

noise pollution in one area of the state, may cause less or not cause any noise pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, meteorological conditions and the fact that a standard which may be proper in an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such noise standards shall be premised upon scientific knowledge as well as effects based on technically substantiated criteria and commonly accepted practices. No local governing unit shall set standards describing the maximum levels of sound pressure which are more stringent than those set by the pollution control agency.

The pollution control agency shall adopt standards for the identification of hazardous waste and for the management, identification, labeling, classification, storage, collection, transportation, processing, and disposal of hazardous waste, recognizing that due to variable factors, a single standard of hazardous waste control may not be applicable to all areas of the state. In adopting standards, the pollution control agency shall recognize that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state. The agency shall consider existing physical conditions, topography, soils, and geology, climate, transportation and land use. Standards of hazardous waste control shall be premised on technical knowledge, and commonly accepted practices. No local government unit shall set standards of hazardous waste control which are in conflict or inconsistent with those set by the pollution control agency.

A person who generates less than 100 kilograms of hazardous waste per month is exempt from the agency hazardous waste rules relating to transportation, manifesting, storage, and labeling for photographic fixer and X-ray negative wastes that are hazardous solely because of silver content. Nothing in this paragraph exempts the generator from the agency's rules relating to on-site accumulation or outdoor storage. A political subdivision or other local unit of government may not adopt management requirements that are more restrictive than this paragraph.

Presented to the governor May 23, 1989

Signed by the governor May 25, 1989, 6:12 p.m.

CHAPTER 277—H.F.No. 266

An act relating to taxation; making technical corrections, clarifications and administrative and enforcement changes to property taxes, premium taxes, cigarette taxes, sales taxes, motor vehicle excise taxes, gasoline and special fuel taxes, taxes on flight property, liquor taxes, marijuana and controlled substances taxes, lodging taxes, and the metropolitan solid

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waste landfill fee; correcting dates relating to income maintenance aids; providing for unmarked vehicles for use by the department of revenue; providing for cancellation of sales tax permits; providing for sales of unstamped tobacco products and liquor to Indian tribes; repealing obsolete or unnecessary terms or provisions; changing terms; repealing certain gross earnings taxes; requiring notification of the commissioner prior to selling cigarettes at prices other than those presumed by law; changing cigarette distribution licensing requirements; converting mill rate limitations to percentages of market value; changing assessor senior accreditation requirements; exempting certain property from property taxes; changing requirements for valuation and tax deferment for certain property; allowing homestead classification in certain cases; providing for subordinate service districts; authorizing the cities of Mankato and Hopkins to establish special service districts; increasing and imposing fees; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 3.983, subdivision 3; 16B.54, subdivision 2; 18.022, subdivision 2; 18.111, subdivision 1; 38.27, subdivision 1; 40A.15, subdivision 2; 41A.09, subdivision 3; 69.011, subdivision 2; 69.54; 88.04, subdivision 3; 93.55, subdivision 4; 110.71, subdivision 2; 110B.20; 112.61, subdivisions 2, 3, and 8; 124.155, subdivision 2; 124.2139; 138.053; 162.07, subdivisions 3 and 4; 162.081, subdivision 4; 164.04, subdivision 3; 164.05, subdivision 1; 168.012, subdivision 1; 174.27; 193.145, subdivision 2; 237.35; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.06; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2; 270.485; 270.60; 272.01, subdivision 2; 272.02, subdivision 1; 273.01; 273.061, subdivisions 1 and 2; 273.1102, subdivision 3; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.124, subdivisions 1, 8, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22 and 23; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1393; 273.1398, subdivisions 1, 4, 5, and 6; 275.011, subdivisions 1 and 2; 275.07, subdivision 3; 275.077, subdivision 2; 275.28, subdivision 1; 275.56; 275.58 subdivision 1; 278.01, subdivision 1; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290A.03, subdivision 12; 296.18, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivisions 1, 2, and 4; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.06; 297A.17; 297A.20; 297A.21, subdivision 4; 297A.25, subdivisions 11 and 16; 297B.01, subdivision 5; 297B.02, subdivision 1; 297B.025, subdivision 2; 297B.03; 297C.03, subdivision 1; 297C.09; 297D.13, by adding a subdivision; 298.28, subdivisions 3 and 4; 298.282, subdivision 2; 325D.32, subdivision 10; 325D.37, by adding a subdivision; 366.27; 373.40, subdivisions 4 and 6; 375.167, subdivision 1; 375.18, subdivision 3; 375.192, subdivision 2; 375.555; 383A.03, subdivision 4; 383A.411, subdivision 5; 383A.49, subdivision 2; 383B.152; 383B.245; 383B.73, subdivisions 1 and 2; 383C.42, subdivision 1; 398A.04, subdivision 8; 412.251; 412.531, subdivision 1; 414.035; 414.041, subdivision 7; 426.04; 447.10; 449.06; 449.08; 449.09; 449.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1; 459.06, subdivision 1; 459.14, subdivision 2, and by adding a subdivision; 462.396, subdivision 2; 469.012, by adding a subdivision; 469.033, subdivision 6; 469.040, subdivision 2; 469.053, subdivisions 4 and 6; 469.107, subdivision 1; 469.174, subdivision 8; 469.175, subdivision 7; 469.176, subdivision 4c; 469.180, subdivision 2; 469.187; 469.188; 469.190, subdivision 1; 471.191, subdivision 2; 471.1921; 471.571, subdivisions 1 and 2; 473.325, subdivision 2; 473.446, subdivision 1; 473.661, subdivision 3; 473.667, subdivision 9; 473.671; 473.843, subdivision 1; 473.882, subdivision 3; 473.883, subdivision 6; 475.53, subdivision 4; 477A.011, subdivision 15; 477A.013, subdivision 1; 641.23; Laws 1988, chapter 719, articles 7, section 9; 8, section 37; and 12, section 29; proposing coding for new law in Minnesota Statutes,

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chapters 276; 297; 297A; 297C; 297D; 325D; and 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 69.36; 275.57; 275.58, subdivision 4; 276.13; 276.14; 295.01, subdivisions 4, 5, 6, 7, and 8; 295.15; 295.21; 295.23; 295.24; 295.25; 295.27; 295.29; 295.30; 295.31; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297A.19; 297A.253; 297C.03, subdivisions 4 and 4a; 423.376; 423.47; 423.807; 424.12; 424.13; 477A.018; and 477A.019; Laws 1988, chapter 719, article 8, section 35.

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

ARTICLE 1

DEPARTMENT SALES AND SPECIAL TAXES

Section 1. Minnesota Statutes 1988, section 16B.54, subdivision 2, is amended to read:

Subd. 2. **VEHICLES.** (a) **ACQUISITION FROM AGENCY; APPROPRIATION.** The commissioner may direct an agency to make a transfer of a passenger motor vehicle or truck presently assigned to it. The transfer must be made to the commissioner for use in the central motor pool. The commissioner shall reimburse an agency whose motor vehicles have been paid for with funds dedicated by the constitution for a special purpose and which are assigned to the central motor pool. The amount of reimbursement for a motor vehicle is its average wholesale price as determined from the midwest edition of the national automobile dealers association official used car guide.

(b) **PURCHASE.** To the extent that funds are available for the purpose, the commissioner may purchase or otherwise acquire additional passenger motor vehicles and trucks necessary for the central motor pool. The title to all motor vehicles assigned to or purchased or acquired for the central motor pool is in the name of the department of administration.

(c) **TRANSFER AT AGENCY REQUEST.** On the request of an agency, the commissioner may transfer to the central motor pool any passenger motor vehicle or truck for the purpose of disposing of it. The department or agency transferring the vehicle or truck shall be paid for it from the motor pool revolving account established by this section in an amount equal to two-thirds of the average wholesale price of the vehicle or truck as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(d) **VEHICLES; MARKING.** The commissioner shall provide for the uniform marking of all motor vehicles. Motor vehicle colors must be selected from the regular color chart provided by the manufacturer each year. The commissioner may further provide by rule for the use of motor vehicles without uniform coloring or marking by the governor, the lieutenant governor, the division of criminal apprehension, arson investigators of the division of fire marshal in

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the department of public safety, financial institutions division of the department of commerce, the department of revenue, and the office of the attorney general.

Sec. 2. Minnesota Statutes 1988, section 41A.09, subdivision 3, is amended to read:

Subd. 3. **PAYMENTS FROM FUND.** The commissioner of revenue shall make cash payments from the development fund to producers of ethanol or agricultural grade alcohol, ~~for use as a motor fuel,~~ located in the state. The amount of the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced:

(1) For the period beginning July 1, 1986, and ending June 30, 1987, 15 cents per gallon;

(2) For the period beginning July 1, 1987, and ending June 30, 2000, 20 cents per gallon.

(b) For each gallon produced of agricultural grade alcohol of a purity of at least 50 percent but not more than 90 percent and designed to be used in conjunction with diesel fuel in an engine's internal combustion process, for the period beginning July 1, 1987, and ending June 30, 2000, 11 cents per gallon.

The total payments from the fund to all producers may not exceed \$200,000 during the period beginning July 1, 1986, and ending June 30, 1987, and may not exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1987, and ending June 30, 2000. Total payments to any producer from the fund in any fiscal year may not exceed \$3,000,000.

By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.

Payments shall be made November 15, February 15, May 15, and August 15.

Sec. 3. Minnesota Statutes 1988, section 69.011, subdivision 2, is amended to read:

Subd. 2. **QUALIFICATION FOR FIRE OR POLICE STATE AID.** (a) In order to qualify to receive fire state aid, on or before ~~July 4~~ March 15, annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association which-ever is applicable, and the fire chief, shall jointly certify the existence of the

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municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31. Certification shall be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before ~~July 4~~ March 15 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.

On or before ~~July 4~~ March 15 annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (h), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month.

Sec. 4. Minnesota Statutes 1988, section 69.54, is amended to read:

69.54 SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.

The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in this city of the first class, or by its agents for it, in cash or otherwise. This surcharge shall be due and payable from these companies to the state treasurer on March 31, May 31, and ~~November 30~~ October 31 of each calendar year, and if not paid within 30 days after these dates, a penalty of ten percent shall accrue thereon and thereafter this sum and penalty shall draw interest at the rate of one percent per month until paid.

Sec. 5. Minnesota Statutes 1988, section 168.012, subdivision 1, is amended to read:

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Subdivision 1. (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles owned by nonprofit charities and used exclusively to transport handicapped persons for educational purposes;

(4) vehicles owned and used by honorary consul or consul general of foreign governments.

(b) Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the department of revenue in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates which shall be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly displayed on both sides thereof in letters not less than 2-1/2 inches high

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and one-half inch wide; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle. Such identification shall be in a color giving contrast with that of the part of the vehicle on which it is placed and shall endure throughout the term of the registration. The identification must not be on a removable plate or placard and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision.

Sec. 6. Minnesota Statutes 1988, section 270.06, is amended to read:

270.06 POWERS AND DUTIES.

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

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(7) summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which the commissioner may have authority to investigate or determine. Provided, that any summons which does not identify the person or persons with respect to whose tax liability the summons is issued may be served only if (a) the summons relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any tax law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the summons is issued) is not readily available from other sources, (d) the summons is clear and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. Provided further that the party served with a summons which does not identify the person or persons with respect to whose tax liability the summons is issued shall have the right, within 20 days after service of the summons, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the summons is enforceable. If no such petition is made by the party served within the time prescribed, the summons shall have the force and effect of a court order;

(8) To cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their

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compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law;

(14) promulgate rules having the force and effect of law, for the administration and enforcement of the property tax;

(15) execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota;

(16) administer and enforce the provisions of sections ~~325.64 to 325.76~~ 325D.30 to 325D.42, the Minnesota unfair cigarette sales act; and

(17) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority.

Sec. 7. Minnesota Statutes 1988, 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, 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.

The commissioner of revenue is also authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation in Minnesota, for refund of a mutually agreed upon amount of the cigarette taxes collected from sales on reservations or trust lands of an Indian tribe to the established governing body of the tribe having jurisdiction over the reservation or trust land on which the sale is made.

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. 8. Minnesota Statutes 1988, section 296.18, subdivision 1, is amended to read:

Subdivision 1. **GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.** Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles, or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through

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the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1983~~ 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 9. Minnesota Statutes 1988, section 297.041, subdivision 1, is amended to read:

Subdivision 1. **WHOLESALEERS.** ~~Any~~ A wholesaler who furnishes a surety bond in a sum satisfactory to the commissioner ~~shall be permitted to may~~ set aside, ~~without affixing the stamps required by this chapter, that~~ the part of the wholesaler's stock necessary ~~for the conduct of business in making to make~~ sales to the established governing body of ~~any an~~ an Indian tribe recognized by the United States Department of Interior without paying the tax required by this

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~~chapter.~~ The unstamped stock shall be kept separate and apart from stamped stock. ~~Every wholesaler shall, at the time of~~ When shipping or delivering any of the unstamped stock to an Indian tribal organization, ~~the wholesaler shall~~ make a true duplicate invoice ~~which shall.~~ The invoice must show the complete details of the sale or delivery and shall transmit. The wholesaler must send the duplicate to the commissioner not later than the 18th day of the following calendar month. ~~Failure If the wholesaler fails to comply with the requirements of this section shall cause,~~ the commissioner ~~to shall~~ revoke the permission granted to the wholesaler to ~~maintain~~ keep a stock of unstamped goods ~~which may be unstamped.~~

Sec. 10. Minnesota Statutes 1988, section 297.041, subdivision 2, is amended to read:

Subd. 2. **RETAILERS.** Retailers who are Indian tribal organizations may ~~maintain~~ keep unstamped stock intended for sale to qualified purchasers.

Sec. 11. Minnesota Statutes 1988, section 297.041, subdivision 4, is amended to read:

Subd. 4. **SALES TO NONQUALIFIED BUYERS.** ~~Any~~ A retailer who sells or otherwise disposes of ~~any~~ unstamped cigarettes other than to a qualified purchaser shall collect from the buyer or transferee the tax imposed by section 297.02, subdivision 1, and remit the tax to the department of revenue at the same time and manner as required by section 297.07. ~~In the event~~ If the retailer fails to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer ~~shall be~~ is personally responsible for the tax and the commissioner may seize any cigarettes destined to be delivered to the retailer. The cigarettes so seized shall be considered contraband and be subject to the procedures outlined in section 297.08, subdivision 3. The proceeds of the sale of ~~any such~~ the cigarettes may, ~~after deducting all costs and expenses,~~ be applied to any tax liability owed by the retailer after deducting all costs and expenses.

~~The provisions of~~ This section ~~shall~~ does not relieve the buyer or possessor of unstamped cigarettes from personal liability for the tax.

Sec. 12. [297.335] **SALES TO INDIAN TRIBES.**

Subdivision 1. WHOLESALERS. A wholesaler may set aside the part of the wholesaler's stock necessary to make sales to the established governing body of an Indian tribe recognized by the United States Department of the Interior without paying the tax required by this chapter. When shipping or delivering untaxed stock to an Indian tribal organization, the wholesaler shall make a true duplicate invoice. The invoice must show the complete details of the sale or delivery. The wholesaler must send the duplicate to the commissioner not later than the 18th day of the following calendar month. If the wholesaler fails to comply with this section, the commissioner shall revoke the permission granted to the wholesaler to keep a stock of untaxed goods.

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Subd. 2. RETAILERS. Retailers who are Indian tribal organizations may keep untaxed stock intended for sale to qualified purchasers.

Subd. 3. QUALIFIED PURCHASERS. A qualified purchaser of untaxed tobacco means only an enrolled member of the Indian tribe offering the tobacco for sale.

Subd. 4. SALES TO NONQUALIFIED BUYERS. A retailer who sells or otherwise disposes of untaxed tobacco other than to a qualified purchaser shall collect from the buyer or transferee the tax imposed by this chapter and remit the tax to the department of revenue at the same time and manner as required by this chapter. If the retailer fails to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is personally responsible for the tax, and the commissioner may seize any tobacco destined to be delivered to the retailer. The procedures for seized contraband outlined in section 297.08, subdivision 3, apply to the seized tobacco. The proceeds of the sale of the tobacco may be applied to any tax liability owed by the retailer after deducting all costs and expenses.

This section does not relieve the buyer or possessor of untaxed tobacco from personal liability for the tax.

Sec. 13. Minnesota Statutes 1988, section 297A.06, is amended to read:

297A.06 PERMIT.

After compliance with sections 297A.04 and 297A.28, when security is required, the commissioner shall issue to each applicant a separate permit for each place of business within Minnesota. A permit shall be valid until canceled or revoked but shall not be assignable and shall be valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall at all times be conspicuously displayed at the place for which issued.

Sec. 14. [297A.065] CANCELLATION OF PERMITS.

The commissioner may cancel a permit when one of the following conditions occurs:

(1) the permit holder has not filed a sales or use tax return for one year or more;

(2) the permit holder has not reported any sales or use tax liability on the permit holder's returns for two or more years; or

(3) the permit holder requests cancellation of the permit.

Sec. 15. Minnesota Statutes 1988, section 297A.17, is amended to read:

297A.17 TAX TO BE COLLECTED; STATUS AS DEBT.

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The use tax required to be collected by the retailer constitutes a debt owed by the retailer to Minnesota and shall be a debt from the purchaser to the retailer recoverable at law in the same manner as other debts. A retailer who does not maintain a place of business within this state, as defined in section 297A.21, subdivision 1, shall not be indebted to Minnesota for amounts of use tax which it was required to collect but did not collect unless the retailer knew or had been advised by the commissioner of its obligation to collect the use tax.

Sec. 16. Minnesota Statutes 1988, section 297A.20, is amended to read:

297A.20 VIOLATIONS.

Any person violating ~~sections~~ section 297A.16; or 297A.18 ; ~~or 297A.19~~ shall be guilty of a misdemeanor.

Sec. 17. Minnesota Statutes 1988, section 297A.21, subdivision 4, is amended to read:

Subd. 4. REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA. (a) A retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16 if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

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(8) any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system.

(b) The location within or without this state of vendors independent of the retailer which provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not to be taken into account in the determination of whether the retailer is required to collect use tax. Paragraph (a) shall be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) A retailer not maintaining a place of business in this state shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it (1) engages in any of the activities in paragraph (a) and makes 100 or more retail sales from outside this state to destinations within this state during a period of 12 consecutive months, or (2) makes ten or more retail sales totaling more than \$100,000 from outside this state to destinations within this state during a period of 12 consecutive months.

