CHAPTER 356—H.F.No. 1616

An act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, sections 40A.122, subdivision 1; 65A.375; 65B.49, subdivision 4a, as amended; 80A.15, subdivision 2; 115B.02, subdivision 14; 116J.64, subdivision 7; 124.43, subdivision 1, as amended; 176.132, subdivision 2; 216B.01; 216B.02, subdivision 4; 216B.027, subdivision 2; 221.031, subdivisions 2 and 2a; 237.075, subdivision 9; 273.11, subdivision 8; 275.50, subdivision 2; 290.092, subdivision 2; 290A.04, by adding a subdivision; 325E.025, subdivision 1; 325E.026, subdivision 1; 326.20, subdivision 2; 363.01, subdivision 32; 469.153, subdivision 7; 500.221, subdivision 2; Laws 1989, chapters 135, section 2; and 144, section 35; 1989 H.F. No. 59, article 2, sections 3, subdivision 1; and 18; article 3, section 26; article 4, sections 1, subdivision 3; and 18; article 9, sections 1, subdivision 1; and 8; article 10, section 3; H.F. No. 66, article 3, section 16, subdivision 3; H.F. No. 372, article 1, section 28; article 3, section 58, subdivision 2; H.F. No. 654, article 6, section 4, subdivision 3; article 7, section 19; H.F. No. 1283, section 15; H.F. No. 1532, section 1; H.F. No. 1734, article 1, sections 7; 14; and 17; article 3, sections 6; 14; 17; 18; 21; 26; and 35; article 4, sections 11; 12; and 14; article 6, sections 3 and 11; article 7, section 6; and 1989 S.F. No. 262, article 4, section 3; repealing Laws 1989, chapter 118; and 1989 H.F. No. 579, article 2, section 1.

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

Section 1. Minnesota Statutes 1988, section 124.43, subdivision 1, as amended by Laws 1989, chapter 1, section 1, is amended to read:

Subdivision 1. **REVIEW BY COMMISSIONER.** (a) The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted.

(b) Any school board that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in gross tax capacity over the term of the loan, shall assume a levy equal to 16 mills times the adjusted gross tax capacity, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding an amount computed as follows:

(1) The amount requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) Less the maximum net debt permissible for the district on December 1

of the year the application is received, under the limitation in section 475.53, subdivision 4, or the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 2. **CORRECTION NO. 1** Laws 1989, chapter 135, section 2, is amended to read:

Sec. 2. **PRIVATE SALES OF TAX-FORFEITED LANDS; ST. LOUIS COUNTY.**

Subdivision 1. (a) Notwithstanding Minnesota Statutes, section 282.018, or the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may sell the tax-forfeited lands bordering public waters and described in subdivision 2, to the persons indicated, by private sale for not less than appraised value.

(b) The conveyances must be in a form approved by the attorney general.

Subd. 2. (a) The following lands located in St. Louis county may be sold to the persons indicated.

(b) St. Louis county may sell to Charlotte Ekroot, Windigo Lodge, Grand Marais: that part of the Southeast Quarter of the Northwest Quarter of Section 9, Township 55 North, Range 12 West, lying west of the township road. A cabin and a tool shed were built on what they thought was their property. Later surveys indicated that they had built on tax-forfeited property.

(c) St. Louis county may sell to Manson Berg, 2930 Miller Trunk Highway, Duluth: the easterly 164.1 feet of the South Half of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter, Section 12, Township 50 North, Range 15 West. The adjacent property has belonged to Mr. Berg since 1978. Due to incorrect survey lines, part of Mr. Berg's trailer park along with water and sewage system was located on 1.24 acres of tax-forfeited land. This land is surrounded by private property and has no road access.

(d) St. Louis county may sell to Mablo Enrico, 202 First Street N.W., Chisholm: part of Outlot B, beginning at a point 83.96 feet South and 212.77 feet West of the Northwest corner, go South 47 degrees 9 minutes East 393 feet

to a point on the West line of a platted road, thence South 42 degrees 51 minutes West along the west side of said road 100 feet, thence North 47 degrees 9 minutes West 396 feet to a point on the shore of Long Lake, thence in a northerly and easterly direction 100 feet to the point of beginning. Plat of Long Lake Beach, Lot 1, Sec. 17, Lot 7, Section 18, all in Township 59 North, Range 20 West. Mr. Enrico, who has been diagnosed as having Alzheimer's Disease, forgot to pay taxes on his lakeshore lot and it was forfeited. The family would like to redeem the property.

