm per capita income in the area was 90 percent or less of the median for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(5) the jurisdiction of the governing body of the area in which the zone is located has recently experienced a significant employment reduction at a federal military installation within the SMSA in which it is located (E) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the previous year, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(b) (2) The area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones similar to the state tax benefits set forth in Laws 1982, Chapter 523; and

(4) The governing body of the area seeking to be designated as an enterprise zone, by resolution, agrees to follow a course of action, during the period for which the designation is effective, designed to promote economic development in the area. The program may be implemented by governmental action, by private entities, or both, and may include but is not limited to:

(a) Reduction or abatement of real property taxes of industrial land and facilities according to section 273.1313;

(b) Issuance of revenue bonds or use of federal funds available to finance loans for private industrial and housing facilities;

(c) Issuance of bonds and use of taxes, tax increments, and available federal funds to finance public facilities in the area;

(d) Increase in the level or efficiency of governmental services;

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

(e) Commitments from public or private entities in the area to provide jobs, job training, and technical, financial, or other assistance to employees and residents of the area; or

(3) The area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed.

For purposes of this subdivision, an economic hardship area must have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii) 2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation.

Sec. 5. Minnesota Statutes 1982, section 273.1312, subdivision 5, is amended to read:

Subd. 5. **LIMITATION.** No area shall may be designated as an enterprise zone after December 31, ~~1996~~ 1986.

Sec. 6. Minnesota Statutes 1982, section 273.1313, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** (4) Terms (a) As used in this section, the following terms have the meanings given them in this subdivision.

(2) (b) "Commissioner" means the commissioner of revenue.

(3) "Industrial (c) "Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(a) (1) The property is located within an enterprise zone designated according to section 273.1312.

(b) (2) The primary purpose and prospective use of the property is (i) the manufacture or processing of goods or materials by physical or chemical change, or (ii) the provision of office, engineering, research and development, warehousing, parts distribution, or other facilities that are related to a manufacturing or processing operation conducted by the user commercial or industrial property which is not used in a trade or business which either is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or is a public utility.

(e) The user will own the property or occupy it under a lease requiring the user to pay property taxes on it as if the user were the owner.

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

(d) The property is classified as industrial employment property by the procedure and subject to the conditions provided in this section, before it is first placed in use.

(4) (d) "Market value", as applied to industrial of a parcel of employment property on any particular parcel of land, means the value of all the taxable property situated there except the land, as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the industrial employment property is first placed in service. In each year, any change in the values of the industrial employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

(5) (e) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

(f) Notwithstanding the provisions of clauses (c) and (d) "employment property" and "market value" includes in the case of taxable real property located in an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the entire value of the commercial and industrial property used in a trade or business which is not used in a trade or business which either is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or is a public utility; provided that the provisions of this paragraph shall not apply to employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), that is assessed pursuant to the first clause of the first sentence of section 273.13, subdivision 9, paragraph (4).

Sec. 7. Minnesota Statutes 1982, section 273.1313, subdivision 2, is amended to read:

Subd. 2. **PROGRAM.** (4) (a) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 ~~may~~ shall by resolution establish a program for classification of new industrial property or improvements to existing property as industrial employment property pursuant to the provisions of this section, if it finds that the program is needed to facilitate and encourage the renewal or addition of industrial facilities to provide or preserve employment opportunities for its citizens. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain, where appropriate, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, the equipment proposed to be used in connection with it ~~(including equip-~~

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

~~ment exempt from taxation under existing law~~), the probable time schedule for undertaking the construction or improvement, and information regarding the matters referred to in paragraph (4) (d); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(2) (b) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (4) (d), and the clerk or auditor shall transmit it to the commissioner.

(3) (c) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body if he finds that it complies with the provisions of this section. If he disapproves the application, or finds grounds exist for appeal of a disapproved application, he shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(4) (d) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (1), an application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:

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

(a) (1) Is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(b) (2) Is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(c) (3) Is not likely to cause the total market value of industrial employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the industrial employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(d) (4) Will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

Sec. 8. Minnesota Statutes 1982, section 273.1313, subdivision 3, is amended to read:

Subd. 3. **CLASSIFICATION.** Property shall be classified as industrial employment property and assessed as provided for class 4d property in section 273.13, subdivision 9, ~~clause paragraph~~ (4), for taxes levied in the year in which the classification is approved and ~~in each year thereafter to and including the 12th year after the industrial employment property is completed for the four succeeding years after the approval.~~ If the classification is revoked, the revocation is effective for taxes levied in the next year after revocation.

Sec. 9. Minnesota Statutes 1982, section 273.1313, subdivision 5, is amended to read:

Subd. 5. **HEARING.** Upon receipt of the request, the commissioner shall notify the applicant and the governing body by ~~certified mail~~ of a time and place, ~~not less than 30 days after receipt,~~ at which the applicant may be heard ~~and.~~ The hearing must be held within 30 days after receipt of the request. Within 30 days after the hearing, the commissioner ~~will~~ shall determine whether the facts and circumstances are grounds for revocation as recommended by the governing body. If the commissioner revokes the classification, the applicant may appeal from the commissioner's order to a court of competent jurisdiction at any time within 30 days after revocation.

Sec. 10. [273.1314] **SELECTION OF ENTERPRISE ZONES.**

Subdivision 1. DEFINITIONS. For purposes of this section, the following terms have the meanings given.

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

(a) "City" means a statutory or home rule charter city.

(b) "Commissioner" means the commissioner of energy, planning, and development or its successor agency.

(c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

(d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Subd. 2. SUBMISSION OF APPLICATIONS. On or before August 31 of each year, a municipality seeking designation of an area as an enterprise zone shall submit an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation.

Subd. 3. APPLICATIONS; CONTENTS. The applications for designation as an enterprise zone shall contain, at a minimum:

(a) verification that the area is eligible for designation pursuant to section 273.1312;

(b) a development plan, outlining the types of investment and development within the zone that the municipality expects to take place if the incentives and tax reductions specified under paragraphs (d) and (e) are provided, the specific investment or development reasonably expected to take place, any commitments obtained from businesses, the projected number of jobs that will be created, the anticipated wage level of those jobs, and any proposed targeting of the jobs created, including affirmative action plans if any;

(c) the municipality's proposed means of assessing the effectiveness of the development plan or other programs to be implemented within the zone once they have been implemented;

(d) the specific form of tax reductions, authorized by subdivision 9, proposed to be granted to businesses, the duration of the tax reductions, an estimate of the total state taxes likely to be foregone as a result, and a statement of the relationship between the proposed tax reductions and the type of investment or development sought or expected to be attracted to or maintained in the area if it is designated as a zone;

(e) the municipality's contribution to the zone as required by subdivision 6;

(f) any additional information required by the commissioner; and

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

(g) any additional information which the municipality considers relevant to the designation of the area as an enterprise zone.

Paragraph (b) does not apply to an application for designation under section 273.1312, subdivision 4, paragraph (c), clause (3).

Subd. 4. EVALUATION OF APPLICATIONS. The commissioner shall review and evaluate the applications submitted pursuant to subdivision 3 and shall determine whether each area is eligible for designation as an enterprise zone. If the department of energy, planning, and development no longer exists as presently constituted, the commissioner shall consult with the successor to the responsibilities of the planning division of that department in making this determination. In determining whether an area is eligible under section 273.1312, subdivision 4, paragraph (c), if unemployment, employment, income or other necessary data are not available for the area from the federal departments of labor or commerce or the state demographer, the commissioner may rely upon other data submitted by the municipality if he determines it is statistically reliable or accurate. The commissioner, in conjunction with the commissioner of revenue, shall prepare an estimate of the amount of state tax revenue which will be foregone for each application if the area is designated as a zone.

On or before October 1 of each year, the commissioner shall submit to the legislative advisory commission a list of the areas eligible for designation as enterprise zones, along with his recommendations for designation and supporting documentation. In making recommendations for designation, the commissioner shall consider and evaluate the applications pursuant to the following criteria:

(a) the pervasiveness of poverty, unemployment, and general distress in the area;

(b) the extent of chronic abandonment, deterioration or reduction in value of commercial, industrial or residential structures in the area and the extent of property tax arrearages in the area;

(c) the prospects for new investment and economic development in the area with the tax reductions proposed in the application relative to the state and local tax revenue which would be foregone;

(d) the competing needs of other areas of the state;

(e) the municipality's proposed use of other state and federal development funds or programs to increase the probability of new investment and development occurring;

(f) the extent to which the projected development in the zone will provide employment to residents of the economic hardship area, and particularly individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, 96 Statutes at Large 1322;

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

(g) the funds available pursuant to subdivision 8; and

(h) other relevant factors which he specifies in his recommendations.

The commissioner shall submit a separate list of the areas entitled to designation as enterprise zones under section 273.1312, subdivision 4, paragraph (c), clauses (2) and (3), along with his recommendations for the amount of funds to be allocated to each area.

Subd. 5. LAC RECOMMENDATIONS. On or before October 15, the legislative advisory commission shall submit to the commissioner its advisory recommendations regarding the designation of enterprise zones. By October 30 of each year the commissioner shall make the final designation of the areas as enterprise zones, pursuant to section 273.1312, subdivision 2. In making the designation, the commissioner may make modifications in the design of or limitations on the tax reductions contained in the application necessary because of the funding limitations under subdivision 8.

Subd. 6. LOCAL CONTRIBUTION. No area may be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of (a) a property tax reduction for employment property as provided by section 273.1313 for any business qualifying for a state tax reduction pursuant to this section, or (b) an equivalent local contribution or investment out of other municipal funds, but excluding any special federal grants or loans. If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue foregone as a result.

Subd. 7. LIMITATIONS; NUMBER OF DESIGNATIONS. (a) In each of the years 1983 and 1984, the commissioner shall designate at least two but not more than five areas as enterprise zones. No designations shall be made after December 31, 1984.

(b) No more than one area may be designated as an enterprise zone in any county, except that two areas may be designated in a county containing a city of the first class.

(c) No more than one area in a congressional district may be designated as an enterprise zone in any calendar year.

This subdivision shall not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (2) or (3).

Subd. 8. FUNDING LIMITATIONS. The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 and this section is limited to \$32,000,000. The maximum amount of this total which may be authorized by the commissioner for tax reductions pursuant to subdivision 9 that will reduce tax revenues which other-

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

wise would have been received during fiscal years 1984 and 1985 is limited to \$8,000,000. Of the total limitation and the 1984-1985 biennial limitation the commissioner shall allocate to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), an amount equal to \$10,000,000 and \$4,000,000 respectively. These funds shall be allocated among such zones on a per capita basis. An amount sufficient to fund the state funded property tax credits authorized pursuant to this section is appropriated to the commissioner of revenue. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary.

Subd. 9. AUTHORIZED FORMS OF STATE TAX REDUCTIONS.

(a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) An exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone;

(2) A credit against the income tax of an employer for workers employed in the zone, other than workers employed in construction, up to a maximum of \$3,000 per employee;

(3) An income tax credit for a percentage of the cost of debt financing to construct new facilities in the zone;

(4) A state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall take the steps necessary to implement the tax reductions.

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

(d) The tax reductions provided by this subdivision shall not apply to any facility described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or to any regulated public utility.

(e) The commissioner shall approve tax reductions authorized by paragraph (a) within an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

(f) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone up to a maximum of \$1,500 per employee;

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone.

(g) Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five year limitation, the tax reductions may be provided after expiration of the zone's designation.

(h) The income tax credits provided pursuant to clauses (a) and (f) may be refundable.