(d) A retailer not maintaining a place of business in this state shall not be required to collect use tax imposed by any local governmental unit or subdivision of this state and this section does not subject such a retailer to any regulation of any local unit of government or subdivision of this state.

Sec. 18. Minnesota Statutes 1988, section 297A.25, subdivision 11, is amended to read:

Subd. 11. **SALES TO GOVERNMENT.** 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, the University of Minnesota, state universities, community colleges, technical institutes, state academies, and political subdivisions of the state are exempt. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, clause (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

Sec. 19. Minnesota Statutes 1988, section 297A.25, subdivision 16, is amended to read:

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Subd. 16. **SALES TO NONPROFIT GROUPS.** 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, are exempt. Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 20. Minnesota Statutes 1988, section 297B.01, subdivision 5, is amended to read:

Subd. 5. "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and for which registration is required by chapter 168. Motor vehicle includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, ~~except snowmobiles, for which registration is required by chapter 168, but not including and motor vehicles that are purchased on Indian reservations where the tribal council has entered into a motor vehicle excise tax refund agreement with the state of Minnesota.~~ Motor vehicle does not include snowmobiles, house trailers, or manufactured homes.

Sec. 21. Minnesota Statutes 1988, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. **RATE.** There is imposed an excise tax at the rate 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.

The excise tax is also imposed on the purchase price of motor vehicles purchased or acquired on Indian reservations when the tribal council has entered into a motor vehicle excise tax refund agreement with the state of Minnesota.

Sec. 22. Minnesota Statutes 1988, section 297B.025, subdivision 2, is amended to read:

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Subd. 2. **COLLECTOR VEHICLES.** A passenger automobile that is ~~currently~~ registered under section 168.10, ~~subdivisions~~ subdivision 1a, 1b, 1c, and 1d, or 1h, shall be taxed under section 297B.02, subdivision 3, and the registrar shall not designate as an above-market automobile a passenger automobile registered under those subdivisions. If the vehicle is subsequently registered in another class not under section 168.10, subdivision 1a, 1b, 1c, 1d, or 1h, within one year of the date of registration under those subdivisions, it shall be subject to the full excise tax imposed under subdivision 1.

Sec. 23. Minnesota Statutes 1988, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1974~~ 1988.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution.

Sec. 24. **[297C.045] SALES TO INDIAN TRIBES.**

Subdivision 1. WHOLESALERS. A wholesaler may set aside the part of the wholesaler's stock necessary to make sales to the established governing body of an Indian tribe recognized by the United States Department of the Interior, without paying the tax required by this chapter. When shipping or delivering

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untaxed stock to an Indian tribal organization, the wholesaler shall make a true duplicate invoice. The invoice must show the complete details of the sale or delivery. The wholesaler must send the duplicate to the commissioner not later than the 18th day of the following calendar month. If a wholesaler fails to comply with the requirements of this section, the commissioner shall revoke the permission granted to the wholesaler to keep a stock of untaxed goods.

Subd. 2. RETAILERS. Retailers who are Indian tribal organizations may keep untaxed stock intended for sale to qualified purchasers.

Subd. 3. QUALIFIED PURCHASERS. A qualified purchaser of untaxed liquor means only an enrolled member of the Indian tribe that is offering the liquor for sale.

Subd. 4. SALES TO NONQUALIFIED BUYERS. A retailer who sells or otherwise disposes of untaxed liquor other than to a qualified purchaser shall collect from the buyer or transferee the tax imposed by this chapter and remit the tax to the department of revenue at the same time and manner as required by this chapter. If the retailer fails to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is personally responsible for the tax and the commissioner may seize any liquor destined to be delivered to the retailer. The procedures outlined in section 297C.12 apply to the seized liquor. The proceeds of the sale of the liquor may be applied to any tax liability owed by the retailer after deducting all costs and expenses.

This section does not relieve the buyer or possessor of untaxed liquor from personal liability for the tax.

Sec. 25. [297D.085] CREDIT FOR PREVIOUSLY PAID TAXES.

If another state or local unit of government has previously assessed an excise tax on the marijuana or controlled substances, the taxpayer must pay the difference between the tax due under section 297D.08 and the tax previously paid. If the tax previously paid to the other state or local unit of government was equal to or greater than the tax due under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise tax on the marijuana or controlled substances has been paid to another state or local unit of government.

Sec. 26. Minnesota Statutes 1988, section 297D.13, is amended by adding a subdivision to read:

Subd. 4. POSSESSION OF STAMPS. A stamp denoting payment of the tax imposed under this chapter must not be used against the taxpayer in a criminal proceeding, except that the stamp may be used against the taxpayer in connection with the administration or civil or criminal enforcement of the tax imposed under this chapter or any similar tax imposed by another state or local unit of government.

Sec. 27. Minnesota Statutes 1988, section 325D.32, subdivision 10, is amended to read:

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Subd. 10. (a) "Cost to wholesaler" means the basic cost of the cigarettes, prior to deducting manufacturer's timely payment and stamping discounts and any other discounts or rebates, plus the cost of doing business by the wholesaler, as defined in sections 325D.30 to 325D.42.

(b) The cost of doing business by the wholesaler is presumed to be four percent of the basic cost of the cigarettes, plus cartage to the retail outlet, if furnished or paid for by the wholesaler, in the absence of proof of a lesser or higher cost. Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the absence of proof of a lesser or higher cost.

(c) A wholesaler electing to sell cigarettes at a price other than that presumed by law must submit to the commissioner documentation substantiating the actual cost of the cigarettes before selling at actual cost. For purposes of this paragraph "actual cost" means basic cost as defined in subdivision 9 plus the wholesaler's cost of doing business. The commissioner shall review the documents submitted and, if necessary, request additional documentation to verify the accuracy of the cost computations. If, within 15 days of submission of the documentation, the commissioner has not notified the wholesaler of any deficiencies in the cost computations, the wholesaler may begin selling at actual cost. The cost computations are effective for a period of not more than 12 months beginning 15 days after submission of the documentation. Fifteen days before expiration of the 12-month period, the wholesaler must submit new cost documentation for review by the commissioner to continue selling at less than the price presumed by law. New cost documentation must also be submitted to the commissioner on the last day of a month in which the basic cost of cigarettes increases.

Sec. 28. Minnesota Statutes 1988, section 325D.37, is amended by adding a subdivision to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall contact the commissioner to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10.

Sec. 29. [325D.415] CIGARETTE DISTRIBUTOR FEES.

A cigarette distributor as defined in section 297.01, subdivision 7, shall pay to the commissioner an annual fee as follows:

(1) a fee of \$2,500 is due from those distributors whose annual cigarette tax collections exceed \$2,000,000; and

(2) a fee of \$1,200 is due from those distributors whose annual cigarette tax collections are \$2,000,000 or less.

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The annual fee must be paid by December 31 of each year. If the fee is not paid when due, the commissioner shall revoke or refuse to issue or renew the license under chapter 297. The annual fee must be deposited into the general fund.

Sec. 30. Minnesota Statutes 1988, section 469.190, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at ~~its~~ the annual town meeting, or at a special town meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Sec. 31. Minnesota Statutes 1988, section 473.843, subdivision 1, is amended to read:

Subdivision 1. **AMOUNT OF FEE; APPLICATION.** The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of 50 cents per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of 50 cents per cubic yard of waste accepted at the entrance of the facility. This fee and the tipping fee must be calculated on the same basis.

(c) Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse is exempt from one-half of the amount of fee imposed by this subdivision if there is at least an 85 percent volume reduction in the solid waste processed. To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 32. **CONTINUATION OF EFFECT.**

The repeal of Minnesota Statutes, sections 477A.018 and 477A.019, in this act shall be deemed to be a part of a repeal and reenactment under Laws 1987, chapter 291, with the effect provided in Minnesota Statutes, section 645.37. A statutory or home rule charter city, county, or town ordinance, resolution, or vote to impose a tax under Minnesota Statutes 1988, section 477A.018, may continue in effect under the terms of Minnesota Statutes, section 469.190.

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Sec. 33. **COMPLEMENT INCREASE.**

The special taxes division of the department of revenue is given a complement of two positions for the enforcement of sections 325D.30 to 325D.42.

Sec. 34. **APPROPRIATION.**

\$91,500 is appropriated from the general fund to the commissioner of revenue for the fiscal year ending June 30, 1990, and \$91,500 for fiscal year ending June 30, 1991, for the enforcement of sections 325D.30 to 325D.42.

Sec. 35. **REPEALER.**

Minnesota Statutes 1988, sections 295.01, subdivisions 4, 5, 6, 7, and 8; 295.15; 295.21; 295.23; 295.24; 295.25; 295.27; 295.29; 295.30; 295.31; 297A.19; 297A.253; 477A.018; and 477A.019, are repealed.

Sec. 36. **EFFECTIVE DATE.**

Sections 1, 2, 4 to 6, 8 to 14, 16, 17, 20 to 25, 27 to 31, and 35 are effective July 1, 1989. Section 3 is effective for reports filed in 1990 and thereafter. Section 7 is retroactively effective July 1, 1988. Section 15 is retroactively effective June 1, 1988. Sections 18 and 19 are effective for all sales made after June 30, 1989, but do not apply to sales of tangible personal property made pursuant to bona fide written contracts that were enforceable before July 1, 1989, and delivery is made on or before December 31, 1989. Section 26 is retroactively effective August 1, 1986. Section 32 is retroactively effective August 1, 1987.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes 1988, section 38.27, subdivision 1, is amended to read:

Subdivision 1. **TAX LEVY; POWERS.** ~~In All counties; in addition to all other powers now or hereafter by law conferred upon county boards; authority hereby is given may annually to levy a tax upon all property subject to taxation and; from time to time; to appropriate and pay over the proceeds of this tax; when collected;~~ to any county agricultural society of its county which is a member of the state agricultural society, to assist the society in paying its financial obligations ~~now or hereafter incurred;~~ and for the construction, reconstruction, alteration, repairs and improvements of necessary buildings.

Sec. 2. Minnesota Statutes 1988, section 93.55, subdivision 4, is amended to read:

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Subd. 4. After the mineral interest has forfeited to the state pursuant to this section, a person claiming an ownership interest before the forfeiture may recover the fair market value of the interest, either: (1) as an alternative claim raised in the hearing on the order to show cause why the mineral interest should not forfeit absolutely, with fair market value to be determined and paid as provided in this subdivision, or (2) in a separate action brought as follows. An action may be commenced within six years after ~~the forfeiture~~ entry of judgment under this section to determine the ownership and the fair market value of the mineral interests in the property both at the time of forfeiture and at the time of bringing the action. The action shall be brought in the manner provided in chapter 559, for an action to determine adverse claims, to the extent applicable. The person bringing the action shall serve notice of the action on the commissioner of natural resources in the same manner as is provided for service of notice of the action on a defendant. The commissioner may appear and contest the allegations of ownership and value in the same manner as a defendant in such actions. Persons determined by the court to be owners of the interests at the time of forfeiture to the state under this section may present to the commissioner of finance a verified claim for refund of the fair market value of the interest. A copy of the court's decree shall be attached to the claim. Thereupon the commissioner of finance shall refund to the claimant the fair market value at the time of forfeiture, which is the expiration of the period within which tax forfeiture would not have been possible had the mineral interest been properly and timely filed for record under section 93.52, or at the time of bringing the action, whichever is lesser, less any taxes, penalties, costs, and interest which could have been collected during the period following the forfeiture under this section, had the interest in minerals been valued and assessed for tax purposes at the time of forfeiture under this section. There is appropriated from the general fund to the persons entitled to a refund an amount sufficient to pay the refund.

Sec. 3. Minnesota Statutes 1988, section 124.155, subdivision 2, is amended to read:

Subd. 2. **ADJUSTMENT TO AIDS.** The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (a) general education aid authorized in section 124A.23;
- (b) secondary vocational aid authorized in section 124.573;
- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) aid for pupils of limited English proficiency authorized in section 124.273;
- (f) transportation aid authorized in section 124.225;

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- (g) community education programs aid authorized in section 124.271;
- (h) adult education aid authorized in section 124.26;
- (i) early childhood family education aid authorized in section 124.2711;
- (j) capital expenditure aid authorized in sections 124.244 and 124.245;

(k) homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

(l) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter; and

(m) ~~transition homestead and agricultural credit~~ aid and disparity reduction aid authorized in section 273.1398, subdivision 2;

(n) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 4. Minnesota Statutes 1988, section 124.2139, is amended to read:

124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.

The commissioner of revenue shall reduce the homestead credit payments under section 273.13 for fiscal year 1990, and the sum of the additional homestead and agricultural credit guarantee, and transition homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 for fiscal years 1991 and thereafter made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 5. Minnesota Statutes 1988, section 256.82, subdivision 1, is amended to read:

Subdivision 1. **MONTHLY PAYMENTS.** For the period from January 1 to June 30, based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds

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equal to 85 percent of the difference between the total estimated cost and the federal funds so available for payments made except as provided for in section 256.017. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period except as provided for in section 256.017. For the period from July 1 to December 31 based upon the estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency, payment shall be made monthly in advance by the state to the counties of all state and federal funds available for that purpose for the succeeding month except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Effective January 1, ~~1989~~ 1990, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation.

Sec. 6. Minnesota Statutes 1988, section 256.871, subdivision 6, is amended to read:

Subd. 6. **ESTIMATED EXPENDITURES; PAYMENTS.** The county agency shall submit to the state agency an estimate of expenditures for each succeeding month in such form as required by the state agency. For the period from January 1 to June 30, payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month, together with an amount of state funds equal to ten percent of the difference between the total estimated cost and the federal funds so available, except as provided for in section 256.017. Subsequent to July 1 of each year the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payment shall be made monthly in advance by the state agency to the counties, of all state and federal funds available for that purpose for the succeeding month, except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Effective January 1, ~~1989~~ 1990, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 7. Minnesota Statutes 1988, section 256B.041, subdivision 5, is amended to read:

Subd. 5. **PAYMENT BY COUNTY TO STATE TREASURER.** If required by federal law or rules promulgated thereunder, or by authorized rule of the

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state agency, each county shall pay to the state treasurer the portion of medical assistance paid by the state for which it is responsible. Effective January 1, ~~1989~~ 1990, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation.

For the period from January 1 to June 30, the county shall advance ten percent of that portion of medical assistance costs not met by federal funds, based upon estimates submitted by the state agency to the county agency, stating the estimated expenditures for the succeeding month. Upon the direction of the county agency, payment shall be made monthly by the county to the state for the estimated expenditures for each month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payments will be made by the state agency, except as provided for in section 256.017, and the county agency will be advised of the amounts paid monthly.

Sec. 8. Minnesota Statutes 1988, section 270.071, subdivision 6, is amended to read:

Subd. 6. (a) "Air commerce" means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies operating under authorization from the ~~United States Civil Aeronautics Board~~ Department of Transportation.

(b) "Air commerce" also includes but is not limited to an intermittent or irregularly timed flight, a flight arranged at the convenience of an airline and the person contracting for the transportation, or a charter flight. It includes an airline company making three or more flights in or out of Minnesota during a calendar year.

(c) "Air commerce" does not include casual transportation for hire by aircraft commonly owned and used for private airflight purposes if the person furnishing the transportation does not hold out to be engaged regularly in transportation for hire.

Sec. 9. Minnesota Statutes 1988, section 270.072, subdivision 2, is amended to read:

Subd. 2. **ASSESSMENT OF FLIGHT PROPERTY.** The flight property of all air carriers operating in Minnesota under a certificate of public convenience and necessity or under authorization from the ~~United States Civil Aeronautics Board~~ Department of Transportation shall be assessed annually by the commissioner in the manner prescribed by sections 270.071 to 270.079. Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.

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Sec. 10. Minnesota Statutes 1988, section 270.072, subdivision 3, is amended to read:

Subd. 3. **REPORT BY AIRLINE COMPANY.** Every airline company engaged in air commerce in this state shall file with the commissioner on or before the time fixed by the commissioner a report under oath setting forth specifically the information prescribed by the commissioner to enable the commissioner to make the assessment required in sections 270.071 to 270.079, unless the commissioner determines that the airline company or person should be excluded from filing because its activities do not constitute air commerce as defined herein. A penalty of five percent of the tax being assessed is imposed on a late filing of the annual report. If the report is not filed within 30 days, an additional penalty of five percent of the assessed tax is imposed for each additional 30 days or fraction of 30 days until the return is filed. The penalty imposed under this section must not exceed the lesser of \$25,000 or 25 percent of the assessed tax.

Sec. 11. Minnesota Statutes 1988, section 270.075, subdivision 2, is amended to read:

Subd. 2. As soon as practicable and not later than December 1 next following the levy of the tax, the commissioner shall give actual notice to the airline company of the gross tax capacity and of the tax. The taxes imposed under sections 270.071 to 270.079 shall become due and payable on January 1 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made pursuant to section 270.076, within 60 days after notice of an increased tax, a late payment penalty of ~~ten~~ five percent of the unpaid tax shall be assessed. If the tax remains unpaid for more than 30 days, an additional penalty of five percent of the unpaid tax is imposed for each additional 30 days or fraction of 30 days that the tax remains unpaid. The penalty imposed under this section must not exceed the lesser of \$25,000 or 25 percent of the unpaid tax. The unpaid tax and penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. All interest and penalties shall be added to the tax and collected as a part thereof.

Sec. 12. Minnesota Statutes 1988, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually between July 15 and October 1 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property

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of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation for a class or classes of the real property of any town or district in any county, or the valuation for a class or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a class or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; and

(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that occurred between October 1 of the year immediately preceding the previous year to September 30 of the previous year. The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property.

Sec. 13. Minnesota Statutes 1988, section 270.485, is amended to read:

270.485 SENIOR ACCREDITATION.

The legislature finds that the property tax system would be enhanced by

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requiring that every ~~county assessor and~~ senior appraiser in the department of revenue's local government services division obtain senior accreditation from the state board of assessors. Every senior appraiser, including the department's regional representatives, by January 1, 1990, ~~or in the case of a~~ and every county assessor within ~~one year~~ two years of the first appointment under section 273.061, ~~or by January 1, 1992,~~ whichever is later, ~~every county assessor and senior appraiser, including the department's regional representatives,~~ must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain senior accreditation by January 1, 1990, the failure shall be grounds for dismissal, disciplinary action, or corrective action. Except as provided in section 273.061, subdivision 2, paragraph (c), after December 30, ~~1989~~ 1991, the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative after June 30, 1987, shall attain permanent status until the employee obtains senior accreditation.