(e) St. Louis county may sell to William Moffat, P. O. Box 434, Tower: an undivided three-eighths interest in the easterly 175 feet of Government Lot 8, Section 19, Township 62 North, Range 14 West. Mr. Moffat requested use of tax-forfeited lands adjoining his property. New surveys indicated that his garage and part of his house are already on that property.

(f) St. Louis county may sell to Rodney and Mary Lou Halunen, 1009 1st Street South, Virginia: the North Half of Lot 8 of Ruth Ann's Acres, Little Fourteen Lake, Government Lot 1, Section 13, Township 60 North, Range 19 West. Lot 8 is a small undevelopable lake lot between two private landowners. The department of natural resources has stated that there is no need for a public access. The county recommends that it be split and sold to the two landowners in paragraphs (f) and (g).

(g) St. Louis county may sell to Steve Prelesnik, Route 1, Box 790, Britt: the South Half of Lot 8 of Ruth Ann's Acres, Little Fourteen Lake, Government Lot 1, Section 13, Township 60 North, Range 19 West. Lot 8 is a small undevelopable lake lot between two private landowners. The department of natural resources has stated that there is no need for a public access. The county recommends that it be split and sold to the two landowners in paragraphs (f) and (g).

(h) Lands in this section are not needed for state purposes and the public's interest would be better served if the lands were ~~publicly~~ privately owned.

Sec. 3. **CORRECTION NO. 2** Laws 1989, chapter 144, section 35, is amended to read:

Sec. 35. **[308A.641] VOTE OF COOPERATIVE CONSTITUTED OF OTHER COOPERATIVES.**

A cooperative that is constituted entirely or partially of other cooperatives or associations may authorize by the articles or the bylaws for affiliated cooperative members to have an additional vote for:

(1) a stipulated amount of business transacted between the member cooperative and the cooperative central organization ~~or~~;

(2) a stipulated number of members in the member cooperative;

(3) a certain stipulated amount of equity allocated to or held by the member cooperative in the cooperative's central organization; or

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

(4) a combination of methods in clauses (1) to (3). **[308.07 s. 4]**

Sec. 4. **CORRECTION 3.** Minnesota Statutes 1988, section 40A.122, subdivision 1, is amended to read:

Subdivision 1. **APPLICABILITY.** An agency of the state, a public benefit corporation, a local government, or any other entity with the power of eminent domain under chapter 117, except a public utility as defined in section 216B.02, a municipal electric or gas utility, a municipal power agency, a cooperative electric association organized under chapter ~~308~~ 308A, or a pipeline operating under the authority of the Natural Gas Act, United States Code, title 15, sections 717 to 717z, shall follow the procedures in this section before:

(1) acquiring land or an easement in land with a total area over ten acres within an exclusive agricultural use zone; or

(2) advancing a grant, loan, interest subsidy, or other funds for the construction of dwellings, commercial or industrial facilities, or water or sewer facilities that could be used to serve structures in areas that are not for agricultural use, that require an acquisition of land or an easement in an exclusive agricultural zone.

Sec. 5. **CORRECTION 3.** Minnesota Statutes 1988, section 65A.375, is amended to read:

65A.375 **RATES FOR COOPERATIVE HOUSING AND NEIGHBORHOOD REAL ESTATE TRUST INSURANCE.**

The commissioner shall set the insurance rates for cooperative housing, organized under chapter ~~308~~ 308A, and for neighborhood real estate trusts, characterized as nonprofit ownership of real estate with resident control. The rates must be actuarially sound.