Subd. 10. RECAPTURE. Any business which receives tax reductions authorized by subdivision 9 and which ceases to operate its facility located within the enterprise zone within two years after the expiration of the tax reductions shall repay the amount of the tax reduction pursuant to the following schedule:

<u>Termination of operations</u>	<u>Repayment Portion</u>
<u>Less than 6 months</u>	<u>100 percent</u>
<u>6 months or more but less than 12 months</u>	<u>75 percent</u>
<u>12 months or more but less than 18 months</u>	<u>50 percent</u>
<u>18 months or more but less than 24 months</u>	<u>25 percent</u>

Subd. 11. DEVELOPMENT AND REDEVELOPMENT POWERS. Notwithstanding any contrary provision of law or charter, any city of the first or second class which contains an enterprise zone or which has been designated as

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

an enterprise zone may, in addition to its other powers and without limiting them, exercise the powers granted to a governmental subdivision by chapters 458, 462, and 472. Section 458.192, subdivision 14, shall apply to the city in the exercise of the powers granted pursuant to this section. It may exercise the powers assigned to redevelopment agencies pursuant to chapter 474, without limitation to further the purposes of sections 458.09 to 458.1991, 462.411 to 462.705, and chapters 472 and 472A. It may exercise the powers set forth in sections 458.09 to 458.1991, 462.411 to 462.705, and chapters 472 and 472A, without limitation to further the purposes and policies set forth in chapter 474. It may exercise the powers granted by this subdivision and any other development or redevelopment powers authorized by other laws, including chapters 472A and 474, independently or in conjunction with each other as though all the powers had been granted to a single entity. Any project undertaken to accomplish the purposes of chapter 462 that qualifies as single-family housing under section 462C.02, subdivision 4, shall be subject to the provisions of chapter 462C.

The authorization for a city to exercise powers pursuant to this subdivision shall terminate upon the expiration of the designation of the enterprise zone provided that the powers granted by this subdivision may be exercised after that date with respect to any project, program, or activity commenced or established prior to that date. The powers granted by this subdivision may only be exercised within the zone.

Subd. 12. TECHNICAL ASSISTANCE. The commissioner shall establish a mechanism for providing and shall provide technical assistance to small municipalities seeking designation of an area as an enterprise zone under this section and section 273.1312. For purposes of this subdivision, a small municipality means a municipality with a population of 20,000 or less.

Subd. 13. ADMINISTRATIVE PROCEDURES ACT. The provisions of chapter 14 shall not apply to designation of enterprise zones pursuant to this section or section 273.1312.

Subd. 14. FEDERAL DESIGNATIONS. The commissioner may accept applications and may at any time grant a contingent designation of area as an enterprise zone for purposes of seeking a designation of the area as a federal enterprise zone. For purposes of the designations, the commissioner may waive any of the requirements or limitations on designations contained in this section. If the contingent designation would require funding in excess of the amount available pursuant to subdivision 8, the commissioner shall inform the members of the legislative advisory commission and shall submit a request for the necessary funding to the tax and appropriations committees of the legislature.

Subd. 15. REPORTING. The commissioner shall require municipalities receiving enterprise zone designations pursuant to section 273.1312, subdivision 4, to supply information or otherwise report to the state regarding the economic activity which has occurred in the zone following the designation. This informa-

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

tion shall include the number of jobs created in the zone, the number of economically disadvantaged individuals hired in the zone, the average wage level of the jobs created, and descriptions of any affirmative action programs undertaken by the municipality in connection with the zone.

Subd. 16. **INFORMATION SHARING.** Notwithstanding the provisions of sections 290.61 and 297A.43, the commissioner of revenue may share information with the commissioner or with a municipality receiving an enterprise zone designation, insofar as necessary to administer the funding limitations provided by subdivision 8.

Subd. 17. **REPEALER.** This section is repealed effective December 31, 1996.

Sec. 11. INSTRUCTION TO REVISOR.

If the department of energy, planning, and development no longer exists as presently constituted, "commissioner" as defined in section 273.1312 and section 10 means the successor to the responsibilities of the economic development division of that department. The revisor of statutes shall change the definition as appropriate in Minnesota Statutes 1984, and subsequent editions.

Sec. 12. Minnesota Statutes 1982, section 290.068, is amended by adding a subdivision to read:

Subd. 6. **ADDITIONAL CREDIT.** (a) In addition to the credit allowed by subdivision 1, a credit shall be allowed against the tax imposed by this chapter for the taxable year equal to 12.5 percent of the amount of qualified research expenses paid or incurred for qualified research performed by a Minnesota-domiciled corporation for or on behalf of one or more of its wholly-owned subsidiary corporations which has in effect during the taxable year a valid election under section 936 of the Internal Revenue Code, including any expenses paid or incurred that are attributable to a wholly-owned subsidiary corporation by reason of paragraph (h) of section 936 for purposes of determining each corporation's combined taxable income.

(b) The maximum credit allowed by clause (a) for the taxable year shall be the excess of

(1) the total amount of tax imposed by this chapter on all members of the unitary group for the taxable year, over

(2) the sum of (A) the total amount of tax which would be imposed on the unitary group, if the corporation or corporations with valid elections under section 936 of the Internal Revenue Code were excluded from the unitary group, plus (B) the tax, if any, which would be imposed on the corporation or corporations with valid elections under section 936 of the Internal Revenue Code without regard to the other members of the unitary group.

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

(c)(1) If the amount of the credit determined under clause (a) for any taxable year exceeds the limitation provided in clause (b), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried.

(2) The amount of the unused credit which may be added under subparagraph (1) for any preceding taxable year shall not exceed the amount by which the limitation provided by clause (b) for the taxable year exceeds the sum of

(i) the credit allowable under this subdivision for the taxable year, and

(ii) the amounts, which, by reason of subparagraph (1), are added to the amount allowable for the taxable year and which are attributable to taxable years preceding the taxable year in which an excess credit arises.

Sec. 13. [290.069] SMALL BUSINESS INVESTMENT CREDITS.

Subdivision 1. DEFINITIONS. (a) "Small business assistance office" means a nonprofit corporation which is formed under chapter 317, is an exempt organization under section 501(c)(3) of the Internal Revenue Code, and satisfies the following conditions:

(1) The primary purpose of the corporation is to aid in the formation of new businesses which create jobs in the state by training or providing other direct assistance to entrepreneurs, managers, inventors, and other individuals in the development, financing, and operation of qualified small businesses.

(2) The corporation provides audited financial statements to all contributors and the commissioner of energy, planning, and development within 90 days following the close of the corporation's fiscal year.

(3) The corporation employs, at least, two full-time professional employees or the equivalent.

(4) The corporation is not engaged in providing financing or primarily engaged in arranging financing for businesses.

(5) The commissioner of energy, planning and development certifies that the corporation satisfies the requirements of this paragraph for the calendar year.

(b) "Technology" means a proprietary process, formula, pattern, device, or compilation of scientific or technical information unless it

(1) is in the public domain; or

(2) cannot be accurately valued.

(c) "Controlled group of corporations" means the controlled group of corporations as defined in section 1563 of the Internal Revenue Code, and if the

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

corporation is part of a unitary business, includes the corporations or entities constituting the unitary business which are not in the controlled group of corporations as defined in section 1563.

(d) An "innovation center public corporation" is a nonprofit public corporation located at a state university in Minnesota that has the purpose of assisting, encouraging, developing, and advancing the high technology small business prosperity and economic welfare of the state.

(e) The "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through January 15, 1983.

(f) "Qualified small business" means a business entity organized for profit if the entity:

(1) Has 20 or fewer employees and has less than \$1,000,000 in gross annual receipts;

(2) Is not a subsidiary or an affiliate of a business which employs more than 20 employees or has total gross receipts for the previous year of more than \$1,000,000, computed by aggregating all of the employees and gross receipts of the business entities affiliated with the business;

(3) Has its commercial domicile in this state;

(4) Does not derive more than 20 percent of its gross receipts from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities;

(5) Is not engaged in a trade or business, the primary purpose of which is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983; and

(6) Is certified by the commissioner of energy, planning and development that it satisfies the requirements of clauses (1) to (5).

Subd. 2. TECHNOLOGY TRANSFER CREDIT. A credit may be claimed against the taxes imposed by this chapter in an amount equal to 30 percent of the net value of the technology transferred to a qualified small business if the following conditions are satisfied:

(a) The commissioner certifies that the technology has the value claimed by the transferor taxpayer.

(b) The transferor taxpayer is the exclusive and undisputed owner of the technology at the time the transfer is made.

(c) Except as provided in paragraph (h), the transferor retains no proprietary or financial interest in the technology subsequent to its transfer to the qualified small business and no credit is claimed for the transfer of the technology

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

in a prior or subsequent taxable year, except pursuant to the carryover provisions of subdivision 5.

(d) The credit shall apply only to the first \$1,000,000 of the net value of the technology transferred during the taxable year. The value of the technology shall not exceed the total qualified research expenses, as defined in section 290.068, subdivision 2, expended by the transferor to create or develop the technology. For purposes of this clause, "net value" means the total value of the technology less any payments received from the transferee and less the value of any equity interest in the transferee received by the transferor in exchange for the technology. For purposes of determining the value of the equity interest, the total value of the transferee shall be deemed to be not less than the value of the technology transferred, less any cash payment made to the transferor.

(e) The taxpayer has not deducted the value of the transferred property from income under any other provisions of this chapter, except that the costs of developing the technology may have been deducted as a business expense or depreciated or included in the computation of the research and experimental expenditure credit pursuant to section 290.068.

(f) The transferee business entity may not be a subsidiary or affiliate of the transferor taxpayer.

(g) The transferee makes a substantial investment in acquiring or developing the technology. The requirements of this clause are satisfied if (1) transferee pays the transferor an amount equal to 20 percent of the value of the technology in return for acquisition of the rights to the technology, or if (2) the transferee expends an equivalent amount for equipment, materials, wages, or other direct costs to develop, produce, or otherwise use the technology. The requirements of this paragraph may not be satisfied by granting the transferor an equity interest as provided by paragraph (h).

(h) The transferor may receive in exchange for the transfer of the technology an equity interest in the transferee, but this interest may not exceed 25 percent of the capital interest, if the transferee is a partnership, or 25 percent in value of the outstanding stock, if the transferee is a corporation. The transferor's basis in the equity interest shall be reduced by the amount of the credits received pursuant to this subdivision. The transferor may not deduct any loss realized on the sale or exchange of the equity interest.

The commissioner may require that the taxpayer obtain an appraisal of the value of the transferred technology by a reliable, expert third party. The commissioner may promulgate administrative rules for appraising the value of transferred technology.

Subd. 3. CONTRIBUTION CREDIT. A credit shall be allowed against the taxes imposed by this chapter in an amount equal to 50 percent of the first \$50,000 of contributions made during the taxable year to a small business

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

assistance office or to an innovation center public corporation. No credit shall be allowed for any contributions deducted pursuant to any other provision of this chapter.

Subd. 4. EQUITY INVESTMENT CREDIT. (a) A credit shall be allowed against the tax imposed by this chapter for the taxable year in an amount equal to 30 percent of the net investment in excess of \$25,000 in the equity stock of a qualified small business. The maximum amount of the credit for a taxable year may not exceed \$75,000. For purposes of this credit the following limitations apply:

(1) Equity stock shall not include any security which provides for fixed or variable interest payments.

(2) The taxpayer and any related persons may not own more than 49 percent of the value of any class of stock. For purposes of this paragraph, a person is a related person to another person if (i) the relationship between the persons would result in a disallowance of losses under section 267 or 707(b) of the Internal Revenue Code of 1954 or (ii) the persons are members of the same controlled group of corporations. The restrictions provided by this subdivision shall apply for a three-year period beginning on the date the stock is purchased. If the taxpayer or a related person acquires more than 49 percent of the value of any class of stock after the allowance of a credit under this subdivision and prior to the end of the three-year period, the taxpayer's tax for the taxable year in which the credit was allowed shall be increased by the amount of the credit previously claimed.

(3) The credit shall not exceed 75 percent of the taxpayer's tax liability computed after the subtraction of all credits, other than the credit provided in this subdivision.

(b) If the principal place of business of the qualified small business is located in an enterprise zone designated pursuant to section 273.1312, \$10,000 shall be substituted for \$25,000 and \$100,000 for \$75,000 in paragraph (a).

(c) The taxpayer's basis in the stock shall be reduced by the amount of the credit.

Subd. 5. LIMITATIONS; OTHER CONDITIONS. The provisions of section 290.068, subdivisions 3, clause (a); 4; and 5 shall apply to the sum of the credits which this section allows, except that no carryback shall be allowed. The carryover provisions of section 290.068, subdivision 3, clause (b), shall apply to the sum of the credits allowed by this section except that the term "research credit" or "research and experimental expenditure credit" shall include the credits authorized by subdivisions 2 and 3 of this section. The credits allowed by subdivisions 2 and 3 shall only be available to corporations and banks whose tax is computed pursuant to section 290.06, subdivision 1.