Sec. 14. Minnesota Statutes 1988, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 458C, municipal auditorium, municipal automobile parking facility, airport owned by a city, town, county, or group thereof but not the airports owned or operated by the metropolitan airports commission or a city of over 50,000 population or an airport authority therein, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport or (3) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to

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owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) The tax on real property of the state or any of its political subdivisions that is leased by a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

Sec. 15. Minnesota Statutes 1988, section 272.02, subdivision 1, is amended to read:

Subdivision 1. 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 parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), ~~clause~~ clauses (1) ~~or~~ (2), and (3), or paragraph (d); ~~clause (2);~~
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, 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;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);

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(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures; and

(f) flight property as defined in section 270.071.

(9) 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. The equipment or device shall meet standards, rules, 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. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. 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.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical 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.

(11) 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

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and notify the county assessor of the 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.

(12) 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) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) 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.

(14) 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.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting 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

(b) a "fixed satellite regional or national program service 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.

An exemption provided by paragraph (15) shall apply 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

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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.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to parents and children who are receiving AFDC or parents of children who are temporarily in foster care. (ii) It has the purpose of reuniting families and enabling parents to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least six months but no longer than ~~one year~~ three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is sponsored by an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv). (vi) It is sponsored by an organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

Sec. 16. Minnesota Statutes 1988, section 273.01, is amended to read:

273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on

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January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in section 274.01, subdivision 1, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization ~~and no valuations entered thereafter shall be of any force and effect.~~ Any changes made by the assessor after this time must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

Sec. 17. Minnesota Statutes 1988, section 273.061, subdivision 1, is amended to read:

Subdivision 1. **OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.** Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners ~~and shall be a resident of this state.~~ The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, ~~1990~~ 1992, or within ~~one year~~ two years of the assessor's first appointment under this section, whichever is later.

Sec. 18. Minnesota Statutes 1988, section 273.061, subdivision 2, is amended to read:

Subd. 2. **TERM; VACANCY.** (a) The terms of county assessors appointed under this section shall be four years. A new term shall begin on January 1 of every fourth year after 1973. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency or neglect of

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duty by the commissioner of revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the state board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of the assessor's term, that it does not intend to reappoint the assessor. If written notice is not timely made, the county assessor will automatically be reappointed by the board of county commissioners.

The commissioner of revenue may recommend to the state board of assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county assessor. Such 30-day period may, however, be extended by written approval of the commissioner of revenue.

(c) In the case of the first appointment under paragraph (a) of a county assessor who is accredited but who does not have senior accreditation, an approval of the appointment by the commissioner shall be ~~for a term of one year~~ provisional, provided that a county assessor appointed to a one-year provisional term under this paragraph must reapply to the commissioner at the end of the one-year provisional term. A provisional term may not exceed two years. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.

Sec. 19. Minnesota Statutes 1988, section 273.111, subdivision 3, is amended to read:

Subd. 3. (a) Real estate consisting of ten acres or more or a nursery or greenhouse qualifying for classification as class 1b, 2a, or 2b under section 273.13, subdivision 23, paragraph (d), shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6 and either:

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of ~~Laws 1969, chapter 1039, this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within two townships or cities or combination thereof from the qualifying real estate;~~ or

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(3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation; or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels.

(b) Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:

(1) family farm corporations organized pursuant to section 500.24; and

(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

Corporate entities who previously qualified for tax deferment pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of this section will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period shall result in payment of deferred taxes as follows: sale within the first year requires payment of payable 1980, 1981, and 1982 deferred taxes; sale during the second year requires payment of payable 1981 and 1982 taxes deferred; and sale at any time during the third year will require payment of payable 1983 taxes deferred. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. Special assessments are payable at the end of the three-year period or at time of sale, whichever comes first.

Sec. 20. Minnesota Statutes 1988, section 273.112, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

Sec. 21. Minnesota Statutes 1988, section 273.112, is amended by adding a subdivision to read:

Subd. 6a. The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following the date of enactment of this act. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county. The guidelines issued under this subdivision are not subject to the administrative procedure act under chapter 14.

Sec. 22. Minnesota Statutes 1988, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **GENERAL RULE.** Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occu-

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ped and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

For purposes of this section, homestead property 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 the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.

If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have one or both parents shown on the deed as coowners, the assessor shall allow a full homestead classification and extend full homestead credit. This provision only applies to first time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 23. Minnesota Statutes 1988, section 273.124, subdivision 8, is amended to read:

Subd. 8. HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP. (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment 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. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

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(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 must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b), but the property eligible is 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 does not include any other structures that may be located on it.

Sec. 24. Minnesota Statutes 1988, section 273.124, subdivision 9, is amended to read:

Subd. 9. **HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.** Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead ~~on~~ by June 1 of a year, constitutes class 1 or class 2a ~~to the extent of one-half of the valuation that would have been includable in class 1 or class 2a.~~

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Sec. 25. Minnesota Statutes 1988, section 273.124, subdivision 12, is amended to read:

Subd. 12. **HOMESTEAD OF MEMBER OF UNITED STATES ARMED FORCES; PEACE CORPS; VISTA.** Real estate actually occupied and used for the purpose of a homestead by a member of the armed forces of the United States person, or by a member of that person's immediate family shall; ~~notwithstanding the absence of the person, while on active duty with the armed forces of the United States or the family under such conditions,~~ be classified as a homestead provided that absence of the owner is solely by reason of service in the armed forces, and that even though the person or family is absent if (1) the person or the person's family is absent solely because the person is on active duty with the armed forces of the United States, or is serving as a volunteer

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under the VISTA or Peace Corps program; (2) the owner intends to return as soon as discharged or relieved from service; and (3) the owner claims it as a homestead. Every ~~A~~ person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make ~~makes~~ or ~~submit~~ submits to any an assessor any an affidavit or other statement which that is false in any material matter shall be to obtain or aid another in obtaining a benefit under this subdivision is guilty of a felony.

Sec. 26. Minnesota Statutes 1988, section 273.124, subdivision 13, is amended to read:

Subd. 13. **SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.** Every property owner applying for homestead classification must furnish to the county assessor that owner's social security ~~or taxpayer identification~~ number. If the social security ~~or taxpayer identification~~ number is not provided, the county assessor shall classify the property as non-homestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

At the request of the commissioner, each county must give the commissioner a list that includes the name and social security ~~or taxpayer identification~~ number of each property owner applying for homestead classification.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the homestead credit under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter, the taconite homestead credit, and the supplemental homestead credit, and the tax reduction resulting from the agricultural credit under section 273.132 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter. The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 25 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any

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amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 27. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 14. AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.

(a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous to agricultural land on at least two sides;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4).

(b) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a 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.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a

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homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

Sec. 28. Minnesota Statutes 1988, section 273.13, subdivision 22, is amended to read:

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

The first \$68,000 of market value of class 1a property has a net tax capacity of one percent of its market value and a gross tax capacity of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$100,000 has a tax capacity of 2.5 percent of its market value. The market value of class 1a property that exceeds \$100,000 has a tax capacity of 3.3 percent of its market value.

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

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

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

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

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

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

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

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

(B) supplemental security income for the disabled; or

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

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

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

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

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

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. ~~The commissioner of jobs and training shall provide a copy of the certification to the commissioner of revenue.~~

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

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner. Class 1c property has a tax capacity of .9 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

(d) For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 1a or class 1b property shall be reduced by 54 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$725.

Sec. 29. Minnesota Statutes 1988, section 273.13, subdivision 23, is amended to read:

Subd. 23. **CLASS 2.** (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage

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and immediately surrounding one acre of land that does not exceed \$65,000 has a net tax capacity of .805 percent of market value and a gross tax capacity of 1.75 percent of market value. The excess market value over \$65,000 has a tax capacity of 2.2 percent. If the market value of the house, garage, and surrounding one acre of land is less than \$65,000, the value of the remaining land including improvements equal to the difference between \$65,000 and the market value of the house, garage, and surrounding one acre of land has a net tax capacity of 1.12 percent of market value and a gross tax capacity of 1.75 percent of market value for the first 320 acres of land and the remaining value over 320 acres has a net tax capacity of 1.295 percent of market value and a gross tax capacity of 1.75 percent of market value. The remaining value of class 2a property over the \$65,000 market value that does not exceed 320 acres has a net tax capacity of 1.44 percent of market value and a gross tax capacity of 2.25 percent of market value. The remaining property over the \$65,000 market value in excess of 320 acres has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

~~Nonecontiguous land shall constitute class 2a only if the homestead is classified as class 2a 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.~~

~~Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 2a. If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a and is entitled to the homestead credit.~~

~~For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 2a property and class 1b property under section 273.13, subdivision 22, paragraph (b), used for agricultural purposes shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed \$725.~~

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

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

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption provided that it is located if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural

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land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

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

- (1) wholesale and retail sales;
- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3).

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

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

Sec. 30. Minnesota Statutes 1988, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

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(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c)(1) The maximum reduction of the net tax up to the taconite breakpoint is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22, "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 31. Minnesota Statutes 1988, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section

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273.134 lies within such county, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c)(1) The maximum reduction of the net tax up to the taconite breakpoint is \$200.10 for taxes payable in 1985. This maximum amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22, and "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

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Sec. 32. Minnesota Statutes 1988, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in section 273.123;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) ~~state agricultural credit as provided in section 273.132~~ disparity reduction credit;
- (6) ~~state paid homestead~~ conservation tax credit as provided in section ~~273.13~~ 273.119;
- (7) taconite homestead credit as provided in section 273.135; and
- (8) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 33. Minnesota Statutes 1988, section 273.1398, subdivision 1, is amended to read:

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

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

(c) "Gross tax capacity" means the product of the appropriate percentages of market value listed as gross tax capacities in section 273.13 and equalized market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the gross tax capacity of property referred to in clauses (1) and (2) for disparity reduction aid payable in 1989, the gross tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Gross tax capacity cannot be less than zero.

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(d) "Net tax capacity" means the product of the appropriate percentages of market value listed as net tax capacities in section 273.13 and equalized market values. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. For computation of aids payable in 1989 only, if the aggregate assessment sales ratio is less than or equal to 92 percent, the assessment sales ratios by class shall be adjusted proportionally so that the aggregate ratio of the unequalized market values to the equalized market values equals 92 percent; otherwise the equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Homestead effective rate" means the product of (i) 46 percent; (ii) 2.17 percent; and (iii) the total tax capacity rate for taxes payable in 1989 within a unique taxing jurisdiction multiplied by the 1988 aggregate assessment sales ratio. A sales ratio of .92 is used if the actual sales ratio is less than .92.

(g) For purposes of calculating the transition homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's homestead effective rate; (ii) its net tax capacity; and (iii) 103.

(h) For purposes of calculating and allocating transition homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes" means the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in the year prior to that in which the aids are payable. For purposes of disparity reduction aid only, total gross taxes shall be reduced by the taxes

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levied for any school district referendum levies authorized pursuant to section 124A.03, subdivision 2, and any school district debt levies authorized pursuant to section 475.61. Gross taxes levied cannot be less than zero.

(i) "Income maintenance aids" means:

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

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

(3) general assistance, and work readiness under section 256D.03, subdivision 2;

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

(5) aid to families with dependent children under section 256.82, subdivision 1, including emergency assistance under section 256.871, subdivision 6; and funeral expense payments under section 256.935, subdivision 1; and

(6) supplemental aid under section 256D.36, subdivision 1.

Sec. 34. Minnesota Statutes 1988, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **DISPARITY REDUCTION CREDIT.** (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in cities a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census ~~which are;~~ (3) the city is adjacent to ~~cities a city~~ in another state or immediately adjacent to a city adjacent to a city in another state ~~qualify for disparity reduction credits, if; and~~ (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000.

~~(b)~~ (c) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to three percent of the property's market value and (ii) the tax on class 3a and class 3b property to 3.3 percent of market value.

~~(b)~~ (c) The county auditor shall annually certify the costs of the credits to the department of revenue. The department shall reimburse local governments for the property taxes foregone as the result of the credits in proportion to their total levies.

Sec. 35. Minnesota Statutes 1988, section 273.1398, subdivision 5, is amended to read:

Subd. 5. **ADDITIONAL HOMESTEAD AND AGRICULTURAL CREDIT**

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GUARANTEE. Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural credit guarantee payments.

(1) Each year, the commissioner shall certify to the county auditor the total education aids paid under chapters 124 and 124A, ~~transition homestead and agricultural credit~~ aid and disparity reduction aid paid under section 273.1398, local government aid to cities, counties, and towns paid under chapter 477A, and income maintenance aid paid to counties for each taxing jurisdiction. The county auditor shall apportion each local government's aids to the unique taxing jurisdiction based upon the proportion that the unique taxing jurisdiction's tax capacity bears to the total tax capacity of the local government.

(2) Each year, the county auditor will compute a gross tax capacity rate for each taxing jurisdiction equal to its total levy divided by its gross tax capacity. For each unique taxing jurisdiction, a total gross tax capacity rate will be determined. This total gross tax capacity rate will be applied against the gross tax capacity of each property that would have been eligible for the homestead credit or the agricultural credit for taxes payable in 1989. A credit amount will be determined for each parcel based upon the credit rate structure in effect for taxes payable in 1989. The resulting credit amounts will be summed for all parcels in the unique taxing jurisdiction.

If the amount determined in clause (2) is greater than the amount determined in clause (1), the difference will be additional homestead and agricultural credit guarantee payments for the unique taxing jurisdiction. The additional credit amount shall proportionately reduce the tax capacity rates of all local governments levying taxes within the unique taxing jurisdiction. The county auditor shall certify the amounts of all additional credits determined under this ~~section~~ subdivision in a form prescribed by the commissioner.

Sec. 36. Minnesota Statutes 1988, section 273.1398, subdivision 6, is amended to read:

Subd. 6. **PAYMENT.** The commissioner shall certify the aids provided in subdivisions 2 and 3 before September 30 of the year preceding the distribution year to the county auditor of the affected local government and pay them and the credit reimbursements to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall ~~transition homestead and agricultural credit~~ aid be payable on the part of a levy to which ~~transition homestead and agricultural credit~~ aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 37. Minnesota Statutes 1988, section 275.07, subdivision 3, is amended to read:

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

Sec. 38. [276.131] **DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.**

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school district in which the property is located. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 39. Minnesota Statutes 1988, 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 (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, 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 the 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 court administrator of the district court before the 16th day of 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

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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 May 16 of the year in which the taxes are payable.

Sec. 40. Minnesota Statutes 1988, 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 16th day of 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 October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class ~~2e~~ 2b(2) agricultural nonhomestead property, November 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 16th day of May or the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class ~~2e~~ 2b(2) agricultural nonhomestead property, the 16th day of November, 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
- (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.

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Sec. 41. Minnesota Statutes 1988, section 278.05, subdivision 4, is amended to read:

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

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study ~~published by the department of revenue~~ unless

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

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

(c) there is an adequate sample size, and

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

If a reduction in value on the grounds of discrimination is granted based on the above criteria, the reduction shall equal the difference between 90 percent and the median ratio determined by the court.

Sec. 42. Minnesota Statutes 1988, 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, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or

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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 the petitioner's attorney, and file with the court administrator 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 the attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator 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 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class ~~2e~~ 2b(2) agricultural nonhomestead property, the 16th day of November, 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 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class ~~2e~~ 2b(2) agricultural nonhomestead property, the 16th day of November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 43. Minnesota Statutes 1988, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on 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 nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class ~~4d~~ 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month, up to and including October 1 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 \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16

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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 nonhomestead property. Thereafter, for homestead property, on the first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December 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 May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 44. Minnesota Statutes 1988, section 279.01, subdivision 3, is amended to read:

Subd. 3. In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class ~~2e~~ 2b(2) agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class ~~2e~~ 2b(2) agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 1b agricultural homestead, class 2a, or class ~~2e~~ 2b(2) agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead, class 2a, or class ~~2e~~ 2b(2) agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15 provided that at least 50 percent of the property's market value is classified class 1b agricultural, class 2a, or class ~~2e~~ 2b(2) agricultural.

Sec. 45. Minnesota Statutes 1988, section 279.37, subdivision 7, is amended to read:

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Subd. 7. The county auditor's statement and county treasurer's receipt issued for payment of a deferred installment, as herein provided for, shall not read for any specific year's taxes, but shall read for partial or full release of judgment, as the case may be, and shall show the year that such judgment was entered. In distributing the taxes collected in this manner, the county auditor shall apply the same in the inverse order to that in which such taxes were levied. All penalties and interest collected under the provisions of this section shall be apportioned by the county auditor in accordance with ~~Minnesota Statutes 1941, sections 276.13 and 276.14~~ section 276.131. A duplicate treasurer's receipt for payment of a deferred installment, as hereinafter provided, shall be delivered to the court administrator of the district court, and the court administrator of the district court shall credit the amount so paid upon the judgment entered.

Sec. 46. Minnesota Statutes 1988, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **GROSS RENT.** "Gross rent" means rental paid for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

Any amount paid by a claimant residing in property assessed pursuant to ~~section 273.13~~ 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to ~~section 273.13~~ 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

Sec. 47. Minnesota Statutes 1988, section 298.28, subdivision 3, is amended to read:

Subd. 3. **CITIES; TOWNS.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference

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between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. ~~The county auditor shall extend the township's or city's levy against the sum of the township's or city's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value in the case of a township and between 50 percent of its January 2, 1980, assessed value and its current assessed value in the case of a city.~~ If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means, for distributions for production year 1989, production taxes payable in 1990, the appropriate gross tax capacities multiplied by 8.2 and for distributions for production year 1990 and thereafter, production taxes payable in 1991 and thereafter, the appropriate net tax capacities multiplied by 10.2.

Sec. 48. [365A.01] TOWNS; SUBORDINATE SERVICE DISTRICTS; PURPOSE.

It is the purpose of sections 48 to 57 to provide a means by which a town as a unit of general local government can effectively provide and finance various governmental services for its residents.