Sec. 6. **CORRECTION 3.** Minnesota Statutes 1988, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any isolated sales, whether or not effected through a broker-dealer, provided that no person shall make more than ten sales of securities of the same issuer pursuant to this exemption during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (1) the seller reasonably believes that all buyers are purchasing for investment, and (2) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) Any sales by an issuer to the number of persons that shall not exceed 25 persons in this state, or 35 persons if the sales are made in compliance with Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.506, (other than those designated in paragraph (a) or (g)), whether or not any of the purchasers is then present in this state, if (1) the issuer reasonably believes that all of the buyers in this state (other than those designated in clause (g)) are purchasing for investment, and (2) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer in this state (other than those designated in clause (g)), except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter, and (3) the issuer has, ten days prior to any sale pursuant to this paragraph, supplied the commissioner with a statement of issuer on forms prescribed by the commissioner, containing the following information: (i) the name and address of the issuer, and the date

and state of its organization; (ii) the number of units, price per unit, and a description of the securities to be sold; (iii) the amount of commissions to be paid and the persons to whom they will be paid; (iv) the names of all officers, directors and persons owning five percent or more of the equity of the issuer; (v) a brief description of the intended use of proceeds; (vi) a description of all sales of securities made by the issuer within the six-month period next preceding the date of filing; and (vii) a copy of the investment letter, if any, intended to be used in connection with any sale. Sales that are made more than six months before the start of an offering made pursuant to this exemption or are made more than six months after completion of an offering made pursuant to this exemption will not be considered part of the offering, so long as during those six-month periods there are no sales of unregistered securities (other than those made pursuant to paragraph (a) or (g)) by or for the issuer that are of the same or similar class as those sold under this exemption. The commissioner may by rule or order as to any security or transaction or any type of security or transaction, withdraw or further condition this exemption, or increase the number of offers and sales permitted, or waive the conditions in clause (1), (2), or (3) with or without the substitution of a limitation or remuneration.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative association organized under chapter ~~308~~ 308A, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in such association, or when such securities are issued as patronage dividends.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of industrial revenue bonds issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

Sec. 7. **CORRECTION 3.** Minnesota Statutes 1988, section 115B.02, subdivision 14, is amended to read:

Subd. 14. **PUBLIC UTILITY EASEMENT.** "Public utility easement" means an easement used for the purposes of transmission, distribution, or furnishing, at wholesale or retail, natural or manufactured gas, or electric or telephone service, by a public utility as defined in section 216B.02, subdivision 4, a cooperative electric association organized under the provisions of chapter ~~308~~ 308A, a telephone company as defined in section 237.01, subdivisions 2 and 3, or a municipality producing or furnishing gas, electric, or telephone service.

Sec. 8. **CORRECTION 3.** Minnesota Statutes 1988, section 216B.01, is amended to read:

216B.01 **LEGISLATIVE FINDING.**

It is hereby declared to be in the public interest that public utilities be regulated as hereinafter provided in order to provide the retail consumers of natural gas and electric service in this state with adequate and reliable services at reasonable rates, consistent with the financial and economic requirements of public utilities and their need to construct facilities to provide such services or to otherwise obtain energy supplies, to avoid unnecessary duplication of facilities which increase the cost of service to the consumer and to minimize disputes between public utilities which may result in inconvenience or diminish efficiency in service to the consumers. Because municipal utilities are presently effectively regulated by the residents of the municipalities which own and operate them, and cooperative electric associations are presently effectively regulated and controlled by the membership under the provisions of chapter ~~308~~ 308A, it is deemed unnecessary to subject such utilities to regulation under this chapter except as specifically provided herein.

Sec. 9. **CORRECTION 3.** Minnesota Statutes 1988, section 216B.02, subdivision 4, is amended to read:

Subd. 4. "Public utility" means persons, corporations or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof but does not include (1) a municipality or a cooperative electric association, organized under the provisions of chapter ~~308~~ 308A producing or furnishing natural, manufactured or mixed gas or electric service or (2) a retail seller of compressed natural gas used as a vehicular fuel which purchases the gas from a public utility. Except as otherwise provided, the provisions of this chapter shall not be applicable to any sale of natural, manufactured or mixed gas or electricity by a public utility to another public utility for resale. In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility. No person shall be deemed to be a public utility if it furnishes its services only to tenants or cooperative or condominium owners in buildings owned, leased or operated by such person. No person shall be deemed to be a public utility if it furnishes service to occupants of a manufactured home or trailer park owned, leased, or operated by such person. No person shall be deemed to be a public utility if it produces or furnishes service to less than 25 persons.