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

The maximum limitations on the amount of credits pursuant to subdivisions 2 and 3 shall be determined by aggregating together the credits of all the corporations in the controlled group of corporations with the taxpayer. In order to facilitate compliance with and enforcement of this provision the commissioner may require the taxpayer to claim the credit on a combined report of the unitary business or to file a copy of the consolidated federal return with the state return or both.

Subd. 6. REPEALER. This section is repealed effective for contributions made to a small business office or to an innovation center public corporation as provided in subdivision 3, for technology transferred as described in subdivision 2, and for investments made as described in subdivision 4 in taxable years beginning after December 31, 1985.

Sec. 14. Minnesota Statutes 1982, 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 and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (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 chapter 290A; (f) federal income taxes (including the windfall profit tax on domestic crude oil), by corporations, national and state banks; (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; (j) federal transportation tax; ~~and~~ (k) income or franchise taxes based on net income paid by a corporation to another state, to a political subdivision of another state, or to the District of Columbia; and (l) 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 Internal Revenue Code of 1954, as amended through December 31, 1981. 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.

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.

Property taxes shall be allowed as a deduction to the same taxpayer and in the same manner as provided in section 164 of the Internal Revenue Code of

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

1954, as amended through December 31, 1981, notwithstanding the provisions of section 272.31.

Sec. 15. Minnesota Statutes 1982, section 471.59, is amended by adding a subdivision to read:

Subd. 11. JOINT POWERS BOARD. Two or more governmental units, through action of their governing bodies, may establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section may issue obligations and other forms of indebtedness only pursuant to authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board. The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 16. Laws 1981, Third Special Session chapter 2, article III, section 22, as amended by Laws 1982, chapters 523, article XXIX, section 5, and 641, article II, section 7, is amended to read:

Sec. 22. EFFECTIVE DATE.

Sections 1 and 19 to 21 are effective February 1, 1982. The provision of section 2 relating to commodity tax straddles and section 7 are effective for taxable years beginning after December 31, 1980. The provisions of section 2 relating to the exclusion of dividend and interest income are effective for taxable years beginning after December 31, 1981. Section 2, clauses (a)(22), (b)(24), the portion of clause (a)(16) relating to recovery property, (b)(25), and sections 8, 11, and 12 are effective for property placed in service after December 31, 1980 in taxable years ending after that date. Section 2, clauses (a)(17), (b)(2), the portion of clause (a)(16) relating to gain from the sale or disposition of property and section 9 are effective for taxable years beginning after December 31, 1982. Section 6 is effective for taxable years beginning after December 31, 1981. Section 10 is effective for the sale or other disposition of property taxable years beginning after December 31, 1982. For taxpayers subject to tax under Minneso-

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

ta Statutes, chapter 290, sections 13, 14, and 15 are effective for taxable years beginning after June 30, 1981. Section 16 is effective for taxable years beginning after December 31, 1981. Sections 17 and 18 are effective for petitions filed after January 31, 1982.

Sec. 17. EFFECTIVE DATE.

Sections 1 to 11 and 15 are effective the day following final enactment. Sections 12 and 14 are effective for taxable years beginning after December 31, 1982. Section 13 is effective for taxable years beginning after December 31, 1983. Section 16 is effective January 1, 1983.

ARTICLE 9

SATELLITE BROADCASTING; DISTILLERIES.

Section 1. Minnesota Statutes 1982, section 272.02, subdivision 1, is amended to read:

Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025 or section 273.13, subdivisions 17, 17b, 17c or 17d, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;
- (7) All public property exclusively used for any public purpose;
- (8) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

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

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(9) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(10) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1, clause (c), except personal property which is part 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 and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(11) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(12) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

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

(13) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(14) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(15) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(16) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(17) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3)

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

of the Internal Revenue Code of 1954, as amended through December 31, 1980, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(18) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(19) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

(20) If approved by the governing body of the municipality in which the property is located, a direct satellite broadcasting facility or fixed satellite regional or national program service facility, construction of which is commenced after June 30, 1983, for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. As used in this clause, a "direct satellite broadcasting facility" is a facility operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band and a "fixed satellite regional or national program service facility" is a facility operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(21) If approved by the governing body of the municipality in which the property is located, a facility construction of which is commercial after June 30,

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

1983, at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota, for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

Sec. 2. [297A.253] SATELLITE BROADCASTING FACILITY MATERIALS; EXEMPTIONS.

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility in Minnesota for providing federal communications commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 1, clause (20), construction of which was commenced after June 30, 1983, and all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services.

Sec. 3. [297A.254] DISTILLERY MATERIALS; EXEMPTION.

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility in Minnesota at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of ingredients grown or produced in Minnesota, construction of which was commenced after June 30, 1983. All machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the

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

construction and equipping of that facility in order to provide those services is also exempt.

Sec. 4. EFFECTIVE DATE.

Section 1 is effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter. Sections 2 and 3 are effective for sales made after June 30, 1983, and before July 1, 1988.

**ARTICLE 10
DEVELOPMENT PROPERTY**

Section 1. CITY OF AUSTIN; CITY OF HASTINGS; PROPERTY HELD FOR DEVELOPMENT.

Notwithstanding the time limitation provided in Minnesota Statutes, section 272.02, subdivision 5, the holding of property by the city of Austin or by the city of Hastings for later resale for economic development purposes shall be considered a public purpose in accordance with Minnesota Statutes, section 272.02, subdivision 1, clause (7) for a period not to exceed six years. This section shall not operate to create an exemption from sections 272.01, subdivision 2; 272.68; 273.19; or 462.575, subdivision 3, or other provisions of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective for taxes levied in 1983, payable in 1984 and thereafter.

**ARTICLE 11
BEMIDJI**

Section 1. CITY OF BEMIDJI; PROPERTY TAX EXEMPTION FOR PROPERTY HELD FOR FUTURE DEVELOPMENT.

The governing body of the city of Bemidji may authorize the exemption from property tax of property entirely located within the city of Bemidji, held by a qualified nonprofit organization for later resale for economic development purposes.

For purposes of this section, a "qualified nonprofit organization" is a corporation organized under the provisions of chapter 317 which is prohibited by its articles of incorporation from affording any pecuniary gain to its members or directors and which has as its primary purpose the civic betterment and

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

development of the city of Bemidji. The exemption provided under this subdivision for property held by a qualified nonprofit organization shall apply only to property held for the purpose of encouraging development of commerce and industry in the city in accordance with the provisions of the articles of incorporation of the organization. This section shall not operate to create an exemption from sections 272.01, subdivision 2; 272.68; 273.19; or 462.575, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective the day after approval by the city council of the city of Bemidji at 12:01 a.m. the day after compliance with Minnesota Statutes, section 645.021, subdivision 3.

**ARTICLE 12
I.S.D. NO. 692**

Section 1. EXEMPTION FROM PROPERTY TAX FOR LEASED PROPERTY.

Property leased from Independent School District No. 692 by a nonprofit organization established for the purpose of providing services and rental space to community organizations and businesses and which donates its revenues that exceed its operating and maintenance costs and necessary reserves to the school district or to a community service fund to be used for educational and recreational purposes within the district, shall not be subject to taxation pursuant to Minnesota Statutes, section 272.01, subdivision 2 prior to the leasing or renting of the property from the nonprofit organization to a tenant.

Sec. 2. LOCAL APPROVAL.

Section 1 is effective upon local approval by the governing bodies of St. Louis county, the city of Babbitt, and Independent School District No. 692.

**ARTICLE 13
CITY LODGING TAX**

Section 1. [477A.018] CITY LODGING TAX.

Subdivision 1. AUTHORIZATION. Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance impose a tax of up to three percent on the gross receipts from the furnishing for

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

consideration of lodging at a hotel, motel, rooming house, tourist court, or other use of space by a transient, other than the renting or leasing of it for a continuous period of 30 days or more.

Subd. 2. EXISTING TAXES. No statutory or home rule charter city may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

Subd. 3. DISPOSITION OF PROCEEDS. Ninety-five percent of the gross proceeds from any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 2. [477A.019] COLLECTION.

The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to section 1 shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

Sec. 3. EFFECTIVE DATE.

This article is effective July 1, 1983.

**ARTICLE 14
GRAVEL TAX**

Section 1. Minnesota Statutes 1982, section 298.75, is amended to read:

Subdivision 1. **DEFINITIONS.** Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(1) "Aggregate material" shall mean non-metallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, building stone, crushed rock, limestone, and granite. Aggregate material shall not include dimension stone and dimension granite.

(2) "Person" shall mean any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(3) "Operator" shall mean any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of

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

sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(4) "Extraction site" shall mean a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(5) "Importer" shall mean any person who buys aggregate material produced from a county not listed in paragraph (6) or another state and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(6) "County" shall mean the counties of Stearns, Benton, Sherburne, Wright, Carver, Scott, Dakota, LeSeuer, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomon, Clay, Becker, Wilkin, Traverse, Big Stone, Stevens, Pope, Anoka, Hennepin, Washington, and Ramsey.

Subd. 2. A county shall impose upon every importer and operator, engaged in the business of removing aggregate material for sale from a pit, quarry, or deposit, a production tax equal to ten cents per cubic yard or seven cents per ton of aggregate material removed except that the county board may, ~~in its discretion,~~ decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall be imposed on aggregate material produced in the county when the aggregate material is transported from the extraction site or sold, when in the case of storage the stockpile is within the state of Minnesota and the highways are not used for transporting the aggregate material. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

~~In the event that~~ If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

Subd. 3. By the 14th day following the last day of each calendar quarter, every operator or importer shall make and file with the county auditor of the county in which the aggregate material is removed or imported, a correct report under oath, in such form and containing such information as the auditor shall require relative to the quantity of aggregate material removed or imported during the preceding calendar quarter. The report shall be accompanied by a remittance of the amount of tax due.

If any of the proceeds of the tax is to be apportioned as provided in subdivision 2, the operator or importer shall also include on the report any

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

relevant information concerning the amount of aggregate material transported, the tax and the county of destination. The county auditor shall notify ~~his~~ the county treasurer of the amount of such tax and the county to which it is due. The county treasurer shall remit the tax to the appropriate county within 30 days.

Subd. 4. If any operator or importer fails to make the report required by subdivision 3 or files an erroneous report, the county auditor shall, by the fifth working day after the date the report became due, determine the amount of tax due and notify the operator or importer by registered mail of the amount of tax so determined. An operator or importer may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of chapter 278, and shall be governed by sections 278.02 to 278.13.

Subd. 5. Failure to file the report shall result in a penalty of \$5 for each of the first 30 days, beginning on the 14th day after the date when the county auditor has sent notice to the operator or importer as provided in subdivision 4, during which the report is overdue and no statement of objection has been filed. For each subsequent day during which the report is overdue and no statement of objection has been filed, a penalty of \$10 shall be assessed against the operator or importer who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

Subd. 6. It is a misdemeanor for any operator or importer to remove aggregate material from a pit, quarry, or deposit or for any importer to import aggregate material unless all taxes due under this section for the previous reporting period have been paid or objections thereto have been filed pursuant to subdivision 4.

Subd. 7. All moneys collected as taxes under this section shall be deposited in the county treasury and credited as follows, for expenditure by the county board:

(a) Sixty percent to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges;

(b) Thirty percent to the road and bridge fund of those towns as determined by the county board and to the general fund or other designated fund of those cities as determined by the county board, to be expended for maintenance, construction and reconstruction of roads, highways and bridges; and

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

(c) Ten percent to a special reserve fund which is hereby established, for expenditure for the restoration of abandoned pits, quarries, or deposits located upon public and tax forfeited lands within the county.

~~In the event that~~ If there are no abandoned pits, quarries or deposits located upon public or tax forfeited lands within the county, this portion of the tax shall be deposited in the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges.

Sec. 2. REPEALER.

Laws 1961, chapter 605; Laws 1963, chapter 475; Laws 1965, chapter 163; Laws 1977, chapters 112 and 117; and Laws 1979, chapter 273 are repealed.

Sec. 3. EFFECTIVE DATE.

Section 1 is effective for aggregate material produced after June 30, 1983.

Section 2 is effective January 1, 1983.

ARTICLE 15

DELINQUENCY; TAX FORFEITURE

Section 1. PURPOSES; POLICY.