Sec. 49. [365A.02] DEFINITION.

"Subordinate service district" means a defined area within the town in which one or more governmental services or additions to townwide services are provided by the town specially for the area and financed from revenues from the area. The boundaries of a single subordinate service district may not embrace an entire town.

Sec. 50. [365A.03] ESTABLISHMENT OF SERVICE DISTRICT.

Notwithstanding any provision of law requiring uniform property tax rates on real or personal property within the town, a town may establish subordinate service districts to provide and finance a governmental service or function that it is otherwise authorized to undertake. A function or service to be provided may include a function or service that the town ordinarily provides throughout the town only to the extent that there is an increase in the level of the function or service provided in the service district over that provided throughout the town.

Sec. 51. [365A.04] CREATION BY PETITION.

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Subdivision 1. PETITION. A petition signed by at least 50 percent of the property owners in the part of the town proposed for the subordinate service district may be submitted to the town board requesting the establishment of a subordinate service district to provide a service that the town is otherwise authorized by law to provide. The petition must include the territorial boundaries of the proposed district and specify the kinds of services to be provided within the district.

Subd. 2. PUBLIC HEARING. Upon receipt of the petition, and the verification of the signatures by the town clerk, the town board shall, within 30 days following verification, hold a public hearing on the question of whether or not the requested district shall be established.

Subd. 3. APPROVAL; DISAPPROVAL. Within 30 days after the public hearing, the town board by resolution shall approve or disapprove the establishment of the requested district. A resolution approving the establishment of the district may contain amendments or modifications of the district's boundaries or functions as set forth in the petition.

Sec. 52. [365A.05] PUBLICATION AND EFFECTIVE DATE.

Within 20 days after passage of a resolution authorizing the establishment of a subordinate service district, the town board shall have the resolution published once in a qualified newspaper of general circulation within the town. The resolution must include a general description of the territory to be included within the district, the kind of service to be provided, and a statement of how the service will be financed. A notice must also be mailed to the owner of each parcel within the area proposed to be included in the district. The notice shall be sent to the same address as on the property tax statement. The district shall begin 60 days after publication or at a later date specified in the resolution.

Sec. 53. [365A.06] REVERSE REFERENDUM.

Subdivision 1. PETITION. Upon receipt of a petition signed by at least 25 percent of the property owners within the territory of the proposed district, before the effective date of its establishment as specified in section 52, the establishment shall be in abeyance pending referendum vote within the boundaries of the proposed district.

Subd. 2. ELECTION. The town board shall hold a special election within the boundaries of the proposed district not less than 30 nor more than 90 days after receipt of the petition. The question submitted and voted upon by the property owners within the territory of the proposed district must be phrased substantially as follows:

"Shall a subordinate service district be established to provide (service or services to be provided) financed by (revenue sources)?"

If a majority of those voting on the question favor creation of the district, the district shall begin upon certification of the vote by the town clerk. The town clerk shall administer the election.

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Sec. 54. [365A.07] EXPANSION OF BOUNDARIES OF A DISTRICT.

The town board, upon petition, may enlarge any existing subordinate service district under the procedures specified in sections 50 to 53. Only property owners residing in territory to be added to the district shall be eligible to participate in an election, unless at least 25 percent of the property owners residing in the existing district petition to participate, in which case all property owners residing in the proposed enlarged district shall be eligible.

Sec. 55. [365A.08] FINANCING.

Upon adoption of the next annual budget following the creation of a subordinate service district the town board shall include in the budget appropriate provisions for the operation of the district including either a property tax levied only on property of the users of the service within the boundaries of the district or a levy of a service charge against the users of the service within the district, or a combination of a property tax and a service charge on the users of the service.

A tax or service charge or a combination of them may be imposed to finance a function or service in the district that the town ordinarily provides throughout the town only to the extent that there is an increase in the level of the function or service provided in the service district over that provided throughout the town. In that case, in addition to the townwide tax levy, an amount necessary to pay for the increase in the level of the function or service may be imposed in the district.

Sec. 56. [365A.09] WITHDRAWAL; ELECTION.

Upon receipt of a petition signed by at least 50 percent of the property owners in the territory of the subordinate service district requesting the removal of the district, the town board shall hold a special election within the service district not less than 30 nor more than 90 days after the resolution or receipt of the petition. The question to be submitted and voted upon by the property owners in the district shall be phrased substantially as follows:

"Shall the subordinate service district presently established be removed and the service or services of the town as provided for the service district be discontinued?"

If a majority of those voting on the question favor the removal and discontinuance of the services, the service district shall be removed and the services shall be discontinued upon certification of the vote by the town clerk. The town clerk shall administer the election.

Sec. 57. [365A.10] COORDINATION OF DISTRICTS.

If a county establishes a subordinate service district in part of a town under enabling law for counties, a town may not establish a subordinate service district to provide the same service in the part of the town served by the county. If a town establishes a subordinate service district in part of the town under this

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chapter or other law, a county may not establish a subordinate service district to provide the same service in the part of the town served by the town.

Sec. 58. Minnesota Statutes 1988, section 375.192, subdivision 2, is amended to read:

Subd. 2. Notwithstanding section 270.07, upon written application by the owner of the property, if the application seeks a reduction in estimated market value not in excess of ~~\$2,000~~ \$10,000, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties or interest which have been erroneously or unjustly paid. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07.

Sec. 59. Minnesota Statutes 1988, section 459.14, is amended by adding a subdivision to read:

Subd. 8. PROPERTY EXEMPT FROM TAXATION. Any real or personal property owned, leased, maintained, or operated as a municipal parking facility under this section is owned, leased, maintained, or operated for essential public and governmental purposes, and is exempt from all ad valorem taxes levied by the state or a political subdivision of the state.

Sec. 60. Minnesota Statutes 1988, section 469.012, is amended by adding a subdivision to read:

Subd. 12. PARKING FACILITIES. An authority may operate and maintain public parking facilities in connection with any of its projects.

Sec. 61. Minnesota Statutes 1988, section 469.040, subdivision 2, is amended to read:

Subd. 2. **LEASED PROPERTY, EXCEPTION.** Notwithstanding the provisions of subdivision 1, any property other than property to be operated as a parking facility that the authority leases to private individuals or corporations for development in connection with a redevelopment project shall have the same tax status as if the leased property were owned by the private individuals or corporations.

Sec. 62. Minnesota Statutes 1988, section 469.174, subdivision 8, is amended to read:

Subd. 8. **PROJECT.** "Project" means a project as described in section 469.142; an industrial development district as described in section 469.058, subdivision 1; an economic development district as described in section 469.101,

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subdivision 1; a project as defined in section 469.002, subdivision 12; a development district as defined in section 469.125, subdivision 8 9, or any special law; or a project as defined in section 469.153, subdivision 2, paragraph (a), (b), or (c).

Sec. 63. Minnesota Statutes 1988, section 469.175, subdivision 7, is amended to read:

Subd. 7. **CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.** (a) A municipality or authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substances sites except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan, the municipality must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the municipality to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by a municipality or authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the municipality or authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the municipality or agency in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e),

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clause (1), the municipality or authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the municipality or authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The municipality or authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), and for litigation expenses incurred to assist in bringing an action under paragraph (e), clause ~~(1)~~ (2). All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The municipality or authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan and associated activities, and for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e). All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by a municipality or authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. A municipality or agency that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by a municipality or authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 64. Minnesota Statutes 1988, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **ECONOMIC DEVELOPMENT DISTRICTS.** Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if at least 25 percent of the buildings and facilities (determined on the basis of square footage) are used for the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply

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only to districts located in development regions, as defined in section 462.384, with populations in excess of 1,000,000. Population must be determined under the provisions of section 477A.011.

Sec. 65. Minnesota Statutes 1988, section 475.53, subdivision 4, is amended to read:

Subd. 4. **SCHOOL DISTRICTS.** Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. ~~The commissioner of revenue shall certify to the district upon request the market value of railroad property within the district as most recently determined under section 270.87.~~ Whenever the commissioner of revenue, in accordance with section 124.2131, subdivision 1, has determined that the gross tax capacity of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors ~~and, where applicable, by the commissioner of revenue under section 270.87,~~ or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.

Sec. 66. Minnesota Statutes 1988, section 477A.011, subdivision 15, is amended to read:

Subd. 15. **CITY REVENUE.** "City revenue" equals the sum of (i) the city's aid payable under section 477A.013, in the year prior to that for which aids are being calculated, and (ii) its levy for taxes payable in the year prior to that for which aids are being calculated; ~~and (iii) for aids payable in 1991 and subsequent years, the city's transition aid payable under section 273.1398, subdivision 2, in the year prior to that for which aids are being calculated.~~

Sec. 67. Minnesota Statutes 1988, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **TOWNS.** In calendar year 1988, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to the greater of: (a) 60 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03; or (b) the amount certified in 1987 pursuant to sections 477A.011 to 477A.03. In calendar year 1989, each town that had levied for taxes payable in 1988 at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to 106 percent of the distribution received under Minnesota Statutes 1987 Supplement, section

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477A.013, subdivision 1, in 1988. In calendar year 1990 and subsequent years, each town that had levied for taxes payable in the prior year a tax capacity rate of at least ~~.0125~~ .008 shall receive a distribution equal to the amount received in 1989 under this subdivision.

Sec. 68. Laws 1988, chapter 719, article 8, section 37, is amended to read:

Sec. 37. **EFFECTIVE DATE.**

The part of section 31 that strikes a part of paragraph (c) is effective June 1, 1990. Section 32 ~~is, and the part of section 36 that provides approval of 25 additional positions in the department of human services for food stamp quality control, are~~ effective June 1, 1989. Except as provided in section 34, the rest of this article is effective January 1, 1990.

Sec. 69. Laws 1988, chapter 719, article 12, section 29, is amended to read:

Sec. 29. **TRANSITION RULES.**

(a) The provisions of sections 3, 6, 10, and ~~44~~ 16 do not apply to proposed tax increment financing districts for which the authority called for a public hearing in a resolution dated March 23, 1987, and for which a public hearing was held on April 28, 1987. The provisions of Minnesota Statutes 1987 Supplement, sections 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.

(b) The provisions of sections 3, 6, 10, and ~~44~~ 16 do not apply to candidate sites in the ~~old highway 8 corridor tax increment project area~~, identified in the old highway 8 corridor plan as approved by an authority on October 14, 1986, if the requests for certification of the districts are filed with the county before January 1, 1998. The provisions of Minnesota Statutes 1987 Supplement, sections 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.

(c) The provisions of section ~~44~~ 16, subdivision 4c, do not apply to an economic development district located in a development district approved on November 9, 1987, provided the request for certification of the tax increment district is submitted to the county by September 30, 1988.

Sec. 70. **SPECIAL SERVICES DEFINED.**

For purposes of sections 70 and 71, "special services" means all services rendered or contracted for by the city of Mankato, including but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city; and

(3) any other service provided to the public by the city that is authorized by law or charter.

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Sec. 71. CITY OF MANKATO; ESTABLISHMENT OF SPECIAL SERVICES DISTRICT.

The governing body of the city of Mankato may adopt an ordinance establishing a special service district. The provisions of Minnesota Statutes, chapter 428A govern the establishment and operation of special service districts in the city.

Sec. 72. LOCAL APPROVAL.

Sections 70 and 71 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mankato.

Sec. 73. SPECIAL SERVICES DEFINED.

For purposes of sections 73 to 75, "special services" means all services rendered or contracted for by the city of Hopkins, including, but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city; and

(3) any other service provided to the public by the city that is authorized by law or charter.

Sec. 74. CITY OF HOPKINS; ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.

The governing body of the city of Hopkins may adopt an ordinance establishing a special service district. The provisions of Minnesota Statutes, chapter 428A govern the establishment and operation of special service districts in the city.

Sec. 75. LOCAL APPROVAL.

Sections 73 and 74 are effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Hopkins.

Sec. 76. Laws 1988, chapter 719, article 7, section 9, is amended to read:

Sec. 9. COUNTY ASSESSORS; SENIOR ACCREDITATION.

Notwithstanding Minnesota Statutes, section 273.061, the commissioner of revenue's approval on January 1, 1989, of appointments of assessors who are not senior accredited on January 1, 1989, shall be for a term of ~~one~~ three years. A county assessor appointed for a ~~one-year~~ three-year term must reapply to the commissioner by January 1, ~~1990~~ 1992, to obtain the approval of the commissioner for the remainder of the four-year term.

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

Sec. 77. REPEALER.

(a) Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; and 38.28 are repealed.

(b) Minnesota Statutes 1988, sections 276.13 and 276.14, are repealed.

(c) Laws 1988, chapter 719, article 8, section 35, is repealed.

(d) Minnesota Statutes 1988, sections 275.57 and 275.58, subdivision 4, are repealed.

Sec. 78. EFFECTIVE DATE.

Sections 1, 34, 40, 42 to 44, and 77, paragraphs (a) and (d), are effective for taxes levied in 1988, payable in 1989, and thereafter except as provided in those sections. Sections 5 to 7 are effective January 1, 1989. Sections 8 to 11 are effective January 1, 1989, for property assessed in 1989, payable in 1990, and thereafter. Sections 12, 13, 17, 18, 21, 28, 38, 45, 63, 65, 66, and 77, paragraph (b), are effective the day following final enactment.

Section 15 is effective the day following final enactment except the amendments to the transitional housing exemption in clause (19) are effective for taxes levied in 1989, payable in 1990, and thereafter.

Notwithstanding the May 1 application date in Minnesota Statutes, section 273.111, subdivision 8, section 19 is effective for the 1989 assessment, payable in 1990, and thereafter.

Section 20 is effective for taxes levied in 1989, payable in 1990, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1989 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by August 1, 1989, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 20 by August 1, 1989.

Sections 30 and 31 are effective for taxes payable in 1989 only. Sections 39 and 41 are effective for appeals filed after the date of enactment. Section 47 is effective for distributions for production year 1989, production taxes payable in 1990, and thereafter. Section 58 is effective July 1, 1989. Section 64 is effective as provided in Laws 1988, chapter 719, article 12, section 30, as amended in Laws 1989, chapter 1, section 11. Section 67 is effective for distributions in calendar year 1990 and thereafter. Section 68 is effective June 1, 1989. Section 69 is effective May 8, 1988.

Section 77, paragraph (c), is effective for fiscal year 1989. Sections 3, 4, 14, 22, 24 to 27, 29, 33, 35 to 37, and 59 to 61 are effective for taxes levied in 1989, payable in 1990, and thereafter.

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

ARTICLE 3

SPECIAL TAXES

Section 1. Minnesota Statutes 1988, section 297.01, subdivision 13, is amended to read:

Subd. 13. "Stamp" means the adhesive stamp supplied by the revenue commissioner ~~or the imprint made by a tax meter machine authorized by the commissioner.~~

Sec. 2. Minnesota Statutes 1988, section 297.01, is amended by adding a subdivision to read:

Subd. 16. "Licensing period" means a two-year period during which licenses are issued. A licensing period begins on January 1 of each even-numbered year and ends on December 31 of the following odd-numbered year.

Sec. 3. Minnesota Statutes 1988, section 297.03, subdivision 6, is amended to read:

Subd. 6. **TAX METER MACHINES; STAMPING MACHINES.** (a) Before ~~January July~~ July 1, 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. ~~Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in a suitable amount to guarantee the payment of the tax.~~

(b) Before ~~January 1, 1990~~, the commissioner may authorize, and After ~~December 31, 1989~~ June 30, 1990, the commissioner shall require any person licensed as a distributor ~~whose stamp meter machine is no longer operational~~ to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. ~~Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor.~~ The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor.

(c) If the commissioner finds that a stamping machine is not ~~printing or~~

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

affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(d) Every prior continuous compliance taxpayer is exempt from all requirements under this chapter concerning the furnishing of a bond. This exemption continues for the taxpayer until the commissioner determines that the taxpayer (1) is delinquent in the filing of any return, or (2) is delinquent or deficient in the payment of any uncontested tax liability under this chapter. At that time that taxpayer is subject to the bond requirements of this chapter and, as a condition of being allowed to continue to engage in the business licensed under this chapter, is required to furnish bond to the commissioner as provided in this chapter. The taxpayer shall furnish the bond for a period of two years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this chapter, the commissioner may reinstate the person as a prior continuous compliance taxpayer. A taxpayer who fails to pay an uncontested tax liability under this chapter may be required to post bond or other acceptable security with the commissioner guaranteeing the payment of the uncontested tax liability. The commissioner shall annually establish the maximum amount of heat applied stamps or meter units that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps or meter units purchased during the reporting period.

Sec. 4. Minnesota Statutes 1988, section 297.04, subdivision 4, is amended to read:

Subd. 4. **DISTRIBUTOR'S APPLICATION; FEE; BOND; CERTIFIED CHECK; SUBJOBBER'S LICENSE.** (a) Except as otherwise provided in paragraph (b); Each application for a distributor's license shall be accompanied by a fee of \$150 and a corporate surety bond issued by a surety licensed to do business in this state in the sum of \$1,000, conditioned upon the true and faithful compliance by the licensee with all of the provisions of this act. This bond, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license \$300. A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.01 to 297.13, provided that a separate application for a subjobber's license may be made by a licensed distributor for each place of business (other than that licensed in the distributor's license) to which the distributor delivers and from which the distributor sells or distributes stamped cigarettes.

Each application for a subjobber's license shall be accompanied by a fee of ~~\$12~~ \$24.

A distributor or subjobber applying for a license ~~between July 1 and December 31~~ during the second year of any year a two-year licensing period shall be required to pay only one-half of the license fee provided for herein.

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

(b) ~~In lieu of the bond required in paragraph (a), a certified check made payable to the commissioner may be filed with the commissioner. The department of revenue shall not pay interest on funds encumbered by the check.~~

Sec. 5. Minnesota Statutes 1988, section 297.04, subdivision 5, is amended to read:

Subd. 5. **ISSUANCE.** The commissioner, upon receipt of the application and bond in proper form, and payment of the license fee required by subdivision 4, shall, unless otherwise provided by sections 297.01 to 297.13, issue the applicant a license in form as prescribed by the commissioner, which said license shall permit the applicant to whom it is issued to engage in business as a distributor or subjobber at the place of business shown in the application.