Sec. 10. **CORRECTION 3.** Minnesota Statutes 1988, section 216B.027, subdivision 2, is amended to read:

Subd. 2. **SCOPE.** Cooperative associations organized under chapter ~~308~~ 308A for the purpose of providing rural electrification at retail to ultimate consumers shall comply with the provisions of this section in addition to other applicable provisions of chapter ~~308~~ 308A and other applicable state and federal laws.

Sec. 11. **CORRECTION 3.** Minnesota Statutes 1988, section 221.031, subdivision 2, is amended to read:

Subd. 2. **PRIVATE CARRIERS.** This subdivision applies to private carriers engaged in intrastate commerce.

(a) Private carriers operating vehicles licensed and registered for a gross weight of more than 12,000 pounds, shall comply with rules adopted under this section applying to maximum hours of service of drivers, safe operation of vehicles, equipment, parts and accessories, leasing of vehicles or vehicles and drivers, and inspection, repair, and maintenance.

(b) In addition to the requirements in paragraph (a), private carriers operating vehicles licensed and registered for a gross weight in excess of 26,000 pounds shall comply with rules adopted under this section relating to driver qualifications.

(c) The requirements as to driver qualifications and maximum hours of service for drivers do not apply to private carriers who are (1) public utilities as defined in section 216B.02, subdivision 4; (2) cooperative electric associations organized under chapter ~~308~~ 308A; (3) telephone companies as defined in section 237.01, subdivision 2; or (4) who are engaged in the transportation of construction materials, tools and equipment from shop to job site or job site to job site, for use by the private carrier in the new construction, remodeling, or repair of buildings, structures or their appurtenances.

(d) The driver qualification rule and the hours of service rules do not apply to vehicles controlled by a farmer and operated by a farmer or farm employee to transport agricultural products or farm machinery or supplies to or from a farm if the vehicle is not used in the operations of a motor carrier and not carrying hazardous materials of a type or quantity that requires the vehicle to be marked or placarded in accordance with section 221.033.

Sec. 12. **CORRECTION 3.** Minnesota Statutes 1988, section 237.075, subdivision 9, is amended to read:

Subd. 9. **ELECTION ON REGULATION.** For the purposes of this section, "telephone company" shall not include a cooperative telephone association organized under the provisions of chapter ~~308~~ 308A, an independent telephone company, or a municipal, unless the cooperative telephone association, independent telephone company, or municipal makes the election provided in this subdivision.

A cooperative telephone association may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the association in accordance with the procedures for amending the articles of incorporation contained in section 308.15, subdivision 1, excluding the filing requirements; or (b) approved by a majority of members or stockholders voting by mail ballot initiated by petition of no fewer than five percent of the members or stockholders of the association. The ballot to be used for the election shall be approved by the board of directors and the department of public service. The department shall mail the ballots to the association's members who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a majority of the association's members who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "member or stockholder" shall mean either the member or stockholder of record or the spouse of the member or stockholder unless the association has been notified otherwise in writing.

A municipal may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by resolution of the governing body of the municipality; or (b) approved by a majority of the customers of the municipal voting by mail ballot initiated by petition of no fewer than 20 percent of the customers of the municipal. The ballot to be used for the election shall be approved by the governing body of the municipality and the department of public service. The department shall mail the ballots to the municipal's customers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the governing body of the municipality. On this date, representatives of the department and the municipal shall count the ballots. If a majority of the customers of the municipal who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "customer" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the municipal utility has been notified otherwise in writing.

An independent telephone company may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the company in accordance with the procedures for amending the articles of incorporation contained in sections 302A.133 to 302A.139, excluding the filing requirements; or (b) approved by a majority of subscribers voting by mail ballot initiated by petition of no fewer than five percent of the subscribers of the company. The ballot to be used for the election shall be approved by the board of directors and the department of public service. The department shall mail the ballots to the company's subscribers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the company shall count the ballots. If a majority of the company's subscribers who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section the term "subscriber" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the independent telephone company has been notified otherwise in writing.