Laws pertaining to the processing of delinquent real estate taxes in this state respecting billing, delinquency, judgment, sale, forfeiture, and redemption create risks respecting the validity of the title of the state, or its successors in interest, arising out of the tax forfeiture process. It is the policy of the state of Minnesota that the body of law pertaining to the processing of delinquent real property taxes be liberally construed in favor of the state, its officers, agents, and its successors in interest, to accomplish the following:

(a) to promote the policy of unfettered marketability as expressed in section 284.28;

(b) to provide for uniform and reasonable notices to taxpayers and other interested parties with regard to:

- (1) mailing of billing notices;
- (2) notice of delinquency, judgment, and sale;
- (3) notice of expiration of the redemption period; and

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

(c) to eliminate other potential defects or ambiguities as fetter the marketability of title held by the state, or its successors in interest.

Sec. 2. Minnesota Statutes 1982, 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 January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. The taxpayer is defined as the owner who is responsible for the payment of the tax. 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 show the amount attributable to section 124.2137 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit". The statement shall show the reduction attributable to the aid given pursuant to section 273.139 and shall indicate that the reduction is paid by the state of Minnesota. 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. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

Sec. 3. **[276.041] FILING TO RECEIVE NOTICE OF DELINQUENT TAXES.**

Fee owners, vendees, mortgagees, lienholders, and lessees may file their names and current mailing addresses with the county auditor in the county in which the land is located for the purpose of receiving notices affecting such land that are issued pursuant to sections 276.04, 281.23, and section 6. Each person filing his name and address shall pay a filing fee of \$15 to the county auditor for each parcel. The filing shall expire after three years. Persons may refile their

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

names and addresses for additional three-year periods, and a fee of \$15 shall be paid with each refiling. The county auditor shall furnish a copy of the list of names and addresses to the county treasurer. Taxpayers of record with the county auditor and mortgagees who remit taxes on their behalf shall receive tax statements and other notices as otherwise provided by law and shall not be required to file and pay fees under this section.

Sec. 4. Minnesota Statutes 1982, section 279.05, is amended to read:

279.05 DELINQUENT LIST, FILING, EFFECT.

On or before February fifteenth, in each year, the county auditor shall file with the clerk of the district court of the county a list of the delinquent taxes upon real estate within his county, which list shall contain a description of each parcel of land on which such taxes shall be so delinquent, except such parcels as shall have theretofore been bid in by the state and not assigned by it or redeemed, with the name of the owner, if known, and, if unknown, so stated, appearing on the delinquent list, and the total amount of taxes and penalties, with the years for which the same are delinquent, set opposite such description, and shall verify such list by his affidavit. The list shall contain the following information:

(a) a legal description of the land and tax parcel or identification number of each parcel of land on which taxes shall be so delinquent except those parcels as shall have theretofore been bid in by the state and not redeemed;

(b) names of the taxpayers and fee owners and in addition those parties who have filed their addresses pursuant to section 3, and, at the election of the county auditor, the current filed addresses; and

(c) the total amount of taxes and penalties, with the years for which the same are delinquent, set opposite the description.

The filing of such list shall have the effect of filing a complaint in an action by the county against each parcel of land therein described, to enforce payment of the taxes and penalties therein appearing against it, and shall be deemed the institution of such action, and the same shall operate as notice of the pendency thereof. The auditor shall verify the list by affidavit. The affidavit shall be substantially in the following form:

State of Minnesota)
) ss.
County of)

....., being by me first duly sworn, deposes, and says that he is the auditor of the county of; that he has examined the foregoing list, and knows the contents thereof; and that the same is a ~~correct~~ list of taxes delinquent for the year (or years) therein appearing upon real estate in said county true and correct.

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

Subscribed and sworn to before me this day of,
 19.....

Sec. 5. Minnesota Statutes 1982, section 279.06, is amended to read:
 279.06 **COPY OF LIST AND NOTICE.**

Within five days after the filing of such list, the clerk shall return a copy thereof to the county auditor, with a notice prepared and signed by him, and attached thereto, which may be substantially in the following form:

State of Minnesota)
) ss.
 County of)

District Court
 Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of remaining delinquent on the first Monday in January, 19....., has been filed in the office of the clerk of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said clerk, on or before the twentieth day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19... The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) homesteaded land as defined in section 273.13, subdivision 7; (b) agricultural land as defined in section 273.13, subdivision 6; or (c) seasonal recreational land as defined in section 273.13, subdivision 4, in which event the period of redemption is five years from the date of sale to the state of Minnesota.

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

Inquiries as to the proceedings set forth above can be made to the county auditor of county whose address is :

(Signed)

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

Clerk of the District Court of the County of

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of, on which taxes remain delinquent on the first Monday in January, 19...:

Town of (Fairfield), Range (20), Township (40),

Name of Owner Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses

Table with 5 columns: Pursuant to section 3, Subdivision of Section, Section, Tax Parcel Number, Total Tax and Penalty \$ cts. Rows include John Jones, James Smith, Amos Brown, and Bruce Smith.

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

Street
Fairfield,
MN 55000)

of 600 ft.; thence W.
parallel with the S.
line of said N.E. 1/4
of S.W. 1/4 a distance
of 600 ft.; thence S.
parallel with said E.
line a distance of 600
ft. to S. line of said
N.E. 1/4 of S.W. 1/4;
thence E. along said S.
line a distance of 600
ft. to the point of
beg.

21 33211 3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)
Brown's Addition, or Subdivision

Name of
Owner
Names (and
Current Filed
Addresses) for
the Taxpayers
and Fee
Owners
and in
Addition
Those Parties
Who have
Filed
Their
Addresses

<u>Pursuant to</u>	<u>Lot</u>	<u>Block</u>	<u>Tax</u> <u>Parcel</u> <u>Number</u>	<u>Total</u> <u>Tax and</u> <u>Penalty</u> <u>\$ cts</u>
<u>section 3</u>				
<u>John Jones</u>	<u>15</u>	<u>9</u>	<u>58243</u>	<u>2.20</u>
<u>(825 Fremont</u>				
<u>Fairfield,</u>				
<u>MN 55000)</u>				
<u>James Smith</u>	<u>12</u>	<u>9</u>		<u>1.20</u>
<u>Amos Brown</u>	<u>4</u>	<u>10</u>		<u>4.40</u>
<u>Bruce Smith</u>	<u>16</u>	<u>9</u>	<u>58244</u>	<u>3.15</u>
<u>(2059 Hand</u>				
<u>Fairfield,</u>				

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

MN 55000)
and
Fairfield
State Bank
(100 Main Street
Fairfield,
MN 55000)

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Sec. 6. [279.091] MAILING OF NOTICE AND LIST; FAILURE TO MAIL.

On or before March 20 immediately following the filing of such list with the clerk of district court, the county auditor shall cause the notice and the pertinent portion of the list of delinquent real property to be mailed to all real property taxpayers and in addition those parties who have filed their addresses pursuant to section 3. Failure to mail the notice and the pertinent portions of the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Sec. 7. [279.092] PUBLICATION AND RELATED COSTS.

The county auditor shall assess a service fee of the greater of (a) \$10.00, or (b) the amount determined by the county board as reasonably necessary to recover all costs incurred, against each parcel included in the delinquent tax list filed pursuant to section 279.05. The unpaid fees shall constitute a lien against the property in the manner provided in section 272.31 for unpaid taxes. When the fee is collected, the general revenue fund of the county shall be credited to defray costs incurred by the county auditor and the clerk of district court to prepare and publish the delinquent tax list and to enter judgment if no answer is filed.

Sec. 8. [279.131] AFFIDAVIT OF MAILING.

The county auditor shall forthwith file with the clerk of the district court an affidavit of mailing of such notice and list. The affidavit shall be substantially in the following form:

State of Minnesota)
) ss.
County of)

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

....., being the county auditor of County, being duly sworn, on oath, deposes and says that on the day of, 19.., he mailed the notice and the pertinent portion of the list of real estate remaining delinquent in County on the first Monday of January, 19.., to those parties named in the pertinent portion of the list by placing a true and correct copy of the pertinent portion of the list in an envelope addressed to them as shown in said list and depositing the same with postage prepaid, in the U.S. Mails at,, Minnesota.

Subscribed and sworn to before me this day of, 19..

Sec. 9. Minnesota Statutes 1982, section 279.14, is amended to read:

279.14 CONCLUSIVENESS OF JUDGMENT, JURISDICTIONAL DEFECTS.

When the last publication shall have been made and the notice and list shall have been mailed by the county auditor, the notice shall be deemed to have been served and the court to have acquired full and complete jurisdiction to enforce against each parcel of land in such published list described in the taxes, accrued penalties, and costs upon it then delinquent, so as to bind every estate, right, title, interest, claim, or lien, in law or equity, in, to, or upon such parcel of land, of every person, company, or corporation. Such jurisdiction shall not be affected by any error in making the list filed with the clerk, nor by any error, irregularity, or omission in the assessment or levy of the taxes, or in any other proceedings, prior to filing the list; nor by any mistake in copying the list for publication, or in publishing the list, or in mailing the list and notice or in the designation of the newspaper wherein such list is published; nor by reason of the taxes having been charged in any other name than that of the rightful owner; nor by any mistake in the amount of tax in such published list appearing against any piece or parcel of land therein described; provided, that any judgment rendered in such proceedings shall be void upon satisfactory proof made at any time prior to the expiration of the statute of limitations provided in section 284.28 that such real estate was exempt from taxation or that such taxes were paid before judgment was rendered.

Sec. 10. Minnesota Statutes 1982, section 279.15, is amended to read:

279.15 WHO MAY ANSWER; FORM.

Any person having any estate, right, title, or interest in, or lien upon, any parcel of land embraced in such list as published, within 20 days after the last publication of the notice, may file with the clerk of the district court an answer, ~~verified as a pleading in a civil action,~~ setting forth his defense or objection to the tax or penalty against such parcel of land. The answer need not be in any particular form, but shall clearly refer to the parcel of land intended, and set forth in concise language the facts constituting the defense or objection to such

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

tax or penalty; and, if the list shall embrace the taxes for two or more years, the defense or objection may be to the taxes or penalty for one or more of such years. The answer may embrace his defense or objection to any number of parcels of land in or upon which he has any estate, right, title, interest, or lien. ~~No reply shall be necessary, but at the trial the allegations of the answer shall be deemed to be denied.~~

Sec. 11. Minnesota Statutes 1982, section 279.16, is amended to read:
* **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

Upon the expiration of 20 days from the later of the filing of the affidavit of publication or the filing of the notice and list, the affidavit of publication being filed mailing pursuant to section 8, the clerk shall enter judgment against each and every such parcel as to which no answer has been filed, which judgment shall include all such parcels, and shall be substantially in the following form:

State of Minnesota) District Court,
) ss.
County of) Judicial District.

In the matter of the proceedings to enforce payment of the taxes on real estate remaining delinquent on the first Monday in January, 19....., for the county of, state of Minnesota.

A list of taxes on real property, delinquent on the first Monday in January, 19....., for said county of, having been duly filed in the office of the clerk of this court, and the notice and list required by law having been duly published and mailed as required by law, and more than 20 days having elapsed since the last publication of the notice and list, and no answer having been filed by any person, company, or corporation to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the amount set opposite the same, as follows:

Description. Parcel Number. Amount.

The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of such parcels of land is liable, is hereby declared a lien upon such parcel of land as against the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every person, company, or corporation; and it is adjudged that, unless the amount to which each of such parcels is liable be paid, each of such parcels be sold, as provided by law, to satisfy the amount to which it is liable.

Dated this day of, 19.....

.....
Clerk of the District Court,
County of

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

The judgment shall be entered by the clerk in a book to be kept by him, to be called the real estate tax judgment book, and signed by the clerk. The judgment shall be written out on the left-hand pages of the book, leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and the same presumption in favor of the regularity and validity of the judgment shall be deemed to exist as in respect to judgments in civil actions in such court, except where taxes have been paid before the entry of judgment, or where the land is exempt from taxation, in which cases the judgment shall be prima facie evidence only of its regularity and validity.