Sec. 6. Minnesota Statutes 1988, section 297.04, subdivision 6, is amended to read:

Subd. 6. **EXPIRATION.** Each license issued shall expire on December 31 ~~following its date of issue~~ the second year of the licensing period unless sooner revoked by the commissioner or unless the business with respect to which the license was issued is transferred. In either case the holder of the license shall immediately surrender it to the commissioner.

Sec. 7. Minnesota Statutes 1988, section 297.041, subdivision 1, is amended to read:

Subdivision 1. **WHOLESALEERS.** Any wholesaler ~~who furnishes a surety bond in a sum satisfactory to the commissioner~~ shall be permitted to set aside, without affixing the stamps required by this chapter, that part of the wholesaler's stock necessary for the conduct of business in making sales to the established governing body of any Indian tribe recognized by the United States Department of Interior. The unstamped stock shall be kept separate and apart from stamped stock. Every wholesaler shall, at the time of shipping or delivering any of the unstamped stock to an Indian tribal organization, make a true duplicate invoice which shall show the complete details of the sale or delivery and shall transmit the duplicate to the commissioner not later than the 18th day of the following calendar month. Failure to comply with the requirements of this section shall cause the commissioner to revoke the permission granted to the wholesaler to maintain a stock of goods which may be unstamped.

Sec. 8. Minnesota Statutes 1988, section 297.08, subdivision 1, is amended to read:

Subdivision 1. **CONTRABAND DEFINED.** The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13 and all devices for the vending of cigarettes in which such unstamped packages are found, including all contents contained within the devices.

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

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp or ~~imprint~~ required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

Sec. 9. Minnesota Statutes 1988, section 297.31, is amended by adding a subdivision to read:

Subd. 17. "Licensing period" means a two-year period during which licenses are issued. A licensing period begins on January 1 of each even-numbered year and ends on December 31 of the following odd-numbered year.

Sec. 10. Minnesota Statutes 1988, section 297.33, subdivision 4, is amended to read:

Subd. 4. (a) ~~Except as otherwise provided in paragraph (b),~~ Each application for a distributor's license shall be accompanied by a fee of ~~\$37.50~~ \$75. The application shall also be accompanied by a corporate surety bond issued by a surety licensed to do business in this state, in the sum of \$1,000, conditioned upon the true and faithful compliance by the distributor with all the provisions of sections 297.31 to 297.39 and the payment when due of all taxes, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota. This bond shall be in a form to be fixed by the commissioner and approved by the attorney general. Whenever it is the opinion of the commissioner that the bond given by a licensee is inadequate in amount to fully protect the state, the commissioner shall require either an increase in the amount of said bond or additional bond, in such amount as the commissioner deems sufficient. Any bond required by this subdivision, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license.

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

A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.31 to 297.39. A separate application for a subjobber's license may be made by a licensed distributor for each place of business, other than that licensed in the distributor's license, to which the distributor sells or distributes tobacco products upon which the tax imposed by this chapter has been imposed to other than the ultimate consumer.

~~(b) In lieu of the bond required in paragraph (a), a certified check may be filed with the commissioner. The check must be made payable to the commissioner and in an amount to be established by the commissioner or the commissioner's designee but not less than twice the average monthly liability of the taxpayer. The department of revenue shall pay no interest on funds encumbered by the check.~~

Sec. 11. Minnesota Statutes 1988, section 297.33, subdivision 5, is amended to read:

Subd. 5. (a) Each application for a subjobber's license shall be accompanied by a fee of ~~\$10~~ \$20.

(b) All licenses expire on December 31 of the second year of the licensing period in which they were issued.

Sec. 12. Minnesota Statutes 1988, section 297.33, subdivision 6, is amended to read:

Subd. 6. A distributor or subjobber applying for a license ~~between July 1 and December 31 of any~~ during the second year of a licensing period shall be required to pay only one-half of the license fee provided for herein.

Sec. 13. Minnesota Statutes 1988, section 297.33, subdivision 7, is amended to read:

Subd. 7. The commissioner, upon receipt of the application ~~(and bond, in the case of the distributor)~~ in proper form, and payment of the license fee required by subdivision 4 or subdivision 5, shall, unless otherwise provided by sections 297.31 to 297.39, issue the applicant a license in form as prescribed by the commissioner, which license shall permit the applicant to whom it is issued to engage in business as a distributor or subjobber at the place of business shown in the application. The commissioner shall assign a permit number to each person licensed as a distributor at the time of issuance of the first license, which shall be inscribed upon all licenses issued to that distributor.

Sec. 14. Minnesota Statutes 1988, section 297.33, subdivision 8, is amended to read:

Subd. 8. Each license ~~issued for any period subsequent to June 30, 1971~~ shall expire on December 31 ~~following its date of issue~~ the second year of the licensing period unless sooner revoked by the commissioner or unless the busi-

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ness with respect to which the license was issued is transferred. In either case the holder of the license shall immediately surrender it to the commissioner.

Sec. 15. Minnesota Statutes 1988, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. **MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.** The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons ~~having on file with the commissioner a sufficient bond as provided in subdivision 4~~ liable for the tax on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. ~~A person liable for any tax on wines or distilled spirits not having on file a sufficient bond must pay the tax within 24 hours after first sale in this state.~~ The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license.

Sec. 16. Minnesota Statutes 1988, section 297C.09, is amended to read:

297C.09 IMPORTATION BY INDIVIDUALS.

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. ~~Amounts in excess of these quantities may be imported only by a licensee holding the appropriate license as manufacturer, wholesaler, or importer under section 340A.301 or 340A.302.~~ A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 17. **REPEALER.**

Minnesota Statutes 1988, sections 297.01, subdivision 15; 297.03, subdivi-

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sion 12; 297.04, subdivision 10; 297.33, subdivision 13; and 297C.03, subdivisions 4 and 4a, are repealed.

Sec. 18. EFFECTIVE DATE.

Sections 1 and 8 are effective July 1, 1990. Sections 2, 4, 6, 9 to 12, and 14 are effective for license applications for the year 1990 and thereafter, except that sections 4 and 10 are effective for bonding periods beginning after December 31, 1989, for provisions applying to bonding requirements. Any bonds for periods before January 1, 1990, must be kept in full force and effect until the statute of limitations for those periods has expired.

Sections 3, 5, 7, 13, 15, and 17 are effective for bonding periods beginning after December 31, 1989, with the following exceptions: (1) any bonds for periods before January 1, 1990, must be kept in full force and effect until the statute of limitations for those periods has expired, (2) section 17 is effective July 1, 1990, for provisions applying to stamps and tax meter machines, (3) section 3 is effective July 1, 1989, for provisions applying to tax meter machines, and (4) section 3 is effective July 1, 1990, for provisions applying to meter units.

Section 16 is effective the day following final enactment.

ARTICLE 4

MILL RATE CONVERSIONS

Section 1. Minnesota Statutes 1988, section 3.983, subdivision 3, is amended to read:

Subd. 3. **MISCELLANEOUS EXCEPTIONS.** A fiscal note need not be prepared for the cost of a mandated action if the law containing the mandate:

- (a) (1) accommodates a specific local request;
- (b) (2) results in no new local government duties;
- (c) (3) leads to revenue losses from exemptions to taxes other than sales, use, or property taxes;
- (d) (4) provides only clarifying or conforming, nonsubstantive changes on local government;
- (e) (5) imposes additional net local costs which are minor (less than \$200 for any single local government if the mandate does not apply statewide or less than ~~one-tenth~~ of a mill 0.00242 percent times the entire market value of taxable property in the state if the mandate is statewide) and do not cause a financial burden on local government;

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(~~f~~) (6) is a legislative mandate or executive order enacted before July 1, 1985, or a rule initially implementing legislation enacted before July 1, 1985;

(~~g~~) (7) implements something other than a state statute or executive order, such as a federal, court, or voter-approved mandate;

(~~h~~) (8) appears in rules that are permissive or discretionary in nature;

(~~i~~) (9) defines a new crime or redefines an existing crime or infraction;

(~~j~~) (10) provides, or falls within the purview of existing, revenue sources or other financing mechanisms; or

(~~k~~) (11) results in savings that equal or exceed costs.

Sec. 2. Minnesota Statutes 1988, section 18.022, subdivision 2, is amended to read:

Subd. 2. **COST.** (a) In order to defray the cost of such activities, the governing body of ~~any such~~ the political subdivision may levy a ~~special~~ tax which, except when levied by a county, ~~shall does~~ not exceed ~~two-thirds mill~~ 0.01596 percent of taxable market value in any year in excess of charter ~~or~~ statutory millage limitations, but not ~~in any event~~ more than 50 cents per capita; ~~and any such.~~ The political subdivision may make such a levy, where necessary, separate from the general levy and at any time of the year.

(b) If, because of the prevalence of Dutch elm disease, the governing body of ~~such a~~ the political subdivision is unable to defray the cost of control activities authorized by this section within the limits set by this subdivision, the limits set by this subdivision are increased to ~~1-1/3 mills~~ 0.03216 percent of taxable market value, but not ~~in any event~~ more than one dollar per capita.

Sec. 3. Minnesota Statutes 1988, section 18.111, subdivision 1, is amended to read:

Subdivision 1. **LEVY LIMIT.** An annual levy ~~of not to exceed one-third mill on each dollar of gross tax capacity~~ 0.00798 percent of market value may be levied for mosquito abatement purposes on all taxable property in any governmental unit undertaking mosquito abatement as provided in sections 18.041 to 18.161. ~~Such~~ The tax shall be certified, levied and collected in the same manner as other taxes ~~caused to be~~ levied by the governmental unit.

Sec. 4. Minnesota Statutes 1988, section 40A.15, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE RECIPIENTS.** All counties within the state, municipalities that prepare plans and official controls instead of a county, and districts are eligible for assistance under the program. Counties and districts may apply for assistance on behalf of other municipalities. In order to be eligible for financial assistance a county or municipality must agree to levy at least ~~one-half~~

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~~mill on the dollar of gross tax capacity of property within its jurisdiction~~ 0.01209 percent of taxable market value for agricultural land preservation and conservation activities or otherwise spend the equivalent amount of local money on those activities, or spend \$15,000 of local money, whichever is less.

Sec. 5. Minnesota Statutes 1988, section 88.04, subdivision 3, is amended to read:

Subd. 3. All towns and cities are hereby authorized and directed to ~~shall~~ take necessary precautions to prevent the starting and spreading of forest or prairie fires and to extinguish the same; ~~and are hereby further authorized to them. They may~~ levy a tax of not more than ~~3-1/3 mills~~ 0.08059 percent of taxable market value annually upon the taxable property of such municipalities; ~~but in no municipality to. The tax in any municipality shall not exceed a total of \$3,000 in any one year; which. The tax when collected shall be known as the fire fund and kept separate and apart from all other funds and used only in paying to pay~~ all necessary and incidental expenses incurred in enforcing the provisions of sections 88.03 to 88.21. ~~Not Up to exceed \$500 shall be expended in any one year from any such fire fund for the support of any municipal fire department. No such municipality shall make any levy for its fire fund at any time when the same fund contains \$5,000 or more, consisting of including cash on hand or and uncollected taxes that are not delinquent or both.~~

Sec. 6. Minnesota Statutes 1988, section 110.71, subdivision 2, is amended to read:

Subd. 2. The governing body of any city or town may use any available funds and may levy a special tax of not to exceed ~~two thirds of one mill; nor the lesser of (1) 0.01596 percent of taxable market value, or (2) 50 cents per capita, in any year in addition to all other taxes authorized by law;~~ to carry out the provisions of subdivisions 1 to 4.

Sec. 7. Minnesota Statutes 1988, section 110B.20, is amended to read:

110B.20 EXEMPTION FROM LEVY LIMIT.

The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 110B.01 to 110B.30. ~~A levy to pay the cost of implementing sections 110B.01 to 110B.30 or to pay the cost of projects or programs identified in an adopted comprehensive water plan is in addition to other taxes authorized by law. The amount of the levy up to .75 mill times the adjusted gross tax capacity of the county, municipality, or town~~ 0.01813 percent of taxable market value is exempt from ~~any the per capita~~ limitation on taxes imposed by ~~chapter 275 section 275.11.~~

Sec. 8. Minnesota Statutes 1988, section 112.61, subdivision 2, is amended to read:

Subd. 2. **ORGANIZATIONAL EXPENSE FUND.** The organizational expense

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fund consists of an ad valorem tax levy, not to exceed ~~two-thirds of one mill on each dollar of gross tax capacity of all taxable property within the district~~ 0.01596 percent of taxable market value, or \$60,000, whichever is less. The funds shall be used for organizational expenses and preparation of an overall plan for projects and improvements. The managers of the district may borrow from the affected counties up to 75 percent of the anticipated funds to be collected from the organizational expense fund levy and the counties affected may make the advancements. The advancement of anticipated funds shall be apportioned among affected counties in the same ratio as the gross tax capacity of the area of the counties within the district bears to the gross tax capacity of the entire district. If an established district is enlarged, an organizational expense fund may be levied against the area added to the district in the way provided in this subdivision. Unexpended funds collected for the organizational expense may be transferred to the administrative fund and used for the purposes authorized for it.

Sec. 9. Minnesota Statutes 1988, section 112.61, subdivision 3, is amended to read:

Subd. 3. **ADMINISTRATIVE FUND.** The administrative fund consists of an ad valorem tax levy not to exceed ~~one mill on each dollar of gross tax capacity of all taxable property within the district~~ 0.02418 percent of taxable market value, or \$125,000, whichever is less. The funds shall be used for general administrative expenses and to construct and maintain projects of common benefit to the district. The managers may make an annual levy for this fund as provided in section 112.611. In addition to the annual administrative levy, the managers may annually levy a tax of not to exceed ~~one-third of one mill~~ 0.00798 percent of taxable market value for a period of not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a municipality of the district.

Sec. 10. Minnesota Statutes 1988, section 112.61, subdivision 8, is amended to read:

Subd. 8. **SURVEY AND DATA ACQUISITION FUND.** The survey and data acquisition fund is established or used only when no other funds are available to the district to pay to make necessary surveys and acquire data. The fund consists of ~~an ad valorem levy~~ the proceeds of a property tax, which can be levied not more than once every five years, not to exceed ~~one mill on each dollar of gross tax capacity of all taxable property within the district~~ 0.02418 percent of taxable market value. The balance of the survey and data acquisition fund must never exceed \$50,000. In a subsequent proceeding for a work where a survey has been made, the attributable cost of the survey as determined by the managers shall be included as a part of the cost of the work and repaid to the survey and data acquisition fund.

Sec. 11. Minnesota Statutes 1988, section 138.053, is amended to read:

138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.

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The governing body of any home rule charter or statutory city or town excepting cities of the first class may appropriate annually an amount from its general fund of not to exceed ~~one mill of the gross tax capacity of the taxable property in the city or town~~ the amount raised by a levy of 0.02418 percent of taxable market value to be paid to the historical society of ~~their~~ its respective county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in ~~said~~ the county. No city or town may appropriate any funds for the benefit of any historical society unless ~~such~~ the society ~~shall be~~ is affiliated with and approved by the Minnesota historical society.

Sec. 12. Minnesota Statutes 1988, section 162.07, subdivision 3, is amended to read:

Subd. 3. **COMPUTATIONS FOR RURAL COUNTIES.** ~~A two-thirds of one mill levy~~ An amount equal to a levy of 0.01596 percent on each rural county's total ~~gross tax capacity taxable market value~~ for the last preceding calendar year shall be computed and shall be subtracted from ~~such~~ the county's total estimated construction costs. The result thereof shall be the money needs of ~~such~~ the county. For the purpose of this section, "rural counties" ~~shall be construed to mean~~ means all counties having a population of less than 175,000.

Sec. 13. Minnesota Statutes 1988, section 162.07, subdivision 4, is amended to read:

Subd. 4. **COMPUTATION FOR URBAN COUNTIES.** ~~A four-tenths mill levy~~ An amount equal to a levy of 0.00967 percent on each urban county's total ~~gross tax capacity taxable market value~~ for the last preceding calendar year shall be computed and shall be subtracted from ~~such~~ the county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section, "urban counties" ~~shall be construed to mean~~ means all counties having a population of 175,000 or more.

Sec. 14. Minnesota Statutes 1988, section 162.081, subdivision 4, is amended to read:

Subd. 4. **PURPOSES.** Money apportioned to a county from the town road account must be distributed to the treasurer of each town within the county, according to a distribution formula adopted by the county board. The formula must take into account each town's levy for road and bridge purposes, its population and town road mileage, and other factors ~~as~~ the county board deems advisable in the interests of achieving equity among the towns. Distribution of town road funds to the treasurer of the towns must be made at the same time as the first payment is made for tax payments received by the county treasurer as provided in section 276.11. Distribution of funds to town treasurers in a county which has not adopted a distribution formula under this subdivision must be made according to a formula prescribed by the commissioner by rule. A formula adopted by a county board or by the commissioner must provide that a town, in order to be eligible for distribution of funds from the town road account in a

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calendar year, must have levied in the previous year for road and bridge purposes at least ~~two mills on the dollar of the gross tax capacity of the town~~ 0.04835 percent of taxable market value.

Money distributed to a town under this subdivision may be expended by the town only for the construction, reconstruction, and gravel maintenance of town roads within the town.

Sec. 15. Minnesota Statutes 1988, section 164.04, subdivision 3, is amended to read:

Subd. 3. **EMERGENCIES.** In case of emergency after the town meeting, but not later than October 1 in the same year, the town board may levy a tax on the property in the town for road and bridge purposes, in addition to any tax voted at the annual town meeting for road and bridge purposes, in an amount not to exceed ~~1-6-2/3 mills on the dollar of the gross tax capacity of the property in the town~~ 0.04028 percent of taxable market value. Any tax so levied shall ~~forthwith~~ be certified to the county auditor for extension and collection. The town board may thereafter pledge the credit of the town by issuing town orders, not exceeding the amount of the additional tax so levied for road and bridge purposes, in payment for the emergency work done or material used on the roads within the town.