Sec. 13. **CORRECTION 3.** Minnesota Statutes 1988, section 273.11, subdivision 8, is amended to read:

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

A "limited equity cooperative" is a corporation organized under chapter ~~308~~ 308A, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have

incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

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

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

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

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

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

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

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

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

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

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

Sec. 14. **CORRECTION 3.** Minnesota Statutes 1988, section 290.092, subdivision 2, is amended to read:

Subd. 2. **EXEMPTIONS.** Corporations subject to tax under sections 290.05, subdivision 3; or 60A.15, subdivision 1 and 290.35; real estate investment trusts; regulated investment companies; cooperatives taxable under subchapter T of the Internal Revenue Code of 1986 or organized under chapter ~~308~~ 308A or a similar law of another state; and entities having a valid election in effect under section 1362 or 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1987, are not subject to the tax imposed in subdivision 1 or subdivision 5.

Sec. 15. **CORRECTION 3.** Minnesota Statutes 1988, section 325E.025, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, "utility" means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in its production and retail sale. The term "utility" includes municipalities and cooperative electric associations, organized under the provisions of chapter ~~308~~ 308A, producing or furnishing natural, manufactured, or mixed gas or electric service. This section is not

applicable to the sale of natural, manufactured, or mixed gas or electricity by a public utility to another public utility for resale.

"Customer" means any person, firm, association, or corporation, or any agency of the federal, state, or local government being supplied with service by a utility.

Sec. 16. **CORRECTION 3.** Minnesota Statutes 1988, section 325E.026, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** When used in this section, the terms defined in section 216B.02 have the same meanings. Other terms used in this section have the following meanings:

(a) "Bypassing" means the act of attaching, connecting, or otherwise affixing a wire, cord, socket, pipe, hose, motor, or other instrument or device to utility or customer-owned facilities or equipment so that service provided by the utility is transmitted, supplied, or used without passing through a meter authorized by the utility for measuring or registering the amount of service provided.

(b) "Tampering" means damaging, altering, adjusting, or obstructing the operation of a meter or submeter provided by a utility for measuring or registering the amount of electricity, natural gas, or other utility service passing through the meter.

(c) "Unauthorized connection" means the physical connection or physical reconnection of utility service by a person without the authorization or consent of the utility.

(d) "Unauthorized metering" means removing, installing, connecting, reconnecting, or disconnecting a meter, submeter, or metering device for service by a utility, by a person other than an authorized employee or agent of the utility.

(e) "Utility" means a public utility defined in section 216B.02, subdivision 4; a municipal utility; or a cooperative electric association organized under chapter ~~308~~ 308A.

Sec. 17. **CORRECTION 3.** Minnesota Statutes 1988, section 326.20, subdivision 2, is amended to read:

Subd. 2. **LICENSURE OF PARTNERSHIPS AND CORPORATIONS.** Every partnership or corporation in which one or more certified public accountants or licensed public accountants of this state is a partner or shareholder, if it is engaged, or intends to be engaged, in public practice within this state at any time shall be licensed by the state board of accountancy for that period. Upon application made upon the affidavit of a general partner of the partnership or secretary of the corporation who is a certified public accountant or a licensed public accountant of this state in good standing, the board shall issue a license which shall be good for a period prescribed by the board, unless the license shall sooner be revoked. Interim licenses shall be issued to partnerships or corpora-

tions which have satisfied the provisions of this subdivision. The application shall confer upon the board the consent of the partnership or corporation, and of the general partner or secretary making the application, to the board's jurisdiction over the acts of the partnership and its partners or agents or of the corporation and its shareholders or agents within the state.

No partnership or corporation shall style itself as a firm of certified public accountants unless (a) all partners or shareholders resident in this state are certified public accountants of this state, (b) all managers in charge of offices maintained in this state are certified public accountants of this state, (c) all partners or shareholders, wherever situated, are certified public accountants of one of the states or territories or of the District of Columbia and (d) the partnership or corporation is duly licensed under this section.