Sec. 12. Minnesota Statutes 1982, section 279.20, is amended to read:

279.20 PAPERS FILED BY CLERK.

The clerk shall attach together and file the list, notice, affidavit of publication, affidavit of mailing, one copy of the newspaper and supplement, if any, in which the notice and list were published, all answers, all orders made in the proceedings, and all affidavits and other papers filed in the course thereof.

Sec. 13. Minnesota Statutes 1982, section 280.01, is amended to read:

280.01 MODE OF STATE BID IN AT SALE.

On the second Monday in May, in each year, the county auditor shall sell all parcels of land against which judgment has been entered and remains unsatisfied for the taxes of the preceding year or years. The auditor shall bid in for the state for all such parcels of land the amount of all delinquent taxes, penalties, costs, and interest to date. No notice of sale shall be required to be published, posted, or served prior to sale. Before making such sale he shall give ten days posted notice thereof, one notice to be posted in the office of the clerk of the court where the judgment has been entered, one in the office of the county treasurer, and one at some conspicuous place at the county-seat; and two weeks' published notice, the first publication to be at least 15 days before the day of sale. If answer has been filed, or a republication of the notice and list of delinquent taxes has been made, and judgment has been entered, the auditor shall sell the lands charged with taxes in such judgment within 30 days thereafter, first giving the required notice by posting and publication. The notice may be substantially in the following form:

"TAX JUDGMENT SALE

Pursuant to a real estate tax judgment of the district court of the county of _____, state of Minnesota, entered the _____ day of _____, 19____, in proceedings for enforcing payment of taxes and penalties upon real estate in the county of _____ remaining delinquent on the first Monday in January, 19____, and of the statutes in such case made and provided, I shall, on _____ the _____ day of _____, 19____, at ten o'clock a.m., at _____, _____, in the (town or city) of _____

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

and county of _____, sell the lands which are charged with taxes, penalties, and costs in said judgment, and on which taxes shall not have been previously paid.

Auditor of _____ County."

At the time and place appointed in such notice the auditor shall commence the sale of such lands, and proceed with the sale thereof from day to day for six consecutive days, or until the whole shall be sold. If, for any reason, any parcel against which a judgment has been entered be omitted from the tax judgment sale or sales of the year in which the same was entered, such judgment shall bear interest at one percent per month from the date thereof, and the auditor may include such parcel in the next annual tax judgment sale.

Sec. 14. Minnesota Statutes 1982, section 280.07, is amended to read:

280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.

Immediately after such sale the county auditor shall set out in the copy judgment book what disposition was made at such sale of each parcel of land; if sold to an actual purchaser, to whom and for what amount, and for what rate of interest; and, if bid in for the state, then so stating that all parcels were bid in for the state. He shall thereupon deliver such book to the clerk of the court, who shall forthwith enter on the right-hand page of the real estate tax judgment book, opposite the description of each parcel sold, the words, "satisfied by sale," and opposite each parcel bid in for the state the words, "bid in for the state," and he shall thereupon redeliver the copy judgment book to the auditor. Upon any assignment or redemption the auditor shall make a note thereon in the copy judgment book, opposite the parcel assigned or redeemed.

Sec. 15. Minnesota Statutes 1982, section 280.10, is amended to read:

280.10 PAYMENT OF SUBSEQUENT TAXES.

The taxes for subsequent years shall be levied on property so sold or bid in for the state in the same manner as if the sale had not been made. The purchaser or assignee of the state may pay the amount of such taxes at the annual May sale following the date they become delinquent. Any such purchaser or assignee paying such taxes shall, if he be the owner of a prior certificate of sale, notify the county auditor prior to the annual May sale that he is the owner of a tax certificate and such notice shall contain a description of the property for which such certificate was issued, together with the year of sale, and thereupon the county auditor shall issue the certificate or a certificate for such taxes in the same form as now provided by section 280.03; such certificate shall bear interest at the rate provided by section 280.02, unless the prior certificate bears a lower rate of interest, in which case such lower rate shall apply; provided, that, if there shall have been any parcel redemption, he shall pay the delinquent taxes on the

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

unredeemed portion of the land described in his tax certificate, and such tax certificate, after such parcel redemption, shall be applicable to such unredeemed portion of the land therein described only, in all respects as if a portion of the land unredeemed from had been all of the land described in the certificate at the time of its issuance, and all proceedings thereafter had as to notice of expiration of redemption and otherwise shall be as to the certificate so modified by the elimination therefrom of the portion of the land redeemed from as aforesaid.

Sec. 16. Minnesota Statutes 1982, section 280.38, is amended to read:

280.38 LANDS BID IN FOR THE STATE; ATTACHMENTS.

When any parcel of land is bid in for the state, until its rights be assigned or the land be redeemed, the sale shall not operate as a payment of the amount for which the same is sold, but at any time after such sale the county auditor may make and file with the clerk where the judgment is entered an affidavit stating the date of the sale, the amount for which such parcel was bid in for the state, and the amount of all subsequent delinquent taxes, ~~that its right has not been assigned,~~ that there has been no redemption, and that the land is rented, in whole or in part, and produces rent, and giving the names of the persons paying rent. Upon presentation of such affidavit, the judge or court commissioner for the county shall endorse thereon an order directing an attachment to issue to attach the rents of such lands. The clerk shall thereupon issue a writ directing the sheriff to attach the rents accruing for such land from any person, and to collect therefrom the amount for which the same was bid in for the state, and the amount of all subsequent delinquent taxes, stating such amount and the date of sale, with penalties and interest accruing thereon, and his fees, and \$1 for the costs of the affidavit and attachment. The sheriff shall serve such writ by serving a copy thereof on each tenant or person in possession of such land paying rent therefor, or for any part thereof, and such service shall operate as an attachment of all rents accruing from the person served. The sheriff shall receive such rents as they become due, and may bring suit in his own name to collect the same, and shall pay into the county treasury the amount collected. No payment of rents by any person so served after such service, or prior thereto for the purpose of defeating such attachment, shall be valid against such attachment. The clerk shall be allowed for issuing the writ, including the filing of the affidavit, order of allowance, writ, and return, 50 cents, to be paid to him by the county in which the taxes are levied; provided, that in counties whose population exceeds 150,000 such fees shall be paid into the county treasury to the use of the county. The sheriff shall be allowed for serving the writ and collecting the money the same fees as are allowed by law upon an execution in a civil action; and, if he brings suit, such additional compensation as the court may allow, not exceeding one-half of the fees allowed by law for like services in ordinary cases.

If, at any time while the sheriff is collecting such rent, the lease upon such property shall expire, or, if the sheriff has once commenced to collect such rent

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

and the property becomes vacant, the county auditor may lease the property upon five days' notice to the owner, subject to the approval of the district court.

At any time while the sheriff is collecting the rent under any lease, no modification of the lease between the owner and the tenant shall be valid unless approved by the district court upon five days notice to the county auditor.

The collection of such rent under this statute shall not be a bar to the county auditor ~~assigning such taxes to an actual purchaser,~~ or selling the land at a forfeited tax sale under the present laws or any laws hereafter enacted.

In case any unplatted land is bid in for the state and is cropped upon a share agreement with the owner, or by a trespasser, the owner's share of such crop; or, in case of a trespasser, all or any part of such crops, may be attached and collected in the same manner as rents and applied upon delinquent taxes. The term "crops" shall include hay and grass. In case there is no agreement for rent, or in case of an occupant or trespasser on the unplatted land without any agreement for rent, then the attachment shall attach to and bind all of the grass, hay, and crops produced on such lands; provided, that the district court may, upon application by such occupant, upon ten days notice to the owner and the county auditor, and a showing by him to the satisfaction of the court that his occupancy was not a wilful trespass, release to such occupant the excess of such crops over and above the owner's or landlord's share of the grass, hay, and crops of such premises as determined by the court. Such application must be made not later than 60 days after the date of the service of the writ of attachment upon such occupant, and if not made within such time it shall be considered that such occupant has waived all right and claim to such crops. The county auditor may give to the owner or person entitled to the possession of such unplatted land during the crop season at least ten days notice, in writing, by mail or otherwise, specifying the time and place at which application will be made to the district court for an order permitting the leasing of such land, and the district court may, if it deems it to be for the best interest of such person and of the public, make an order fixing the terms upon which such lease may be made by the county auditor, in the name of the county. The county auditor may then execute, in the name of the county, such lease in writing as the court shall order. No such lease shall be for a longer term than the current crop season. If the name or address of such person is unknown to the county auditor, such notice may be given by one publication in a legal newspaper in the county. If the owner or person entitled to such possession shall show to the court that he intends to lease such unplatted land or make a contract for cropping the same upon shares, the court may make such order as it deems best to provide for an attachment of all or a part of the rents or crop share of such person and for applying the same upon the delinquent taxes. ~~From and after April 24, 1935,~~ In any proceeding for the collection of rents on unplatted land on which the taxes have been bid in by the state ~~and not assigned,~~ the court may, upon motion, order that payment, when made as to any part or the whole, be paid to the county treasurer to apply upon taxes. The

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

owner of such unplatted properties may make application to the district court to release him from applying all or a portion of such rents upon such taxes upon his showing, by reason of the condition, cost of upkeep of the property, or other cause, undue hardship upon such owner or detriment to such property. The provisions affecting unplatted lands shall not apply to lands or real estate actually used or occupied by the owner thereof.

The county board may allow additional clerk hire to the county auditor for his work in making such leases, which leases shall be made in the name of the county, and the county shall have the right to bring suit for unpaid rents under such leases and to bring the necessary actions to secure evictions of tenants to whom it has leased.

Attachments, leases, and proceedings issued and made pursuant to this section shall not be deemed unfinished business that may be retained by the sheriff at expiration of his term, as provided by section 387.10.

The right of the county auditor to assign the taxes on any unplatted lands to an actual purchaser, or to sell the land at the forfeited tax sale, shall continue until all delinquent taxes described in the writ of attachment are paid.

Sec. 17. Minnesota Statutes 1982, section 280.385, subdivision 1, is amended to read:

Subdivision 1. **CONVEYANCE ACCEPTED.** Whenever any lands have been bid in for the state for delinquent taxes at any tax judgment sale and have not been sold or assigned, the county board of the county in which such lands are situated may, in its discretion, with the consent first obtained of the governing body of the city or town in which such lands are situated, accept a conveyance from the owner thereof to the state; provided that the county attorney finds that such owner has good title to such lands and that they are free and clear of all encumbrances except taxes.

Sec. 18. [280.41] **OWNERSHIP BY STATE.** .

Title to all parcels of land bid in for the state shall vest in the state subject only to the rights of redemption set forth in chapter 281.

Sec. 19. [280.43] **SALE DEFINED.**

No actual public "sale" shall take place under chapter 280. A "sale" shall be conclusively deemed to have been made and transfer made to the state of Minnesota hereunder.

Sec. 20. Minnesota Statutes 1982, section 281.01, is amended to read:

281.01 **TAX SALE, RIGHT OF REDEMPTION.**

Any person claiming an interest in any parcel of land sold for taxes at a tax sale, or bid in by the state at any such a tax sale, and held or assigned by it

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

subsequent to such sale, may redeem the same within the time and in the manner in this chapter provided.

Sec. 21. Minnesota Statutes 1982, section 281.02, is amended to read:

281.02 AMOUNT PAYABLE.

Any person redeeming any parcel of land shall pay into the county treasury, for the use of the funds or person thereto entitled:

(1) If such parcel was bid in for the state and its right has not been assigned, the amount for which the same was bid in, with interest at 12 percent per annum from the date of sale, and the amount of all subsequent delinquent taxes, penalties, costs, and interest thereon at such the rate from and after the time when such taxes become delinquent;

(2) If the right of the state has been assigned pursuant to section 280.11, the amount paid by the assignee, with interest at 12 percent per annum from the day when so paid, and all unpaid delinquent taxes, interest, costs, and penalties accruing subsequently to such assignment; and if the assignee has paid any delinquent taxes, penalties, costs, or interest accruing subsequently to the assignment, the amount so paid by him, with interest at 12 percent per annum from the day of such payment;

(3) If such parcel was sold to a purchaser, the amount paid by such purchaser, with interest at the rate for which such parcel was sold, and all unpaid delinquent taxes, interest, costs, and penalties accruing subsequently to such sale; and, if the purchaser has paid any delinquent taxes, penalties, costs, or interest accruing subsequently to the sale, the amount so paid by him, with interest at the rate of 12 percent per annum from the date of such payment;

(4) If the right of the state has been assigned pursuant to section 280.11; or, if such parcel was sold to the purchaser and the certificate of such assignment or purchase shall be presented to the county auditor by the owner thereof for cancelation, the auditor shall cancel such certificate and mark opposite the description of the piece or parcel, described in such certificate upon the judgment book, and tax list for the year or years covered by such certificate, the words, "redeemed by cancelation of certificate provided in section 279.03."