Sec. 16. Minnesota Statutes 1988, section 164.05, subdivision 1, is amended to read:

Subdivision 1. **POWERS.** In any town wherein in which the voters shall at the annual town meeting vote as hereinafter provided to authorize the town board so to do so as provided in this section, the town board may levy and assess on the real and personal property in the town, other than money and credits taxed under the provisions of chapter 285, a tax not to exceed in amount ~~3-1/3 mills on the dollar of the gross tax capacity of such property, which tax so levied~~ 0.08051 percent of taxable market value. The tax shall be known as the town road drainage tax. Such tax shall be additional to all other taxes which the town is or may hereafter be authorized to levy, and the amount of such tax so levied and collected shall be deemed to have been levied and collected for road and bridge purposes within the meaning of any law limiting the amount of taxes which may be levied or voted at the annual town meeting; provided, that in towns having a gross tax capacity of not less than \$1,000,000, nor more than \$8,000,000, and which otherwise come under the provisions of sections 368.02 to 368.11 the amount of such tax so levied and collected shall not be deemed to have been levied and collected for road and bridge purposes within the meaning of any law limiting the amount of taxes which may be levied or voted at the annual town meeting.

Sec. 17. Minnesota Statutes 1988, section 174.27, is amended to read:

174.27 PUBLIC EMPLOYER COMMUTER VAN PROGRAMS.

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

Any statutory or home rule charter city, county, school district, independent board or agency may acquire or lease commuter vans, enter into contracts with another public or private employer to acquire or lease such vans, or purchase such a service for the use of its employees. The governing body of any such city, county, or school district may by resolution establish a commuter van revolving fund to be used to acquire or lease commuter vans for the use of its employees. Any payments out of the fund shall be repaid to the fund out of revenues derived from the use by the employees of the city, county, or school district, of the vans so purchased or leased. For the purpose of establishing the fund any city, county, or school district is authorized to make a one time levy not to exceed ~~one tenth of a mill~~ 0.00242 percent of taxable market value in excess of all taxing limitations except the limitations imposed under sections 275.50 to 275.56, without affecting the amount or rate of taxes which may be levied by the city, county, or school district for other purposes or by any local governments in the area. Any city, county, or school district which establishes a commuter van acquisition program or contracts for this service is authorized to levy a tax not to exceed ~~1/100 mill~~ 0.00024 percent of taxable market value for the purpose of paying the administrative and promotional costs of the program which levy shall be in excess of all taxing limitations, ~~without affecting the amount or rate of taxes which may be levied by the city, county, or school district for other purposes or by a local government in the area~~ except the limitations imposed under sections 275.50 to 275.56. The governing body of any city, county, or school district may by resolution terminate the commuter van revolving fund and use the funds for other purposes authorized by law.

Sec. 18. Minnesota Statutes 1988, section 193.145, subdivision 2, is amended to read:

Subd. 2. **TAX LEVY, LIMITATION.** A county or municipality in which an armory has been constructed or is to be constructed hereunder may by resolution of its governing body irrevocably provide for levying and collecting annually for a specified period, not exceeding 40 years, a tax ~~upon all taxable property therein of such amount as such governing body may determine~~, which, unless levied by a county, shall not exceed ~~one-third of one mill~~ 0.00798 percent of taxable market value.

The proceeds of ~~such the~~ such the levy as collected shall be paid to ~~such the~~ such the corporation for the purposes herein prescribed. ~~Such The~~ Such the county or municipality ~~shall have power to~~ may make ~~such tax the~~ such tax the levies and payments and ~~to bind itself thereto by such~~ to resolution of its governing body. The provisions of ~~such the~~ such the resolution may be made conditional upon the giving of an agreement by the adjutant general as authorized in subdivision 4. The obligations of ~~such the~~ such the county or municipality to levy, collect, and pay over ~~such the~~ such the taxes shall not be deemed ~~or construed~~ to constitute an indebtedness of ~~such the~~ such the county or municipality within the meaning of any provision of law or of its charter limiting its total or net indebtedness, and such taxes may be levied and collected without regard to any statutory or charter provision limiting the amount or rate of taxes which such county or municipality is otherwise authorized to levy.

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Sec. 19. Minnesota Statutes 1988, section 237.35, is amended to read:

237.35 TAX LEVY FOR CONSTRUCTION.

When any town ~~shall have~~ has authorized the construction, acquiring, operation, or maintenance of a telephone system, as set forth in sections 237.33 and 237.34, and determined the amount of money to be raised for that purpose, the town board of supervisors may levy a tax for the amount of money to be raised therefor. ~~The annual tax levy for such that purpose shall not exceed 3 1/3 mills upon the taxable property of such town~~ 0.08051 percent of taxable market value.

Sec. 20. Minnesota Statutes 1988, section 273.1102, subdivision 3, is amended to read:

Subd. 3. **[1988 ADJUSTMENT.]** ~~For School districts~~ district levy limitations or authorities expressed in terms of mills and adjusted assessed value, ~~their levy limitations in any special law that is not codified in Minnesota Statutes shall be converted by the department of education to "equalized gross tax capacity rates."~~ for taxes payable in 1989 and 1990 and to equalized net tax capacity rates for taxes payable in 1991 and thereafter. For purposes of this calculation, the 1987 adjusted assessed values of the district shall be converted to "adjusted gross tax capacities" by multiplying the equalized market values by class of property by the gross tax capacity rates provided in section 273.13. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue the 1987 market value for taxes payable in 1988 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing the 1987 tax capacity for each school district under this section. The requirements of section 124.2131, subdivisions 1, paragraph (c), and 2 and 3, shall remain in effect.

Sec. 21. Minnesota Statutes 1988, section 275.011, subdivision 1, is amended to read:

Subdivision 1. The property tax levied for any purpose under a special law that is not codified in Minnesota Statutes or a city charter provision and that is subject to a mill rate limitation imposed by statute or the special law or city charter provision, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by ~~statute or~~ special law or city charter provision multiplied by the total assessed valuation of all taxable property subject to the tax as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the property tax levy limitation for the taxes payable year 1988 determined under clause (a) multi-

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plied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property subject to the tax divided by the assessment year 1987 total market valuation of all taxable property subject to the tax; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

For the purpose of determining the property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property subject to the tax without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 22. Minnesota Statutes 1988, section 275.011, subdivision 2, is amended to read:

Subd. 2. A mill rate levy limitation imposed by ~~statute or a special law or city charter provision~~ that is presently in effect, excluding those mill rate levy limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, shall be construed to allow no more and no less property taxes than the amount determined under this section.

Sec. 23. Minnesota Statutes 1988, section 275.077, subdivision 2, is amended to read:

Subd. 2. The difference between the correct levy and the erroneous levy shall be added to the township levy for the subsequent levy year; provided that if the amount of the difference exceeds ~~five mills~~ 0.12089 percent of taxable market value, the excess shall be added to the township levy for the second and later subsequent levy years, not to exceed an additional levy of ~~five mills~~ 0.12089 percent of taxable market value in any year, until the full amount of the difference has been levied. The funds collected from the corrected levies shall be used to reimburse the county for the payment required by subdivision 1.

Sec. 24. Minnesota Statutes 1988, section 275.28, subdivision 1, is amended to read:

Subdivision 1. **AUDITOR TO MAKE.** The county auditor shall make out the tax lists according to the prescribed form, and to correspond with the assessment districts. The rate percent necessary to raise the required amount of the various taxes shall be calculated on the gross tax capacity of property as determined by the state board of equalization, but, in calculating such rates, no rate shall be used resulting in a fraction other than a decimal fraction, or less than ~~one-tenth of a mill~~ a gross tax capacity rate of .01 percent or a net tax

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capacity rate of .01 percent; and, in extending any tax, whenever it amounts to the fractional part of a cent, it shall be made one cent. The tax lists shall also be made out to correspond with the assessment books in reference to ownership and description of property, with columns for the valuation and for the various items of tax included in the total amount of all taxes set down opposite each description; ~~and~~. Opposite each description which has been sold for taxes, and which is subject to redemption, but not redeemed, shall be placed the words "sold for taxes." The amount of all special taxes shall be entered in the proper columns, but the general taxes may be shown by entering the rate percent of each tax at the head of the proper columns, without extending the same, in which case a schedule of the rates percent of such taxes shall be made on the first page of each tax list. If the auditor ~~shall fail~~ fails to enter on any such list before its delivery to the treasurer any tax levied, ~~such~~ the tax may be subsequently entered. The tax lists shall be deemed completed, and all taxes extended thereon, as of October 16 annually.

Sec. 25. Minnesota Statutes 1988, section 275.56, is amended to read:

275.56 EFFECT UPON OTHER LEVY LIMITS.

All special and general laws and charter provisions establishing per capita, mill, tax capacity rate, or other general limitations on tax levies of governmental subdivisions are ~~hereby~~ superseded to the extent that they authorize property taxation in excess of the limitations established by sections 275.50 to 275.56, but otherwise such levy limitations and those established for special purposes are in no way affected by sections 275.50 to 275.56.

Sec. 26. Minnesota Statutes 1988, section 275.58, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding the provisions of sections 275.50 to 275.56, but subject to other law or charter provisions establishing per capita, mill, tax capacity rate, or other limitations on the amount of taxes that may be levied, the levy of a governmental subdivision, as defined by section 275.50, subdivision 1, may be increased above the limitation imposed by sections 275.50 to 275.56 in any per capita or dollar amount which is approved by the majority of voters of the governmental subdivision voting on the question at a general or special election. When the governing body of the governmental subdivision resolves to increase the levy of the governmental subdivision pursuant to this section, it shall provide for submission of the proposition of an increase in the levy limit base per capita or the proposition of an additional levy, as the case may be, at a general or special election. Notice of ~~such~~ the election shall be given in the manner required by law. If the proposition is for an adjustment to the governmental subdivision's levy limit base per capita, increasing the levy limit base per capita over the per capita amount established pursuant to section 275.51, subdivision 3, ~~such~~ the notice shall state the purpose of ~~such~~ the per capita adjustment and the per capita amount of ~~such~~ the adjustment. If the proposition is for an additional levy, ~~such~~ the notice shall state the purpose and maximum yearly amount of ~~such~~ the additional levy.

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Sec. 27. Minnesota Statutes 1988, section 298.28, subdivision 4, is amended to read:

Subd. 4. **SCHOOL DISTRICTS.** (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts ~~wherein~~ in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted gross tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted gross tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

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(i) \$150 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of ~~1-3/4 mills~~ 0.04231 percent times the district's taxable ~~valuation~~ market value in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of ~~1-3/4 mills~~ 0.04231 percent times the district's taxable ~~valuation~~ market value in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

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

Sec. 28. Minnesota Statutes 1988, section 298.282, subdivision 2, is amended to read:

Subd. 2. (a) Each year following the final determination of the amount of taxes payable under section 298.24, the commissioner of revenue shall determine the amount in the taconite municipal aid account as of July 1 of ~~such that~~ such the year and the amount to be distributed to each qualifying municipality during ~~such the~~ year. The amount to be distributed to each qualifying municipality shall be determined by determining an index for each qualifying municipality by subtracting its local effort tax capacity rate, multiplied by its equalized gross tax capacity, from its fiscal need factor. For the purposes of this subdivision, the following terms have the meanings given them herein. A municipality's "local effort tax capacity rate" means its fiscal need factor per capita divided by ~~\$17~~ \$21 per capita ~~per mill for each one percent of the gross tax capacity rate or \$17~~ per capita for each one percent of the net tax capacity rate for the first \$350 of its fiscal need factor per capita; plus its fiscal need factor per capita divided by ~~\$15~~ \$18 per capita ~~per mill for each one percent of the gross tax capacity rate or \$15~~ per capita for each one percent of the net tax capacity rate on that part of its fiscal need factor per capita, if any, in excess of \$350. In no case shall a municipality's local effort tax capacity rate be less than ~~eight mills~~ a gross tax capacity rate of 6.56 percent or a net tax capacity rate of 8.16 percent. A municipality's "equalized ~~captured~~ gross tax capacity" means its previous year

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tax capacity, less the tax capacity in any tax increment district, divided by the municipality's aggregate sales ratio covering the period ending two years prior to the year of aid distribution. A municipality's "fiscal need factor" means the three-year average of the sum of its municipal levy, taconite aids received under section 298.28, subdivisions 2, 11, paragraph (b), and this section and its local government aid distribution amount, for taxes payable and distribution amounts receivable in the three years immediately preceding the aid distribution year.

The ratio of the resulting index for each qualifying municipality to the sum of all qualifying municipalities' indexes shall be multiplied by the total amount in the taconite municipal aid account less the amount distributed pursuant to subdivision 5. ~~For the distribution made in 1987, one-third of the distribution shall be distributed pursuant to this subdivision and two-thirds pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2. For the distribution made in 1988, two-thirds shall be distributed pursuant to this subdivision and one-third pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2.~~

(b) If the distribution under this section, sections 273.138, 298.26 and 298.28, and chapter 477A, to any municipality would exceed that municipality's levy limit base for that year, computed pursuant to sections 275.50 to 275.58, the amount in excess of the levy limit base for that year shall reduce the amount distributed to the municipality under this section and this excess amount shall be distributed to the other qualifying municipalities in the same manner as the distribution made pursuant to subdivision 2, except that the qualifying municipality receiving an initial distribution when added to that received pursuant to sections 273.138, 298.26, 298.28, and chapter 477A in excess of the qualifying municipality's levy limit base, shall not receive a distribution nor shall its index be used in computing the distribution pursuant to this clause. The distributions to be received in the year in which the taxes are payable shall be compared to the levy limit base for that same year. Upon completion of ~~such~~ the determination, the commissioner of revenue shall certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to ~~such~~ the municipality from the taconite municipal aid account that year.

Sec. 29. Minnesota Statutes 1988, section 366.27, is amended to read:

366.27 FIREFIGHTERS' RELIEF; TAX LEVY.

The town board of any town in this state having therein a platted portion on which ~~there reside~~ resides 1,200 or more people, and wherein a duly incorporated firefighters' relief association is located may each year ~~at the time the tax levies for the support of the town are made and in addition thereto~~ levy a tax not to exceed ~~one-third of one mill on all taxable property within the town~~ 0.00806 percent of taxable market value for the benefit of ~~such~~ the relief association.

Sec. 30. Minnesota Statutes 1988, section 373.40, subdivision 4, is amended to read:

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Subd. 4. **LIMITATIONS ON AMOUNT.** A county, other than Hennepin or Ramsey, may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed ~~one mill multiplied by the taxable gross tax capacity~~ 0.05367 percent of taxable market value of property in the county. Ramsey county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed ~~1.2 mills multiplied by the taxable gross tax capacity~~ 0.06455 percent of taxable market value of property in the county. Hennepin county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section together with the bonds proposed to be issued, will equal or exceed ~~one-half mill multiplied by the taxable gross tax capacity~~ 0.02684 percent of taxable market value of the property in the county. Calculation of the limit must be made using the ~~taxable gross tax capacity~~ market value for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 31. Minnesota Statutes 1988, section 373.40, subdivision 6, is amended to read:

Subd. 6. **BUILDING FUND LEVY.** (a) If a county other than Hennepin has an approved capital improvement plan, the county board may annually levy ~~an amount equal to one mill~~ 0.05367 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. If the Hennepin county board has an approved capital improvement plan, the county board may annually levy ~~an amount equal to one-half mill~~ 0.02684 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. The proceeds of this levy must be deposited in the county building fund under section 373.25 and may only be expended for capital improvements as provided in the approved capital improvement plan.

(b) The maximum amount of the levy, when added to the unexpended balance in the building fund, must not exceed the projected cost of the remaining improvements in the capital improvement plan. A levy made under this section is not subject to any other levy limitation, nor may the levy be included in the computation of any other levy limitation.

(c) This subdivision and the exercise of levy authority under it does not supersede or preempt the authority to levy under section 373.25 or any other law.

Sec. 32. Minnesota Statutes 1988, section 375.167, subdivision 1, is amended to read:

Subdivision 1. **APPROPRIATIONS.** Notwithstanding any contrary law, a

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county board may appropriate from the general revenue fund to any nonprofit corporation a sum not to exceed ~~one-fourth of a mill on the dollar of the taxable gross tax capacity of the county~~ an amount equal to a levy of 0.00604 percent of taxable market value to provide legal assistance to persons who are unable to afford private legal counsel. ~~This levy is subject to the levy limits established by sections 275.50 to 275.58.~~

Sec. 33. Minnesota Statutes 1988, section 375.18, subdivision 3, is amended to read:

Subd. 3. **COURTHOUSE.** Each county board may erect, furnish, and maintain a suitable courthouse. No indebtedness shall be created for a courthouse in excess of ~~1-2/3 mills on each dollar of gross tax capacity~~ an amount equal to a levy of 0.04030 percent of taxable market value without the approval of a majority of the voters of the county voting on the question of issuing the obligation at an election.

Sec. 34. Minnesota Statutes 1988, section 375.555, is amended to read:

375.555 FUNDING.

To implement the county emergency jobs program, the county board may expend an amount equal to what would be generated by a levy of ~~0.5 mills on all taxable property within the county~~ 0.01209 percent of taxable market value. The money to be expended may be from any available funds not otherwise earmarked.

Sec. 35. Minnesota Statutes 1988, section 383A.03, subdivision 4, is amended to read:

Subd. 4. **ICE ARENAS AND GALL'S GOLF COURSE.** Ramsey county may levy, annually, a tax not to exceed ~~one mill~~ 0.02418 percent of taxable market value for the acquisition and construction of nine artificial ice arenas and a golf course, to pay the interest on the bonds as it accrues and to pay the principal thereof in full at maturity, and not to exceed ~~one-half mill~~ 0.01209 percent of taxable market value to provide for the operation of these facilities. The board of county commissioners shall levy a tax for this purpose.

Sec. 36. Minnesota Statutes 1988, section 383A.411, subdivision 5, is amended to read:

Subd. 5. In substitution of, but not in addition to, powers granted to Ramsey county in subdivision 4, Ramsey county may levy and collect a tax, not to exceed the lesser of \$5,000,000 or ~~two mills, upon all taxable property in Ramsey county~~ 0.04835 percent of taxable market value to finance the construction, installation, modification, or improvement of heating, cooling, and domestic hot water systems serving buildings owned in whole or part, operated, or maintained by the county or Ramsey county medical center commission. ~~A levy made pursuant to this subdivision shall not be subject to any limitation provided by other law.~~

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Sec. 37. Minnesota Statutes 1988, section 383A.49, subdivision 2, is amended to read:

Subd. 2. **EMERGENCY APPROPRIATIONS.** To meet a public emergency affecting life, health, property or the public peace, and to the extent that there are no available unappropriated revenues to meet the emergency, the board may, by unanimous vote, authorize the issuance of emergency notes. These notes may be renewed from time to time but the emergency notes and renewals in a fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made. The issuance and payment of these notes is subject to the ~~mill~~ limits on taxing power established by law for Ramsey county.