No partnership or corporation shall style itself as a firm of licensed public accountants unless (a) all partners or shareholders resident in this state are licensed public accountants or certified public accountants of this state, (b) all managers in charge of offices maintained in this state are licensed public accountants or certified public accountants of this state, (c) all partners or shareholders, wherever situated, are licensed public accountants of this state or certified public accountants of one of the states or territories or the District of Columbia and (d) the partnership or corporation is duly licensed under this section.

Any cooperative auditing organization organized under chapter ~~308~~ 308A (a) which for a minimum of one year prior to July 1, 1979, has been rendering auditing, accounting of business analysis services to its members only, and (b) whose managers in charge of offices maintained in this state are certified public accountants or licensed public accountants of this state, shall be deemed to be qualified for a cooperative auditing service license and may style itself as a licensed cooperative auditing service.

Sec. 18. **CORRECTION 3.** Minnesota Statutes 1988, section 363.01, subdivision 32, is amended to read:

Subd. 32. **COOPERATIVE APARTMENT CORPORATION.** "Cooperative apartment corporation" means a corporation or association organized under ~~sections 308.05 to 308.18 or~~ chapter 308A or 317, the shareholders or members of which are entitled, solely by reason of their ownership of stock or membership certificates in the corporation or association, to occupy one or more residential units in a building owned or leased by the corporation or association.

Sec. 19. **CORRECTION 3.** Minnesota Statutes 1988, section 469.153, subdivision 7, is amended to read:

Subd. 7. **TELEPHONE COMPANY.** "Telephone company" means any person, firm, association, including a cooperative association formed pursuant to chapter ~~308~~ 308A, or corporation, excluding municipal telephone companies, operating for hire any telephone line, exchange, or system, wholly or partly within this state.

Sec. 20. **CORRECTION 5.** Minnesota Statutes 1988, section 65B.49, subdivision 4a, as amended by 1989 H.F. No. 956, is amended to read:

Subd. 4a. **LIABILITY ON UNDERINSURED MOTOR VEHICLES.** With respect to underinsured ~~motor~~ motorist coverage, the maximum liability of an insurer is the amount of damages sustained but not recovered from the insurance policy of the driver or owner of any underinsured at fault vehicle. If a person is injured by two or more vehicles, underinsured motorist coverage is payable whenever any one of those vehicles meets the definition of underinsured ~~motorist~~ motor vehicle in Minnesota Statutes, section 65B.43, subdivision 17. However, in no event shall the underinsured motorist carrier have to pay more than the amount of its underinsured motorist limits.

Sec. 21. **CORRECTION NO. 6.** 1989 H.F. No. 579, article 2, section 1, is repealed.

Sec. 22. Minnesota Statutes 1988, section 176.132, subdivision 2, is amended to read:

Subd. 2. **AMOUNT.** (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits

from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

(f) Notwithstanding any other provision in this subdivision to the contrary, if the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provision of United States Code, title 42, section 424a(d), the calculation of supplementary benefits payable to the individual shall be as provided under this section in Minnesota Statutes 1988.

Sec. 23. **CORRECTION NO. 7.** Minnesota Statutes 1988, section 221.031, subdivision 2a, is amended to read:

Subd. 2a. ~~**PRIVATE**~~ **AGRICULTURAL** ~~**CARRIERS**~~ **EXEMPTIONS.** (a) Notwithstanding the provisions of subdivision 2, private carriers engaged in intrastate commerce and operating vehicles transporting agricultural and other farm products within an area having a 50-mile radius from the business location of the private carrier must comply only with the commissioner's rules for safety of operations and equipment, except as provided in paragraph (b).

(b) A rear-end dump truck or other rear-unloading truck while being used for hauling agricultural and other farm products from a place of production or on-farm storage site to a place of processing or storage, is not subject to any rule of the commissioner requiring rear-end protection, including a federal regulation adopted by reference.

Sec. 24. **CORRECTION NO. 7.**

Laws 1989, chapter 118, is repealed.