Sec. 22. Minnesota Statutes 1982, section 281.03, is amended to read:

281.03 AUDITOR'S CERTIFICATE.

The county auditor shall certify to the amount due on such redemption, and, on payment of the same to the county treasurer, he shall make duplicate receipts for the certified amount, describing the property redeemed, one of which shall be filed with the auditor. Such receipts shall be governed by the provisions of this chapter regulating the payment of current taxes and such payment shall have the effect to annul the sale. If the amount certified by the auditor and

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

received in payment for redemption be less than that required by law, it shall not invalidate the redemption, ~~but the auditor shall be liable for the deficiency to the person entitled thereto.~~ On redemption being made, the auditor shall enter upon the copy of the tax judgment book, opposite the description of the parcel redeemed, the word, "redeemed," and shall mail a notice, with postage prepaid, addressed to the person holding the certificate of sale or assignment for which the redemption is made, at his last known post office address, stating that the redemption has been made, and that the amount thereof is in the county treasury, subject to his disposal."

Sec. 23. Minnesota Statutes 1982, section 281.05, is amended to read:

281.05 REDEMPTION WHEN OWNER DIES.

When the owner of lands sold for taxes dies after such sale and before the expiration of the period of redemption, ~~his executor or administrator,~~ a personal representative or any person interested in his estate as heir, devisee, legatee, or creditor, may redeem from such sale at any time within three years and six months from the date thereof during the period for redemption. If such redemption be made by an ~~executor or administrator~~ a personal representative, he shall at the time thereof produce to the county auditor his letters ~~testamentary or of administration~~ issued pursuant to chapter 524. If made by any other person, he shall make and file with the county auditor an affidavit stating under what right or claim such redemption is made. The auditor shall make and deliver to the person making such redemption a certificate containing the name of the person redeeming, a statement of the claim or right upon which such redemption was made, the amount paid to redeem, a description of the lands redeemed, the date of the sale, and the year in which the taxes for which such sale was made were levied, which certificate shall have the effect to annul such sale, and may be recorded as other deeds of real estate, and with the like effect. If such redemption be made by a creditor, the amount paid to effect such redemption, with interest thereon at the rate of ~~seven percent per annum~~ provided in section 279.03, shall constitute a valid claim against the estate of the deceased.

Sec. 24. Minnesota Statutes 1982, section 281.17, is amended to read:

281.17 PERIOD FOR REDEMPTION.

The ~~stated~~ period of redemption for all lands sold to ~~an actual purchaser or bid in for~~ the state at a tax judgment sale held after December 31, 1975, shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) homesteaded land as defined in section 273.13, subdivision 7, (b) agricultural land as defined in section 273.13, subdivision 6, or (c) seasonal recreational land as defined in section 273.13, subdivision 4, in which event the ~~stated~~ period of redemption is five years from the date of sale to the state of Minnesota.

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

The stated period of redemption for all other lands sold to an actual purchaser or bid in for the state at a tax judgment sale held after December 31, 1975, shall be five years from the date of sale.

Sec. 25. Minnesota Statutes 1982, section 281.18, is amended to read:

281.18 LANDS MAY BE REDEEMED.

Every parcel of land heretofore sold to an actual purchaser or bid in for the state at any tax judgment sale and now subject to redemption, and every parcel of land hereafter sold to an actual purchaser or bid in for the state at any such sale, shall continue subject to redemption until the expiration of the time allowed for redemption after the giving of notice of expiration as provided by law. Upon the expiration of such time absolute title to such parcel, if not theretofore redeemed, shall vest in the state, the purchaser, or its or his assigns, as the case may be.

Sec. 26. Minnesota Statutes 1982, section 281.23, is amended to read:

281.23 NOTICE.

Subdivision 1. **DUTY OF AUDITOR.** In case any parcel of land bid in for the state at any tax judgment sale hereafter held has not been sold or assigned to an actual purchaser redeemed by 60 days before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided; provided, that delay in giving such notice shall not affect the validity thereof.

Subd. 2. MAY COVER PARCELS BID IN AT SAME TAX SALE.

All parcels of land bid in at the same tax judgment sale and having the same stated period of redemption shall be covered by a single posted notice, but a separate notice may be posted for any parcel which may be omitted. Such notice shall be sufficient if substantially in the following form:

“NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of, State of Minnesota.

To all persons interested in the lands hereinafter described:

You are hereby notified that the parcels of land hereinafter described, situated in the county of, state of Minnesota, were bid in for the state on the day of, 19....., at the tax judgment sale of land for delinquent taxes for the year 19.....; that the legal descriptions and tax parcel identification numbers of such parcels and the names of the persons to whom the same are assessed, respectively, taxpayers and fee owners and in addition those parties who have filed their addresses pursuant to

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

section 3, and the amount necessary to redeem as of the date hereof and, at the election of the county auditor, the current filed addresses of any such persons, are as follows:

<u>Description</u>	<u>Persons to whom assessed</u>	<u>Tax Parcel Number</u>	<u>Amount Necessary to Redeem as of Date Hereof</u>
<u>Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 3</u>	<u>Legal Description</u>	<u>Tax Parcel Number</u>	<u>Amount Necessary to Redeem as of Date Hereof</u>
.....
.....

That the time for redemption of such lands from such sale will expire 60 days after service of notice and the filing of proof thereof in my office, as provided by law. The redemption must be made in my office.

FAILURE TO REDEEM SUCH LANDS PRIOR TO THE EXPIRATION OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND FORFEITURE OF SAID LAND TO THE STATE OF MINNESOTA.

Inquiries as to the proceedings set forth above can be made to the County Auditor for the County of, whose address is set forth below.

Witness my hand and official seal this day of
..., 19.....

.....
County Auditor,²²

(OFFICIAL SEAL)

.....
(Address)
.....
(Telephone).”

Such notice shall be posted by the auditor in his office, subject to public inspection, and shall remain so posted until at least one week after the date of the last publication of notice, as hereinafter provided. Proof of such posting shall be made by the certificate of the auditor, filed in his office.

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

Subd. 3. **PUBLICATION.** As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published for three successive weeks in the official newspaper of the county, a the notice in substantially the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of _____, State of Minnesota-

Notice is hereby given that the time for redemption of certain lands bid in for the state on the _____ day of _____, 19_____, at the tax judgment sale of lands for delinquent taxes for the year 19_____, will expire 60 days after service of notice and the filing of proof thereof in my office, as provided by law; that a notice containing a description of said lands and the names of the persons to whom the same are assessed has been posted in my office, subject to public inspection, as required by law.

Dated _____, 19_____

County Auditor."

prescribed by subdivision 2.

Subd. 4. **PROOF OF PUBLICATION.** Proof of publication of such notice affidavit, as provided by law, shall be filed in the office of the county auditor. A single published notice shall be sufficient for all parcels of land bid in at the same tax judgment sale, having the same stated period of redemption, and covered by a notice or notices kept posted during the time of the publication, as hereinbefore provided. As to either service upon persons in possession or return as to vacant lands, the sheriff shall charge mileage only for one trip if the occupants of more than two tracts are served simultaneously, and in such case such mileage shall be prorated and charged equitably against all such owners.

Subd. 5. **MAILING OF NOTICE.** Forthwith after the commencement of such publication, the county auditor shall cause the notice of expiration of redemption to be mailed by certified mail, return receipt requested, to all real property taxpayers and fee owners and in addition to those parties who have filed their addresses pursuant to section 3. Proof of such mailing shall be made by the certificate of the auditor filed in his office. Failure to receive the notice shall not operate to postpone or excuse any default.

Subd. 5 6. **SERVICE BY SHERIFF OR CERTIFIED MAIL.** Forthwith after the commencement of such publication the county auditor shall deliver to the sheriff of the county a sufficient number of copies of such published notice of expiration of redemption for service upon the persons in possession of all

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

parcels of such land as are actually occupied, together with a copy of the posted notice or notices referred to in such published notice. Within 30 days after receipt thereof, the sheriff shall make such investigation as may be necessary to ascertain whether the parcels covered by such notice are actually occupied or not, and shall serve a copy of such published notice of expiration of redemption upon the person in possession of each parcel found to be so occupied, in the manner prescribed for serving summons in a civil action. The sheriff shall make prompt return to the auditor as to all notices so served and as to all parcels found vacant and unoccupied. Such return shall be made upon a copy of such published notice and of the posted notice or notices covered thereby and shall be prima facie evidence of the facts therein stated. Unless compensation for such services is otherwise provided by law, the sheriff shall receive from the county, in addition to his other compensation prescribed by law, such fees and mileage for service on persons in possession as are prescribed by law for such service in other cases, and shall also receive such compensation for making investigation and return as to vacant and unoccupied lands as the county board may fix, subject to appeal to the district court as in case of other claims against the county. As to either service upon persons in possession or return as to vacant lands, the sheriff shall charge mileage only for one trip if the occupants of more than two tracts are served simultaneously, and in such case mileage shall be prorated and charged equitably against all such owners.

Forthwith after the commencement of such publication, the county auditor shall also give notice by certified mail to the taxpayer as shown on the last statement without regard to the county or state of residency, and give notice by certified mail at the last known address of the person in whose name the property is assessed on the latest tax statement without regard to the county or state of residency. Failure to receive the notice shall not operate to postpone any payment or excuse any default under this section. Proof of such mailing shall be made by the certificate of the auditor filed in his office.

Subd. 6 7. **EXPIRATION OF TIME FOR REDEMPTION.** The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in subdivisions 2 and, 3, 5, and 6, shall expire 60 days after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as hereinafter provided.

Subd. 7 8. **COST.** The cost of giving notice, as provided by subdivisions 2 and, 3, 5, and 6, shall be paid by the county.

Subd. 8 9. **CERTIFICATE.** After the time for redemption of any lands shall have expired after notice given, as provided in subdivisions 2 and, 3, 5, and 6, the county auditor shall execute a certificate describing the lands, specifying the tax judgment sale at which the same were bid in for the state, and stating that the time for redemption thereof has expired after notice given as provided by law

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

and that absolute title thereto has vested in the state of Minnesota. Such certificate shall be recorded in the office of the county recorder and thereafter filed in the office of the county auditor, except that in case of registered land such certificate shall be filed in the office of the registrar of titles and a duplicate filed in the office of the county auditor. Such certificate and the record thereof shall be prima facie evidence of the facts therein stated, but failure to execute or record or file such certificate shall not affect the validity of any proceedings hereunder respecting such lands or the title of the state thereto.

Sec. 27. Minnesota Statutes 1982, section 281.25, is amended to read:

281.25 TITLES TO BE HELD IN TRUST BY THE STATE.

Except as otherwise provided by law, the title to every parcel of land acquired by the state, as provided by sections 281.16 to 281.27, shall be held by the state in trust for the respective taxing districts interested in the taxes, assessments, penalties, interest, and costs accrued against such parcel at the time of such acquisition in proportion to the respective interests of such taxing districts therein.

Sec. 28. Minnesota Statutes 1982, section 281.34, is amended to read:

281.34 FEES FOR NOTICE.

For serving such notice the sheriff shall receive the same fees as for the service of summons in a civil action in the district court, except that where more than one notice is served upon one person or corporation at the same time and place the sheriff shall be entitled to charge but one mileage. Such fees and the printer's fees for publishing such notice and the costs of the certified mail shall be paid in the first instance by the holder of the tax certificate, and repaid by the party offering to redeem such land before a certificate of redemption shall issue.