Sec. 38. Minnesota Statutes 1988, section 383B.152, is amended to read:

383B.152 BUILDING AND MAINTENANCE FUND.

The county board may by resolution levy a ~~direct general ad valorem tax upon all taxable property in the county~~ to provide money which shall be kept in a fund known as the county reserve building and maintenance fund ~~and~~. Money in the fund shall be used solely for the construction, maintenance and equipping of such county buildings as are now or hereafter may be that are constructed or maintained by the board. The levy shall not be subject to any limit fixed by any other law except the limitations imposed in sections 275.50 to 275.56 or by any board of tax levy or other corresponding body, but shall not exceed ~~a sum equal to 11/12 mills times the gross tax capacity of all taxable property in the county in any year~~ 0.02215 percent of taxable market value, less the amount required by chapter 475 to be levied in ~~such the~~ year for the payment of the principal of and interest on all bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

Sec. 39. Minnesota Statutes 1988, section 383B.245, is amended to read:

383B.245 MILL LEVY.

The county board may also levy a tax of not more than ~~two-thirds mills~~ 0.01612 percent of market value on taxable property within the county outside of any city in which is situated a free public library of the city to acquire, better and construct county library buildings and branches and to pay principal and interest on bonds issued for that purpose. The levy of the tax shall not cause the amount of other taxes levied or to be levied by the county, which are subject to any limitation, to be reduced in any amount ~~whatsoever~~.

The county board may by resolution adopted by a five-sevenths vote issue and sell general obligation bonds of the county in the manner provided in sections 475.60 to 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all

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outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to ~~two-thirds mills times the gross tax capacity~~ 0.01612 percent of market value of all taxable property in the county, which was not taxed in 1987 by any city for the support of any free public library, as last finally equalized before the issuance of the new series. When the tax levy authorized in this section is collected it shall be appropriated and credited to a debt service fund for the bonds in amounts required each year in lieu of a countywide tax levy for the debt service fund under section 475.61.

Sec. 40. Minnesota Statutes 1988, section 383B.73, subdivision 1, is amended to read:

Subdivision 1. **LEVY.** To provide funds for the purposes of the Hennepin county park reserve district as set forth in its annual budget, in lieu of the levies authorized by any other special law for such purposes, the board of park district commissioners may levy taxes on all the taxable property in the county and park district at a rate not exceeding ~~1.3 mills on the gross tax capacity thereof~~ 0.03224 percent of market value. Notwithstanding section 398.16, on or before October 1 of each year, after public hearing, the board of park district commissioners shall adopt a budget for the ensuing year and shall determine the total amount necessary to be raised from ad valorem tax levies to meet its budget. The board of park district commissioners shall submit the budget to the county board. The county board may veto or modify an item contained in the budget. If the county board determines to veto or to modify an item in the budget, it must, within 15 days after the budget was submitted by the district board, state in writing the specific reasons for its objection to the item vetoed or the reason for the modification. The park reserve district board, after consideration of the county board's objections and proposed modifications, may reapprove a vetoed item or the original version of an item with respect to which a modification has been proposed, by a two-thirds majority. If the district board does not reapprove a vetoed item, the item shall be deleted from the budget. If the district board does not reapprove the original version of a modified item, the item shall be included in the budget as modified by the county board. After adoption of the final budget and no later than October 1, the superintendent of the park district shall certify to the office of the Hennepin county director of tax and public records exercising the functions of the county auditor the total amount to be raised from ad valorem tax levies to meet its budget for the ensuing year. The director of tax and public records shall add the amount of any levy certified by the district to other tax levies on the property of the county within the district for collection by the director of tax and public records with other taxes. When collected, the director shall make settlement of such taxes with the district in the same manner as other taxes are distributed to the other political subdivisions in Hennepin county. ~~The levy authorized by this section shall be in addition to any other taxes authorized by law.~~

Sec. 41. Minnesota Statutes 1988, section 383B.73, subdivision 2, is amended to read:

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

Subd. 2. **BONDS.** To provide funds for the acquisition and betterment of park properties and facilities of the district in accordance with plans filed by it under section 398.19, upon request of the board of park district commissioners by a resolution or resolutions regularly adopted by a majority of all members thereof, the board of county commissioners of Hennepin county may, prior to August 1, 1985, in addition to bonds issued by the county for this purpose before January 1, 1973, by resolution issue and sell general obligation bonds of the county in the manner provided in sections 475.60 to 475.753, in an aggregate amount not exceeding \$2,500,000. Taxes for the payment of the principal of and interest on such bonds shall be assessed and extended upon all taxable property in the county. Such bonds shall not be subject to the limitations of sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year on the bonds authorized by this law and all bonds issued by the county for the purposes of the district before January 1, 1973, shall not exceed an amount equal to ~~three-tenths of one mill times the gross tax capacity of a levy of 0.00725 percent of market value~~ on all taxable property in the county as last finally equalized before the issuance of the new series. Taxes for the payment of principal and interest on bonds issued after August 1, 1985 shall be assessed and extended upon all taxable property in the park district.

Sec. 42. Minnesota Statutes 1988, section 383C.42, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY.** To provide necessary funds to construct and maintain county or regional juvenile detention and/or treatment centers and to provide matching funds for any federal, state or regional grant, the county boards of St. Louis, Carlton, Cook, Lake, Itasca, Koochiching and Aitkin counties may levy annually upon all taxable property in their respective counties; a ~~special tax in excess of any tax capacity rate, per capita, or other statutory limitation, but such levy shall that does not exceed 1-1/2 mills~~ 0.01209 percent of market value.

Sec. 43. Minnesota Statutes 1988, section 398A.04, subdivision 8, is amended to read:

Subd. 8. **TAXATION.** Before deciding to exercise the power to tax, the authority shall give six weeks published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

“Shall the regional rail authority have the power to impose a property tax?

Yes

No

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

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may ~~thereafter~~ levy a tax at any annual rate not exceeding ~~two mills on the gross tax capacity~~ 0.04835 percent of market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the gross tax capacity of taxable property in that municipality bears to the gross tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority.

Sec. 44. Minnesota Statutes 1988, section 412.251, is amended to read:

412.251 ANNUAL TAX LEVY.

The council shall make its annual tax levy by resolution within the per capita limits established by statute. The amount of taxes levied for general city purposes shall not exceed ~~4-2/3 mills on each dollar of the gross tax capacity of the property taxable in the city~~ 0.28207 percent of taxable market value in cities having a ~~gross tax capacity~~ taxable market value of less than \$1,500,000 ~~\$6,200,000~~ and ~~ten mills on each dollar~~ 0.24177 percent of taxable market value in cities having a ~~gross tax capacity~~ taxable market value of more than \$1,500,000 ~~\$6,200,000~~. ~~In calculating such limit property used for homestead purposes shall be figured as provided in section 273.13, subdivision 7a.~~ The following taxes may be levied in addition to the levies above authorized:

(1) a tax for the payment of principal and interest on outstanding obligations of the city as provided by sections 475.61, 475.73 and 475.74;

(2) a tax for the payment of judgments as authorized by section 465.14;

(4) (3) a maximum of ~~one-third of one mill~~ 0.00805 percent of taxable market value but not to exceed \$500 to provide musical entertainment to the public in public buildings or on public grounds;

(5) (4) a tax for band purposes as authorized by section 449.09;

(6) (5) a tax for the support of a municipal forest, as authorized by section 459.06;

(7) (6) a tax for advertising purposes, as authorized by section 469.189;

(8) (7) a tax for forest fire protection in any city in a forest area, as authorized by section 88.04;

(9) (8) a maximum of ~~4-2/3 mills~~ 0.04030 percent of taxable market value

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for the utilities fund in any city whose utilities are under the jurisdiction of a public utilities commission. ~~Such~~ The tax shall be levied for the purpose of paying the cost of the utility service or other services supplied to the city;

~~(10)~~ (9) a tax for the support of a public library, as authorized by section 134.07;

~~(11)~~ (10) a tax for firefighters' relief association purposes as authorized by sections 69.772, subdivision 4, 69.773, subdivision 5, or other statutes; and

~~(12)~~ Such (11) other special taxes ~~as may be~~ authorized by law.

Nothing in this section shall be construed to reduce levies of any municipality below the per capita levy spread in 1970.

Sec. 45. Minnesota Statutes 1988, section 412.531, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT, TRANSFER; TAX LEVIES.** For the purpose of carrying out the powers of the park board there shall be established in the city treasury a special fund to be called a park fund. The council may transfer to the park fund ~~such moneys as it shall consider~~ the money it deems necessary for park purposes. No later than September 1 of each year the park board shall present to the council in ~~such the~~ detail as the council ~~shall require~~ requires its estimate of the financial needs of the board for the ensuing fiscal year. In any county having a population of more than 200,000 the council of any city, whether having a park board or not, may annually ~~at the time of levying other taxes~~ levy a special tax ~~of not to exceed two-thirds of one mill~~ 0.01620 percent of taxable market value for park purposes. The proceeds of this tax shall be placed in the park fund.

Sec. 46. Minnesota Statutes 1988, section 414.035, is amended to read:

414.035 DIFFERENTIAL TAXATION.

Whenever a board order, under section 414.031, 414.0325, or 414.033, annexes part or all of a township to a municipality, the board may provide that the ~~mill levy tax rate~~ of the annexing municipality on the area annexed shall be increased in substantially equal proportions over not more than six years to equality with the ~~mill levy tax rate~~ on the property already within the municipality. The appropriate period, if any, shall be based on the time reasonably required to effectively provide full municipal services to the annexed area.

Sec. 47. Minnesota Statutes 1988, section 414.041, subdivision 7, is amended to read:

Subd. 7. **DIFFERENTIAL TAXATION.** Where one municipality is receiving substantially fewer municipal services, the board may provide that the ~~mill levy tax rate~~ of ~~such a the~~ municipality shall be increased in substantially equal proportions over a period of not more than five years to equality with the ~~mill~~

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levy tax rate in the remainder of the new municipality; ~~such~~. The period to shall be determined by the board on the basis of the period reasonably required effectively to provide substantially equal municipal services.

Sec. 48. Minnesota Statutes 1988, section 426.04, is amended to read:

426.04 TAXES FOR GENERAL PURPOSES.

The governing body of any home rule charter city of the third or fourth class in this state is hereby authorized to may levy taxes annually against the taxable property in any such city for all general fund purposes, not exceeding ~~13-1/3 mills on the dollar of the gross tax capacity of the city, computed as permitted under section 273.13, subdivision 7a.~~ If 0.32237 percent of taxable market value unless the charter of ~~such the~~ city authorizes it to levy taxes for general fund purposes in excess of ~~13-1/3 mills on the dollar,~~ these provisions shall not limit any such city that amount. This section does not apply to a third class city which is contiguous to a city of the first class located in a different county or to a fourth class city in a county containing a first class city.

Sec. 49. Minnesota Statutes 1988, section 447.10, is amended to read:

447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.

The governing body of a city of the first class owning a hospital may annually levy a tax to operate and maintain the hospital. The tax must not exceed ~~one-third of one mill on each dollar of the city's taxable property~~ 0.00806 percent of taxable market value.

Sec. 50. Minnesota Statutes 1988, section 449.06, is amended to read:

449.06 ENTERTAINMENT TAX IN CITIES OF THE FOURTH CLASS.

The governing body of any city of the fourth class in this state operating under a home rule charter of commission form of government; ~~is hereby authorized to annually may~~ levy a tax not exceeding ~~one-half of one mill on the dollar in excess of existing mill limitations but not in excess of any existing per capita limitations against taxable property in the city~~ 0.01209 percent of taxable market value for the purpose of providing musical entertainments to the public in public buildings or upon public grounds. The total sum that may be levied or expended in any year shall not exceed ~~the sum~~ of \$3,500.

Sec. 51. Minnesota Statutes 1988, section 449.08, is amended to read:

449.08 TAX LEVY FOR MUSICAL ENTERTAINMENTS IN CITIES OF THE THIRD CLASS.

The council of any city of the third class is hereby authorized and empowered to may levy a tax of not exceeding ~~one-third of one mill on all the taxable property within the city~~ 0.00806 percent of taxable market value for the purpose

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of providing free musical entertainment for the general public. ~~This tax shall be levied by the council in the same manner and at the same times as taxes for other purposes are levied, and shall be collected in the same manner.~~ The proceeds of this tax shall be used only for the purpose of providing free musical entertainment for the public. The annual expenditure for this purpose is hereby limited to ~~the sum of~~ \$3,000.

Sec. 52. Minnesota Statutes 1988, section 449.09, is amended to read:

449.09 BANDS, ORCHESTRAS OR CHORUSES, TAX LEVY.

Cities of the second, third, or fourth class, statutory cities, or towns, however organized, may, when authorized as ~~hereinafter~~ provided in section 449.10, levy each year a tax not to exceed ~~one mill~~ 0.02418 percent of taxable market value for the purpose of providing a fund for the maintenance, transportation, or employment of a band, orchestra, or chorus for municipal purposes. No levy by any municipality shall exceed, in any one year, \$10,000 except in cities of the second class, situated in a county having over 45,000 and less than 49,000 inhabitants according to the 1950 federal census, ~~wherein such in which the~~ levy shall not exceed \$25,000 in any one year. No levy by any town shall exceed \$1,500. All sums shall be separately levied and when collected these sums shall be paid into a special fund and used for these purposes. When taxes are levied and collected for the maintenance or employment of a band, orchestra, or chorus for municipal purposes and the band, orchestra, or chorus is discontinued or the city or town by a vote of the people as now provided by law decide not to employ a band, orchestra, or chorus, the governing body may transfer the sums so levied and collected to the general fund~~s~~. No levy shall be made ~~of for~~ for any such fund when there is in the fund an unexpended balance equal to the maximum levy permitted by ~~law therefor~~ this section.

Sec. 53. Minnesota Statutes 1988, section 449.10, is amended to read:

449.10 TAX LEVY ELECTION; PETITION.

~~Such~~ The authority shall be initiated by a petition signed by ten percent of the legal voters of the city or town, as shown by the last regular municipal election. This petition shall be filed with the governing body of the city or town, and shall request that the following question be submitted to the voters: "Shall a tax of not exceeding ~~mills~~ percent of tax capacity be levied each year for the purpose of furnishing a band, orchestra, or chorus fund?"

Sec. 54. Minnesota Statutes 1988, section 450.19, is amended to read:

450.19 TOURIST CAMPING GROUNDS.

~~All cities and towns in the state are hereby authorized and empowered to~~ A home rule charter or statutory city or town may establish and maintain public tourist camping grounds and. ~~The council or other legislative or governing body thereof is hereby empowered to~~ may acquire, by lease, purchase, or by gift,

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suitable lands located either within or without the corporate limits for use as public tourist camping grounds and to provide for the equipment, operation, and maintenance of the same. The amount that may be expended for the maintenance, improvement, or operation of tourist camping grounds shall not exceed, in any one year, a sum equal to the amount which may be raised by a one-third of one mill tax upon the taxable property of the municipality of 0.00806 percent of taxable market value.

Sec. 55. Minnesota Statutes 1988, section 450.25, is amended to read:

450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX LEVY.

After the ~~acquisition~~ acquisition of any museum, gallery or school of arts or crafts, ~~there shall be annually levied and it shall be the duty of the board of park commissioners of the city in which it is located any museum, gallery, or school of arts or crafts to shall~~ cause to be included in the annual tax levy; upon all the taxable property of the county in which is located said the museum, gallery, or school of arts or crafts is located, a tax of .35 mills upon each dollar of the gross tax capacity of property in the county in which is located said museum, gallery, or school of arts or crafts subject to taxation, and of 0.00846 percent of market value. The board shall certify the levy to the county auditor of the county in which the museum, gallery, or school of arts or crafts is situated, and the same it shall be added to, and collected with and as part of, the general, real, and personal property taxes, with like penalties and interest, in case of nonpayment and default, and all provisions of law in respect to the levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be paid to the city treasurer of the city in which is located ~~said the~~ museum, gallery, or school of arts or crafts and ~~shall be credited to a fund to be known and denominated as the park museum fund, and shall be used only for the purposes specified in sections 450.23 to 450.25; and for no other purpose.~~ Any part of the proceeds of the levy not expended for the purposes specified in section 450.24 may be used for the erection of new buildings for the same purposes. ~~The tax capacity rate referred to herein shall be mills as determined after the adoption of section 273.1102.~~

Sec. 56. Minnesota Statutes 1988, section 458A.10, is amended to read:

458A.10 PROPERTY TAX.

The commission shall ~~subject to the further provisions hereof,~~ annually levy a ~~direct~~ tax not to exceed five mills 0.12089 percent of market value on all the taxable property in the transit area at a rate sufficient to produce an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the payment of principal and interest due on any revenue bonds issued pursuant to section 458A.05. Property taxes levied under this section shall be certified by the commission to the county auditors of the transit area, extended, assessed, and collected in ~~like the~~ the manner as provided by law for the ~~regular~~ property

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taxes levied by the governing bodies of cities. The proceeds of the taxes levied under this section shall be remitted by the respective county treasurers to the treasurer of the commission, who shall credit the same to the funds of the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any applicable pledges or limitations on account of tax anticipation certificates or other specific purposes. At any time after making a tax levy under this section and certifying ~~the same~~ it to the county auditors, the commission may issue general obligation certificates of indebtedness in anticipation of the collection of ~~such the taxes upon like procedure and subject to the provisions and limitations~~ as provided by section 412.261.

Sec. 57. Minnesota Statutes 1988, section 458A.31, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding anything to the contrary contained in the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto, limiting the amount levied in any one year for general or special purposes, the city council of the city of Duluth shall each year, ~~at the time the tax levies for the support of the city are made,~~ levy a tax ~~on all taxable property~~ in an amount not to exceed ~~three mills in any year~~ 0.07253 percent of taxable market value, by ordinance. An ordinance fixing the levy shall take effect immediately upon its passage and approval. The proceeds ~~from such of the~~ levy shall be paid into the city treasury, and ~~shall be~~ deposited in the operating fund provided for in section 458A.24, subdivision 3.