Sec. 29. Minnesota Statutes 1982, section 281.39, is amended to read:

281.39 TIME FOR REDEMPTION FROM TAX SALE EXTENDED IN CERTAIN CASES.

Whenever at the time fixed by law for absolute forfeiture of any parcel of land heretofore or hereafter bid in for the state ~~and not assigned or disposed of by the state pursuant to Mason's Minnesota Statutes of 1927, Section 2139-2, and acts amendatory thereof and supplemental thereto,~~ there shall be pending, in the United States district court, proceedings in eminent domain affecting such parcel, and such eminent domain proceedings shall have been pending more than two years prior to the date of forfeiture, the time of the forfeiture of such parcel shall be and is postponed and continued until the expiration of one year after the final determination of such eminent domain proceedings; and the owner of such parcel, regardless of whether such parcel is included within the boundaries of any game preserve, reforestation project, or conservation area, or any person having an interest therein, may discharge the delinquent taxes and assessments against

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

such parcel and redeem such parcel, or portion thereof, from such sale to the state within such period, as so extended, upon payment of the portion of such unpaid taxes and assessments permitted by any law in effect during the pendency of such condemnation proceedings. Such redemption and discharge of delinquent taxes and assessments may be so made regardless of any or no determination of the value or other action by the county board or the commissioner of revenue.

Sec. 30. Minnesota Statutes 1982, section 282.01, subdivision 5, is amended to read:

Subd. 5. **SALE ON TERMS, CERTIFICATE.** When sales hereafter are made on terms the purchaser shall receive a certificate from the county auditor in such form, consistent with the provisions of sections 282.01 to 282.13 and setting forth the terms of sale, as may be prescribed by the attorney general. Failure of the purchaser or any person claiming under him, to pay any of the deferred instalments with interest, or the current taxes, or to comply with any conditions that may have been stipulated in the notice of sale or in the auditor's certificate herein provided for, shall constitute default; and the state may, by order of the county board, during the continuance of such default, ~~without notice~~, declare such certificate canceled and take possession of such lands and may thereafter resell or lease the same in the same manner and under the same rules as other lands forfeited to the state for taxes are sold or leased. When the county board shall have adopted a resolution ordering the cancelation of such certificate or certificates ~~the cancelation shall be deemed complete and~~ the cancelation shall have been completed in accord with section 37, then a reentry shall be deemed to have been made on the part of the state without any other act or deed, and without any right of redemption by the purchaser or any one claiming under him; and the original purchaser in default or any person claiming under him, who shall remain in possession or enter thereon shall be deemed a willful trespasser and shall be punished as such.

When the cancelation of such certificate has been completed the county auditor shall cancel all taxes and tax liens, delinquent and current, and special assessments, delinquent or otherwise, imposed upon the lands described in the certificate after the issuance thereof by him.

Sec. 31. Minnesota Statutes 1982, section 282.039, is amended to read:

282.039 VETERAN'S CREDIT APPLICATION.

The provisions of Minnesota Statutes 1980, Sections 282.031 to 282.037 shall continue in effect with respect to any veteran who has applied to purchase land under those sections before March 23, 1982 or to any veteran who purchases land under those sections and applies within the required time for a credit under Minnesota Statutes 1980, Section 282.033. Any contract canceled or terminated for breach of the conditions thereof pursuant to Minnesota Statutes 1980, section

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

282.036, shall be canceled in the manner set forth in section 37. This section is repealed April 1, 1988.

Sec. 32. Minnesota Statutes 1982, section 282.17, is amended to read:

282.17 CANCELTION OF CONTRACTS.

Failure of the purchaser to make any payment of any instalment or of any interest required under a contract within six months from the date on which such payment becomes due, or to pay before they become delinquent all taxes that may be levied upon the lands so purchased shall constitute a default, and thereupon the contract shall be deemed canceled, and all right, title, and interest of the purchaser, his heirs, representatives, or assigns in the premises shall terminate ~~without the doing by the state of any act or thing whatsoever~~ upon cancellation in accord with section 37. A record of such default shall be made in the state land records kept by or under the direction of the commissioner of natural resources, and a certificate of such default may be made by or under the direction of the commissioner and filed with the county treasurer or recorded in the office of the county recorder of the county in which the premises are situated. Any such record or certificate shall be prima facie evidence of the facts therein stated, but the making of such record or certificate shall not be essential to the taking effect of such cancellation and termination, and thereupon the land described in the contract shall be subject to disposition as provided in sections 282.15 and 282.16, upon first having been reclassified and reappraised as provided by section 282.14. The county auditor shall report any such default to the commissioner of natural resources on or before June 30th of each year.

Sec. 33. Minnesota Statutes 1982, section 282.171, is amended to read:

**282.171 CONTRACTS, MEMBERS OF ARMED FORCES, CANCEL-
ATION.**

No contract entered into by persons in the armed forces of the United States prior to their induction or enlistment for the purchase of tax-forfeited or other lands from the state of Minnesota on the instalment plan shall be terminated or canceled for non-payment of instalments except as provided herein.

Any person in the armed forces of the United States, who, as vendee, in any contract with the state of Minnesota for the purchase of tax-forfeited or other lands, is in default on any instalment, or is unable to pay any instalment or instalments thereafter becoming due, and desires to retain his or her rights under said contract, and such contract has not heretofore been canceled and the land sold, shall during the period of military service file, or cause to be filed by an adult, with knowledge of the facts, with the county auditor or other state agency, having charge of said contract, an affidavit, giving the legal description of said lands, and the number, if any, of said contract, and stating that the vendee in said contract is in the military service of the United States, the branch of the service, the date of enlistment or induction, and that said vendee desires to retain his or

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

her rights under said contract. If said affidavit is filed within the time herein limited and provided, said contract shall remain in full force and effect, notwithstanding any default or non-payment of any instalment or instalments thereunder, for six months after the vendee's discharge from the military service. If said vendee fails to pay all delinquent instalments within six months after his or her discharge, then in such event said contract may be canceled and terminated as provided by law in section 37.

Sec. 34. Minnesota Statutes 1982, section 282.222, subdivision 4, is amended to read:

Subd. 4. **TERMS OF SALE.** All sales under sections 282.221 to 282.226 shall be for cash or on the following terms: at least 15 percent of the purchase price shall be paid in cash at the time of the sale, and the balance shall be paid in equal annual instalments over a period of 20 years, with interest at a rate equal to the rate in effect at the time under section 549.09, payable annually, on the portion remaining unpaid, with privilege of prepayment of any instalment on any interest date. Sales on terms shall be evidenced by a certificate issued by the county auditor in a form prescribed by the attorney general. The county auditor shall submit a copy of the certificate to the commissioner of natural resources within 30 days. The appraised value of all merchantable timber on such agricultural lands shall be paid for in cash in full at the time of sale. The county auditor shall report all sales to the commissioner of natural resources within 30 days. Failure of the purchaser to make any payment of any instalment or of any interest required under any contract within six months from the date on which the payment is due, or to pay all taxes that may be levied upon the land purchased before they become delinquent, shall constitute a default. Upon default the contract shall be deemed canceled and all right, title, and interest of the purchaser, his heirs, representatives, or assigns in the premises shall automatically terminate upon cancelation in accord with section 37. A record of the default shall be made in the state land records kept by or under the direction of the commissioner of natural resources. A certificate of the default may be made by or under the direction of the commissioner and filed with the county treasurer or recorded in the office of the county recorder of the county in which the premises are situated. Any record or certificate shall be prima facie evidence of the facts stated in it. The making of the record or certificate is not essential to the taking effect of the cancelation and termination. Upon cancelation and termination, the land described in the contract shall be subject to disposition as provided in this section after having been reclassified and reappraised as provided by section 282.221. The county auditor shall report any default to the commissioner of natural resources on or before June 30th of each year.

Sec. 35. Minnesota Statutes 1982, section 282.222, subdivision 5, is amended to read:

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

Subd. 5. **CANCELATION VALIDATED.** In any case where a certificate of cancellation of any certificate of sale of lands sold pursuant to sections 282.221 to 282.226, has heretofore been made by either the commissioner of finance or the commissioner of natural resources and filed in the office of the officer executing the same or in the office of the commissioner of finance or recorded in the office of the county recorder of the county in which the land lies, such cancellation is hereby validated and made effective, and the certificate of sale shall be deemed canceled as if canceled by the proper officer and in the manner prescribed by law. All cancellations made after the effective date of this act shall be in accord with section 37.

Sec. 36. Minnesota Statutes 1982, section 282.301, is amended to read:

282.301 RECEIPTS FOR PAYMENTS.

The purchaser shall receive from the county auditor at the time of repurchase a receipt, in such form as may be prescribed by the attorney general. When the purchase price of a parcel of land shall be paid in full, the following facts shall be certified by the county auditor to the commissioner of revenue of the state of Minnesota: the description of land, the date of sale, the name of the purchaser or his assignee, and the date when the final instalment of the purchase price was paid. Upon payment in full of the purchase price, the purchaser or his assignee shall receive a quitclaim deed from the state, to be executed by the commissioner of revenue. Failure to make any payment herein required ~~within 60 days from the date on which payment was due~~ shall constitute default and upon such default and cancellation in accord with section 37, the right, title and interest of the purchaser or his heirs, representatives, or assigns in such parcel shall terminate ~~without the doing by the state of any act or thing.~~

Sec. 37. **[282.40] CANCELATION OF INSTALLMENT SALE CONTRACTS BY STATE.**

The cancellation of any sale by the state of Minnesota under an installment contract of any parcel of land shall be completed pursuant to section 559.21, and all costs, attorney's fees, and other amounts payable by the purchaser thereunder shall be payable to the county.

Sec. 38. Minnesota Statutes 1982, section 559.21, is amended by adding a subdivision to read:

Subd. 7. CANCELATION OF LAND SALE. The state of Minnesota shall cancel any sale of land made by the state under an installment contract upon default therein only in accord with the provisions of this section.

Sec. 39. **REPEALER.**

Minnesota Statutes 1982, sections 279.24 and 281.36 are repealed.

Sec. 40. **EFFECTIVE DATE.**

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

This article is effective January 1, 1984, except for section 26, which is effective January 1, 1985.

ARTICLE 16
MULTISTATE TAX COMPACT

Section 1. [290.171] ENACTMENT OF MULTISTATE TAX COMPACT.

The "multistate tax compact" is hereby enacted into law and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

Article I. Purposes.

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.
4. Avoid duplicative taxation.

Article II. Definitions.

As used in this compact:

1. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.
2. "Subdivision" means any governmental unit or special district of a state.
3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.

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

4. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.

5. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.

6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.

7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.

8. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property and (b) is complementary to a sales tax.

9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of articles III, IV and V of this compact shall apply only to the taxes specifically designated therein and the provisions of article IX of this compact shall apply only in respect to determinations pursuant to article IV.

Article III. Elements of Income Tax Laws. Taxpayer Option, State and Local Taxes.

1. Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate his income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with article IV. This election for any tax year may be made in all party states or subdivisions

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

thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this paragraph, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein article IV is employed for all subdivisions of a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax.

Taxpayer Option, Short Form.

2. Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of \$100,000 may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The commissioner of revenue, after consultation with the Multistate Tax Commission, not more than once in five years, may adjust the \$100,000 figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commissioner, shall replace the \$100,000 figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this paragraph.

Coverage.

3. Nothing in this article relates to the reporting or payment of any tax other than an income tax.

Article IV. Division of Income.

1. As used in this article, unless the context otherwise requires:

(a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

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

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity (1) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipeline, or the production, transmission, sale, delivery, or furnishing of electricity, water or steam; and (2) whose rates of charges for goods or services have been established or approved by a federal, state or local government or governmental agency.

(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this article.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) "This state" means the state in which the relevant tax return is filed or, in the case of application of this article to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which the relevant tax return is filed.

2. Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual or any income received by a Minnesota resident individual or income from the operation of a farm, shall allocate and apportion his net income as provided in this article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of his income from activities subject to this article, the taxpayer may elect to allocate and apportion his entire net income as provided in this article.

3. For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if (1) in that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

4. All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.

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

5. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

6. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

7. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

8. The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

9. Compensation is paid in this state if:

(a) The individual's service is performed entirely within the state;

(b) The individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or

(c) Some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

10. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

11. Sales of tangible personal property are in this state if:

(a) The property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government or (2) the taxpayer is not taxable in the state of the purchaser.

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

12. Sales, other than sales of tangible personal property, are in this state if:

(a) The income-producing activity is performed in this state; or

(b) The income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

13. If the allocation and apportionment provisions of this article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(a) Separate accounting;

(b) The exclusion of any one or more of the factors;

(c) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or

(d) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

Article V. Elements of Sales and Use Tax Laws.

Tax Credit.

1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by him with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

Article VI. The Commission.

Organization and Management.

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the

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

state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or his designee, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under paragraph 1(e) of this article.

(b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may provide.

(e) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.

(f) The commission shall elect annually, from among its members, a chairman, a vice chairman and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix his duties and compensation. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.

(g) Irrespective of the civil service, personnel or other merit system laws of any party state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix their duties and compensation. The commission bylaws shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental entity.

(i) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials and

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

services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.

(j) The commission may establish one or more offices for the transacting of its business.

(k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.

(l) The commission annually shall make to the governor and legislature of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

Committees.

2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chairman, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

(b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide.

Powers.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

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

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.

Finance.

4. (a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1(i) of this article, provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1(i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

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

(f) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

Article VII. Uniform Regulations and Forms.

1. Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. The commission may also act with respect to the provisions of article IV of this compact.

2. Prior to the adoption of any regulation, the commission shall:

(a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.

(b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.

3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

Article VIII. Interstate Audits.

1. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

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

2. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, he may be required to attend for such purpose at any time and place fixed by the commission within the state of which he is a resident, provided that such state has adopted this article.

3. The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order being sought is situated. The provisions of this paragraph apply only to courts in a state that has adopted this article.

4. The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.

5. Information obtained by any audit pursuant to this article shall be confidential and available only for tax purposes to party states, their subdivisions or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.

6. Other arrangements made or authorized pursuant to law for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this article.

7. In no event shall the commission make any charge against a taxpayer for an audit.

8. As used in this article, "tax," in addition to the meaning ascribed to it in article II, means any tax or license fee imposed in whole or in part for revenue purposes.

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

Article IX. Arbitration.

1. Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this article in effect, notwithstanding the provisions of article VII.

2. The commission shall select and maintain an arbitration panel composed of officers and employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.

3. Whenever a taxpayer who has elected to employ article IV, or whenever the laws of the party state or subdivision thereof are substantially identical with the relevant provisions of article IV, the taxpayer, by written notice to the commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if he is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject him to double or multiple taxation by two or more party states or subdivisions thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.

4. The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for the board in the manner provided by the foregoing provisions of this paragraph shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership of the arbitration panel. No member of a board selected by lot shall be qualified to serve if he is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this paragraph.

5. The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.

6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7. The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take

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

testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this article.

8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless he is required on account of his service to forego the regular compensation attaching to his public employment, but any such board member shall be entitled to expenses.

9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10. The board shall file with the commission and with each tax agency represented in the proceeding; the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.

13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceedings.

Article X. Entry Into Force and Withdrawal.

1. This compact shall become effective as to any other state upon its enactment. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

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

2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3. No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.

Article XI. Effect on Other Laws and Jurisdictions.

Nothing in this compact shall be construed to:

(a) Affect the power of any state or subdivision thereof to fix rates of taxation, except that a party state shall be obligated to implement article III 2 of this compact.

(b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax, provided that the definition of "tax" in article VIII 9 may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to article VI 3 may apply.

(c) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.

(d) Supersede or limit the jurisdiction of any court of the United States.

Article XII. Construction and Severability.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

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

Sec. 2. [290.172] COMMISSIONER OF REVENUE.

The commissioner of revenue shall represent the state of Minnesota on the multistate tax commission. The commissioner may be represented on the commission by an alternate designated by him. The alternate shall be a deputy or assistant commissioner in the department of revenue.

Sec. 3. [290.173] MULTISTATE COMPACT ADVISORY COMMITTEE.

There is hereby established the multistate tax compact advisory committee composed of the commissioner of revenue or the alternate member of the commission designated by him, the attorney general or his designee, and two members of the senate, appointed by the committee on committees, and two members of the house of representatives appointed by the speaker of the house. The chairman shall be the member of the multistate tax commission, representing the state of Minnesota. The committee shall meet at the call of its chairman or at the request of a majority of its members, but in any event not less than three times in each year. The committee may consider any and all matters relating to recommendations of the multistate tax commission and the activities of the members in representing the state of Minnesota on the commission.

Sec. 4. [290.174] INTERSTATE AUDITS.

Article VIII of the multistate tax compact relating to interstate audits shall be in force in and with respect to the state of Minnesota.

Sec. 5. [290.175] OPTIONAL APPORTIONMENT.

Notwithstanding the provisions of section 1, the taxpayer may elect to apportion his income to Minnesota pursuant to this chapter, without regard to section 1, article IV.

Sec. 6. APPROPRIATION.

There is hereby appropriated \$175,000 to the multistate tax commission for fiscal years 1984 and 1985.

Sec. 7. EFFECTIVE DATE.

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 17**ST. LOUIS COUNTY ABATEMENT****Section 1. ST. LOUIS COUNTY ABATEMENT OF TAXES DUE TO CERTIFICATION OR PROCESSING ERROR OR DELAY.**

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

The county board of St. Louis county may abate any property taxes or order the refund of any property taxes if, due to an error or delay in processing or certifying the tax, an incorrect tax is calculated or certified by the county auditor and the county board finds that the owner of the property has justifiably relied on the calculation or certification of the tax by the county auditor and that payment of the tax as recalculated or recertified would be unjust. The board shall abate the taxes only upon the written application of the owner. The application must be approved by the county auditor.

Notwithstanding section 270.07, the order of the commissioner of revenue shall not be required for abatement of taxes under this section. Abatement of taxes under this section shall be in addition to the method provided in section 270.07.

Sec. 2. APPLICABILITY.

On its effective date, section 1 applies to St. Louis county.

Sec. 3. EFFECTIVE DATE.

Section 1 is effective after local approval at 12:01 a.m. on the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, for property taxes payable in 1978 and 1979.

**ARTICLE 18
BUDGET RESERVE**

Section 1. Minnesota Statutes 1982, section 16A.15, subdivision 1, is amended to read:

Subdivision 1. **REDUCTION.** In case the commissioner of finance shall discover at any time that the probable receipts from taxes or other sources for any appropriation, fund, or item will be less than was anticipated, and that consequently the amount available for the remainder of the biennium will be less than the amount estimated or allotted therefor, he shall, with the approval of the governor, and after notice to the agency concerned and after consultation with the legislative advisory commission created by section 3.30, either:

(a) after consultation with the legislative advisory commission created by section ~~3.30~~, transfer from the budget reserve account established in section ~~16A.153~~, subdivision 6 to the general fund the amount necessary to balance revenue and expenditures;

(b) reduce the amount allotted or to be allotted so as to prevent a deficit;
or

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

(c) make any combination of transfers and reductions as provided by clauses (a) and (b). Any additional deficit shall, with the approval of the governor and after consultation with the legislative advisory commission, be made up by reducing allotments.

In reducing allotments, the commissioner of finance may consider other sources of revenue available to recipients of state appropriations and apply allotment reductions based on all sources of revenue available.

In like manner he shall request reduction of the amount allotted or to be allotted to any agency by the amount of any saving which can be effected upon previous spending plans through a reduction in prices or other cause.

Sec. 2. Minnesota Statutes 1982, section 16A.15, is amended by adding a subdivision to read:

Subd. 6. BUDGET RESERVE ACCOUNT. The commissioner of finance on July 1, 1983 shall transfer \$250,000,000 to a budget reserve account in the general fund in the state treasury.

Sec. 3. Minnesota Statutes 1982, section 16A.15, is amended by adding a subdivision to read:

Subd. 7. DELAY IN PAYMENT; REDUCTION. The commissioner of finance may delay payment of an amount up to 15 percent of an appropriation due to a special taxing district or a system of higher education in that entity's fiscal year for up to 60 days after the start of its next fiscal year. The amount delayed is subject to allotment reduction under section 1.

Sec. 4. **REPEALER.**

Minnesota Statutes 1982, section 16A.153, is repealed.

Sec. 5. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 19 ROCHESTER SALES TAX

Section 1. **SALES TAX.**

Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city.

Sec. 2. **EXCISE TAX.**

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

Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Sec. 3. COLLECTION.

The commissioner of revenue may enter into appropriate agreements with the city of Rochester to provide for collection by the state on behalf of the city of a tax imposed by the city of Rochester pursuant to section 1. The commissioner may charge the city of Rochester from the proceeds of any tax a reasonable fee for its collection.

Sec. 4. ALLOCATION OF REVENUES.

Revenues received from taxes authorized by sections 1 and 2 shall be used to pay the costs of collecting the taxes, capital and administrative costs of improvements to the city park and recreation system and flood control improvements for which the city voters at a special election held on November 2, 1982, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by sections 1 and 2, excluding investment earnings thereon, shall not exceed \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements.

Sec. 5. TERMINATION OF TAXES.

The taxes imposed pursuant to sections 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Sec. 6. BONDS.

The city of Rochester, pursuant to the approval of the city voters at a special election held on November 2, 1982, may issue general obligation bonds of the city in an amount not to exceed \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61 to pay the principal of and interest on the bonds shall not

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

be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The amount of any special levy for debt service imposed pursuant to Minnesota Statutes, section 275.50, subdivision 5, clause (e), for payment of principal and interest on the bonds shall not include the amount of estimated collection of revenues from the taxes imposed pursuant to sections 1 and 2 that are pledged for the payment of those obligations.

Sec. 7. EFFECTIVE DATE.

This article is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3.

**ARTICLE 20
MISCELLANEOUS**

Section 1. [168.022] REFUNDS; MANDATORY REFUND OR REPLACEMENT LAWS.

Subdivision 1. ENTITLEMENT TO REFUND. If a manufacturer of motor vehicles is required by Laws 1983, chapter 108, section 1, subdivision 3, to refund the tax imposed by this chapter, the tax shall be refunded to the manufacturer as provided in this section.

Subd. 2. AMOUNT OF REFUND. The amount of the refund shall be the tax paid by the purchaser pursuant to this chapter less one-twelfth of the annual tax for the vehicle for each calendar month or fraction of a calendar month between the date of registration and the date the purchase price is refunded.

Subd. 3. APPLICATION. The refund shall be paid to the manufacturer upon written application to the registrar of motor vehicles with proof of compliance with this section as the registrar may require.

Subd. 4. PAYMENT OUT OF HIGHWAY USER FUND. Payment of any refund pursuant to this section shall be made out of the highway user fund and the amounts necessary to pay the refunds are appropriated out of the highway user fund.

Sec. 2. Minnesota Statutes 1982, section 325D.32, subdivision 9, is amended to read:

Subd. 9. "Basic cost of cigarettes" means whichever of the two following amounts is lower, namely (1) the gross invoice cost of cigarettes to the wholesaler or retailer, as the case may be, or (2) the lowest replacement cost of cigarettes to the wholesaler or retailer in the quantity last purchased, plus the full face value of any stamps which may be required by any cigarette tax act of this state, unless included by the manufacturer in his list price.

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

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.

Approved June 14, 1983

CHAPTER 343 — H.F.No. 1308

An act relating to appropriations; reducing appropriations for the fiscal year ending June 30, 1983; providing for delay and reduction of certain payments to prevent a deficit; appropriating money; amending Minnesota Statutes 1982, section 41.61, subdivision 1; 270.18; repealing Minnesota Statutes 1982, section 41.61, subdivisions 2 and 3.

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

Section 1. **APPROPRIATION REDUCTIONS.**

Subdivision 1. **APPROPRIATIONS AFFECTED.** The sums set forth in the column designated "APPROPRIATION REDUCTIONS" are reduced from the appropriations indicated. The reductions are from appropriations for the fiscal year ending June 30, 1983.

APPROPRIATION REDUCTIONS

Subd. 2. **STATE DEPARTMENTS.**

(a) Fuel and Utilities Contingent (\$700,000)

This reduction is in the appropriation in Laws 1981, chapter 356, section 9.

(b) Finance (1,320,000)

This reduction is in the appropriation in Laws 1982, Third Special Session chapter 1, article 2, section 2, subdivision 1, paragraph (v), item (9), and is reappropriated for the fiscal year ending June 30, 1984.

(c) Revenue (1,000,000)

This reduction is the balance in the permanent reassessment revolving fund created by Minnesota Statutes, section 270.18, which is canceled to the general fund.

(d) Pollution Control Agency (5,300)

This reduction is in the appropriation for research and development projects relating

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