Sec. 58. Minnesota Statutes 1988, section 459.06, subdivision 1, is amended to read:

Subdivision 1. **ACCEPT DONATIONS.** Any county, city, or town ~~in this state,~~ may by resolution of ~~the its~~ governing body ~~thereof,~~ may accept donations of land that ~~such the~~ governing body ~~may deem~~ deems to be better adapted for the production of timber and wood than for any other purpose, for a forest, and may manage ~~the same~~ it on forestry principles. The donor of not less than 100 acres of any such land shall be entitled to have the ~~same land~~ perpetually bear the donor's name. The governing body of any city, or town ~~in this state,~~ when funds are available or have been levied therefor, may, when authorized by a majority vote by ballot of the voters voting at any general or special city election or town meeting where ~~such the~~ question is properly submitted, purchase or obtain by condemnation proceedings, and preferably at the sources of streams, any tract of land for a forest which is better adapted for the production of timber and wood than for any other purpose, and which is conveniently located for the purpose, and manage ~~the same~~ it on forestry principles. The selection of ~~such the~~ lands and the plan of management thereof ~~shall have the approval of~~ must be approved by the director of lands and forestry. ~~Such The~~ city or town is authorized to may levy and collect an annual a tax of not exceeding ~~1-2/3~~ 1-2/3 mills on the dollar of its real estate gross tax capacity, ~~in addition to all other taxes authorized or permitted by law,~~ 0.04030 percent of taxable market value to procure and maintain such forests.

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

Sec. 59. Minnesota Statutes 1988, section 459.14, subdivision 2, is amended to read:

Subd. 2. **FINANCING.** ~~Any such~~ The municipality may pay for any portion of the cost of providing automobile parking facilities by:

- (a) (1) appropriating ~~moneys therefor~~ money as authorized in subdivision 1;
- (b) (2) levying a tax, not exceeding ~~one-sixth of one mill in any one year, on all taxable property in the municipality~~ 0.00403 percent of taxable market value;
- (c) (3) levying special assessments against benefited property;
- (d) (4) appropriating any or all net revenues derived from the operation of its parking facilities;
- (e) (5) classifying the users of ~~such~~ the facilities as a subject for taxation, and imposing taxes thereon computed according to the extent of use of the facilities;
- (f) (6) imposing reasonable rates, rents, fees and charges for the use of any on-street or off-street parking privilege or facility, which may be in excess of actual cost of operation, maintenance, regulation and supervision of parking at the particular location where the privilege is exercised;
- (g) (7) leasing any off-street facilities at specified or determinable rents to be paid to the municipality under a lease made as ~~hereinafter authorized and limited provided in subdivision 4;~~
- (h) (8) borrowing money and issuing bonds as authorized and limited by subdivision 3; or
- (i) (9) any combination of ~~all or any~~ of the foregoing.

Sec. 60. Minnesota Statutes 1988, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20, ~~1971,~~ and each year thereafter, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1, ~~1971,~~ and each year thereafter, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of ~~such~~ the tax, which shall be an

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amount bearing the same proportion to the total levy agreed on by the commission as the gross tax capacity of the county bears to the gross tax capacity of the region. The maximum amount of any levy made for the purposes of sections 462.381 to 462.398 shall not exceed ~~one-sixth of one mill on each dollar of gross tax capacity of 0.00403 percent of market value on~~ all taxable property in the region. The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of ~~such the~~ taxes with the commission in the same manner as other taxes are distributed to political subdivisions. ~~The levy authorized by this section shall be in addition to any other county taxes authorized by law.~~

Sec. 61. Minnesota Statutes 1988, section 469.033, subdivision 6, is amended to read:

Subd. 6. OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX. All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy each year a ~~special~~ tax upon all taxable property; ~~both real and personal;~~ within that taxing district. The authority shall ~~cause~~ certify the tax ~~so levied each year to be certified to the auditor of the county in which the taxing district is located on or before October 10 each year.~~ The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended ~~and applied only~~ only for the purposes of sections 469.001 to 469.047; ~~and for no other purpose.~~ It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the ~~special tax~~ levy shall be an amount approved by the governing body of the city, but shall not exceed ~~ten cents on each \$100 of gross tax capacity in the area of operation; .0081 percent of taxable market value~~ .0081 percent of taxable market value except that in cities of the first class having a population of less than 200,000, the ~~special tax~~ levy shall not exceed ~~five cents on each \$100 of gross tax capacity in the area of operation .00403 percent of taxable market value.~~ The authority may levy an additional levy, not to exceed ~~one cent on each \$100 of gross tax capacity in the area of operation .0008 percent of taxable market value,~~ to be used to defray costs of providing informational service and relocation assistance as set forth in section 462.445, subdivision 4. The authority shall each year formulate and file a budget in accordance with the budget

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procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget and shall be approved by the governing body.

Sec. 62. Minnesota Statutes 1988, section 469.053, subdivision 4, is amended to read:

Subd. 4. **MANDATORY CITY LEVY.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed ~~.75 mill times the gross tax capacity of taxable property in the city~~ 0.01813 percent of taxable market value. ~~The tax is not subject to levy limits.~~ The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority.

Sec. 63. Minnesota Statutes 1988, section 469.053, subdivision 6, is amended to read:

Subd. 6. **DISCRETIONARY CITY LEVY.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be for more than ~~7/60 of one mill on each dollar of gross tax capacity of taxable property in the city~~ 0.00282 percent of taxable market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4 ~~and is not subject to levy limits.~~

Sec. 64. Minnesota Statutes 1988, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **CITY TAX LEVY.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than ~~.75 mill times the gross tax capacity of taxable property in the city~~ 0.01813 percent of taxable market value. ~~The tax is not subject to levy limits.~~ The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Sec. 65. Minnesota Statutes 1988, section 469.180, subdivision 2, is amended to read:

Subd. 2. **TAX LEVIES.** Notwithstanding any law, the county board of any county may appropriate from the general revenue fund a sum not to exceed ~~1/30 of a mill on the gross tax capacity of the~~ a county levy of 0.00080 percent of taxable market value to carry out the purposes of this section.

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

Sec. 66. Minnesota Statutes 1988, section 469.187, is amended to read:

469.187 EXPENDITURE FOR PUBLICITY; PUBLICITY BOARD; FIRST CLASS CITIES.

Any city of the first class may expend money for city publicity purposes. The city may levy a tax, ~~at a rate not exceeding 1/30 of one mill upon the gross tax capacity of the taxable property of the city~~ 0.00080 percent of taxable market value. The proceeds of the levy shall be expended in the manner and for the city publicity purposes the council directs. The council may establish and provide for a publicity board or bureau to administer the fund, subject to the conditions and limitations the council prescribes by ordinance.

Sec. 67. Minnesota Statutes 1988, section 469.188, is amended to read:

469.188 TAX FOR ADVERTISING RESOURCES; CITIES OF SECOND OR THIRD CLASS.

The governing body of any city of the second or third class in this state may levy a tax ~~of not to exceed one-third of one mill against the taxable property in the city~~ 0.00806 percent of taxable market value for the purpose of advertising agricultural, industrial business, and all other resources of the community ~~subject to the city's levy limits~~.

Sec. 68. Minnesota Statutes 1988, section 471.191, subdivision 2, is amended to read:

Subd. 2. Any such city may issue bonds pursuant to chapter 475, for the acquisition and betterment of land, buildings, and facilities for the purpose of carrying out the powers granted by this section. Such bonds, unless authorized as general obligations of the issuer pursuant to approval of the electors or pursuant to another law or charter provision permitting such issuance without an election, shall be payable solely from the income of land, buildings, and facilities used or useful for the operation of the program, but may be secured by a pledge to the bondholders, or to a trustee, of all income and revenues of whatsoever nature derived from any such land, buildings, and facilities, as a first charge on the gross revenues thereof to the extent necessary to pay the bonds and interest thereon when due and to accumulate and maintain an additional reserve for that purpose in an amount equal to the total amount of ~~such~~ payments to become due in any fiscal year. In this event the governing body of the issuer may by resolution or trust indenture define the land, buildings, or facilities, the revenues of which are pledged, and establish covenants and agreements to be made by the issuer for the security of the bonds, including a covenant that the issuer will establish, maintain, revise when necessary, and collect charges for all services, products, use, and occupancy of the land, buildings, and facilities, in the amounts and at the times required to produce the revenues pledged, and also sufficient, with any other funds appropriated by the governing body from time to time, to provide adequately for the operation and maintenance of the land, buildings, and facilities. ~~From and~~ After the issuance of any bonds for which

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revenues are so pledged, the governing body of the issuer shall provide in its budget each year for any anticipated deficiency in the revenues available for such operation and maintenance. For this purpose any issuer other than a city of the first class may levy a tax of not more than ~~two-thirds of one mill on the gross tax capacity of all taxable property within its corporate limits~~ 0.01612 percent of taxable market value, in excess of taxes which may otherwise be levied within legal and charter limitations, provided ~~such~~ the excess levy is approved by a majority of its electors voting on ~~such~~ the question at a regular or special election. The authority to levy additional taxes granted herein shall not apply to cities or towns in which the gross tax capacity consists in part of iron ore or lands containing taconite or semitaconite.

Sec. 69. Minnesota Statutes 1988, section 471.1921, is amended to read:

471.1921 CITIES AND TOWNS; PLAYGROUNDS AND RECREATION; TAX LEVY.

Whenever any city or town in which the gross tax capacity consists in part of iron ore or lands containing taconite or semitaconite operates a program of public recreation and playgrounds or other recreational facilities and expends funds for the operation of the program pursuant to sections 471.15 to 471.19, in addition to funds otherwise provided therefor, the governing body of the city or town may levy a tax in excess of any charter or statutory limitation, except the limitation imposed in sections 275.50 to 275.58, for the support of this program of public recreation and playgrounds as follows:

(a) (1) in cities the council or governing body may levy a tax of not exceeding ~~two-ninths of a mill and not exceeding~~ the lesser of (i) 0.00537 percent of taxable market value; (ii) \$3 per capita and not exceeding; or (iii) \$15,000; and

(b) (2) in towns the governing body may levy a tax of not exceeding ~~two-ninths of a mill and not exceeding~~ the lesser of (i) 0.00537 percent of taxable market value; or (ii) \$10,000.

Sec. 70. Minnesota Statutes 1988, section 471.571, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** This section applies to each city in which the gross tax capacity of real and personal property consists in part of iron ore or lands containing taconite or semitaconite and in which the total ~~gross tax capacity~~ taxable market value of real and personal property exceeds \$200,000 \$2,500,000.

Sec. 71. Minnesota Statutes 1988, section 471.571, subdivision 2, is amended to read:

Subd. 2. **CREATION OF FUND, TAX LEVY.** The governing body of ~~such~~ the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter ~~or statutory~~ limitation and in excess of the per capita limitation

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imposed under section 275.11 for the support of ~~such the~~ permanent improvement and replacement fund, but not exceeding the following:

(a) In cities having a population of not more than 500 inhabitants, the lesser of \$20 per capita or ~~3-1/3 mills~~ 0.08059 percent of taxable market value;

(b) In cities having a population of more than 500 and less than 2500, the greater of \$12.50 per capita or \$10,000 but not exceeding ~~3-1/3 mills~~ 0.08059 percent of taxable market value;

(c) In cities having a population of more than 2500 inhabitants, the greater of \$10 per capita or \$31,500 but not exceeding ~~3-1/3 mills~~ 0.08059 percent of taxable market value.

Sec. 72. Minnesota Statutes 1988, section 473.325, subdivision 2, is amended to read:

Subd. 2. The metropolitan council shall sell and issue ~~such the~~ bonds in the manner provided in chapter 475, and shall have the same powers and duties as a municipality issuing bonds under that law, except that the approval of a majority of the electors shall not be required and the net debt limitations ~~therein~~ shall not apply. The terms of each series of ~~such~~ bonds shall be fixed so that the amount of principal and interest on all outstanding and undischarged bonds, together with the bonds proposed to be issued, due in any year shall not exceed ~~.5 mills times the gross tax capacity~~ 0.01209 percent of market value of all taxable property in the metropolitan area as last finally equalized prior to a proposed issue. The bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes required for their payment shall be levied by the council, shall not affect the amount or rate of taxes which may be levied by the council for other purposes, shall be spread against all taxable property in the metropolitan area and shall not be subject to limitation as to rate or amount. Any taxes certified by the council to the county auditors for collection shall be reduced by the amount received by the council from the commissioner of finance or the federal government for the purpose of paying the principal and interest on bonds to which the levy relates. The council shall certify the fact and amount of all money so received to the county auditors, and the auditors shall reduce the levies ~~heretofore~~ previously made for ~~such the~~ bonds in the manner and to the extent provided in section 475.61, subdivision 3.

Sec. 73. Minnesota Statutes 1988, section 473.446, subdivision 1, is amended to read:

Subdivision 1. **TAXATION WITHIN TRANSIT TAXING DISTRICT.** For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating

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transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, as the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and

(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.

For the purpose of determining the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision

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on all property within statutory and home rule charter cities and towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.5 mills~~ 0.01209 percent of market value on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.75 mills~~ 0.01813 percent of market value 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 section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments ~~in fiscal year 1987 and thereafter.~~

For the purposes of this subdivision, "full peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 74. Minnesota Statutes 1988, section 473.661, subdivision 3, is amended to read:

Subd. 3. In any budget certified by the commissioners, ~~pursuant to any of the provisions of under~~ this section, the amount included for operation and maintenance shall not exceed an amount which, when extended against the ~~gross tax capacity of property then taxable therefor under the provisions of~~ section 473.621, subdivision 5, will require a levy at the ~~a rate of one-third of one mill upon such gross tax capacity~~ 0.00806 percent of market value. Taxes levied by the corporation shall not affect the amount or rate of taxes which may be levied by any other local government unit within the metropolitan area under the provisions of any ~~law or~~ charter.

Sec. 75. Minnesota Statutes 1988, section 473.667, subdivision 9, is amended to read:

Subd. 9. **ADDITIONAL TAXES.** Nothing herein shall prevent the commission from levying a tax not to exceed ~~in any year 1/20 of one mill on the gross tax capacity of~~ 0.00121 percent of market value on taxable property within its taxing jurisdiction, ~~over and above in addition to~~ any levies found necessary for the debt service fund as authorized by section 473.671. Nothing herein shall prevent the levy and appropriation for purposes of the commission of any other tax on property or on any income, transaction, or privilege, when and if autho-

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rized by law. All collections of any taxes so levied shall be included in the revenues appropriated for the purposes referred to in this section, unless otherwise provided in the law authorizing ~~such~~ the levies; but no covenant as to the continuance or as to the rate and amount of any such levy shall be made with the holders of the commission's bonds unless specifically authorized by law.

Sec. 76. Minnesota Statutes 1988, section 473.671, is amended to read:

473.671 LIMIT OF TAX LEVY.

The taxes levied against the property of the metropolitan area in any one year shall not exceed ~~one-third of one mill upon the gross tax capacity thereof~~ 0.00806 percent of taxable market value, exclusive of the taxes it ~~may be necessary to levy~~ levied to pay the principal or interest on any bonds or indebtedness of ~~said the~~ the city issued by it under the provisions of Laws 1943, chapter 500, and exclusive of any ~~amounts required~~ taxes levied to pay the share of ~~such the~~ the city for payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the maximum rate allowed to be levied to defray the cost of government under the provisions of the charter of any city affected by Laws 1943, chapter 500.

Sec. 77. Minnesota Statutes 1988, section 473.882, subdivision 3, is amended to read:

Subd. 3. **TAX.** After adoption of the ordinance under subdivision 2, a local government unit may annually levy a tax on all taxable property in the district for the purposes for which the tax district is established. The tax ~~levied~~ may not exceed ~~one mill~~ 0.02418 percent of market value on taxable property located in rural towns other than urban towns, unless allowed by resolution of the town electors. The proceeds of the tax shall be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve fund at the time the tax is terminated or the district is dissolved shall be transferred and irrevocably pledged to the debt service fund of the local unit to be used solely to reduce tax levies for bonded indebtedness of taxable property in the district. A tax levied in accordance with this subdivision for paying capital costs is a levy for the payment of principal and interest on bonded indebtedness within the meaning of section 275.50, subdivision 5, clause (e).

Sec. 78. Minnesota Statutes 1988, section 473.883, subdivision 6, is amended to read:

Subd. 6. **TAX.** For the payment of principal and interest on the bonds issued under subdivision 5 and the payment required under subdivision 4, the county shall irrevocably pledge and appropriate the proceeds of ~~an ad valorem a~~ a tax levied on all taxable property located within the territory of the watershed management organization or minor watershed unit for which the bonds are issued. Each year until the reserve for payment of the bonds is sufficient to retire the bonds, the county shall levy on all taxable property in the territory of

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the organization or unit, without respect to any statutory or other limitation on taxes, an amount of taxes sufficient to pay principal and interest on the bonds and to restore any deficiencies in reserves required to be maintained for payment of the bonds. The tax levied on rural towns other than urban towns may not exceed ~~one mill~~ 0.02418 percent of taxable market value, unless approved by resolution of the town electors. If at any time the amounts available from the levy on property in the territory of the organization are insufficient to pay principal and interest on the bonds when due, the county shall make payment from any available funds in the county treasury. The amount of any taxes which are required to be levied outside of the territory of the watershed management organization or unit or taken from the general funds of the county to pay principal or interest on the bonds shall be reimbursed to the county from taxes levied within the territory of the watershed management organization or unit.

Sec. 79. Minnesota Statutes 1988, section 641.23, is amended to read:

641.23 FUNDS, HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, or both, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that the amount of all bonds issued for this purpose and interest on them which are due and payable in any year shall not exceed an amount equal to ~~four mills times the gross tax capacity~~ 0.09671 percent of market value of taxable property within the county, as last determined before the bonds are issued.

Sec. 80. REPEALER.

Minnesota Statutes 1988, sections 69.36; 423.376; 423.47; 423.807; 424.12; and 424.13, are repealed.

Sec. 81. EFFECTIVE DATE.

Sections 30, 35, 39, 41, 72, 78, and 79 are effective for bonds and other obligations issued after June 30, 1989, provided that the limitations in those sections include the amount of debt service on obligations issued before that date. Section 33 is effective for obligations issued after the date of enactment of this act.

Presented to the governor May 23, 1989

Signed by the governor May 25, 1989, 6:00 p.m.

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