Sec. 25. **CORRECTION NO. 8.** 1989 H.F. No. 1734, article 3, section 14, if enacted, is amended to read:

Sec. 14. Minnesota Statutes 1988, section 273.13, subdivision 25, is amended to read:

Subd. 25. **CLASS 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a tax capacity of 3.38 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal

residential, recreational, which has a tax capacity of 2.88 percent of market value;

(2) post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing, which has a tax capacity of 2.88 percent of market value;

(3) manufactured homes not classified under any other provision, which has a tax capacity of 2.88 percent of market value;

(4) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b), which has a tax capacity of 2.88 percent of market value.

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

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

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988, and to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these

structures are situated has a tax capacity of 2.88 percent of market value if the structure contains fewer than four units, and 3.38 percent of market value if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in clauses (5) and (6) also includes the remainder of class 1c resorts and has a tax capacity of 2.4 percent of market value, except that noncommercial seasonal recreational property has a tax capacity of 2.22 percent of market value; and

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation,

society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

Class 4c property classified under clauses (1), (2), (3), (4), and (6) has a tax capacity of 2.5 percent of market value.

(d) Class 4d property includes any structure:

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

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The 1.5 percent and 2.5 percent tax capacity assignments apply to the properties described in paragraph (c), clauses (1), (2), and (3) and this clause, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a tax capacity of 1.5 percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clauses (1), (2), (3), or (4); or paragraph (d), is assessed at the tax capacity

percentage applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316.

Sec. 26. **CORRECTION NO. 8; EFFECTIVE DATE.**

Section 25 is effective for the 1989 assessment and thereafter.

Sec. 27. **CORRECTION NO. 9.** Minnesota Statutes 1988, section 116J.64, subdivision 7, is amended to read:

Subd. 7. An Indian desiring a loan for the purpose of starting a business enterprise, expanding an existing business, or for technical and management assistance, shall make application to the Indian affairs council. The Indian affairs council shall prescribe the necessary forms and advise the prospective borrower as to the conditions under which the application may be expected to receive favorable consideration. The application shall be forwarded to the appropriate tribal council, if it is participating in the program, for approval or disapproval, and shall be in conformity with the plans submitted by said tribal councils. If the tribal council is not participating in the program, the Indian affairs council may directly administer the loan. If the application is approved, the Indian affairs council shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw a warrant in favor of the applicable tribal council or the Indian affairs council, if it is administering the loan, with appropriate notations identifying the borrower. The tribal council or the Indian affairs council, if it is administering the loan, shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the Indian affairs council. The tribal council or the Indian affairs council, if it is administering the loan, shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council or the Indian affairs council, if it is administering the loan, shall remit the amount so received plus interest paid thereon to the state treasurer through the Indian affairs council. The amount so received shall be credited to the Indian business loan account. The tribal council or the Indian affairs council, if it is administering the loan, shall secure a fidelity bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of its loan account during the fiscal year. On the placing of a loan, additional money equal to ten percent of the total amount made available to any tribal council or the Indian affairs council, if it is administering the loan, for loans during the fiscal year shall be paid to the council prior to December 31 for the purpose of financing administrative costs.

Sec. 28. **CORRECTION NO. 10.** 1989 H.F. No. 1734, article 1, section 7, if enacted, is amended to read:

Sec. 7. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 1a. **SURTAX; CORPORATIONS.** (a) In addition to the tax computed under subdivision 1 and section 290.0921, a surtax is imposed upon corporations equal to a percentage of the sum of the corporation's tax under subdivision 1 and section 290.0921.

(b) By May 31, 1990, the commissioner of revenue shall determine the rate of the surtax to be imposed under paragraph (a). The commissioner of revenue shall prepare a forecast of the revenue predicted to be raised for taxable years beginning in calendar years 1990 through 1992 by the franchise tax on corporations under this chapter, including the tax under section 290.092, computed as if the tax were imposed under section 290.092, subdivisions 1 to 4a, and the rate under subdivision 1 were 9.5 percent. The commissioner shall set the rate of the surtax so that the amount forecast to be raised by the surtax (when added to the tax imposed under subdivision 1 and section 290.0921) equals the amount of revenue forecast to be raised if the tax under section 290.092, subdivisions 1 to 4a, were in effect and section 290.0921 did not apply.

(c) The rate determined under paragraph (b) applies to taxable years beginning after December 31, ~~1990~~ 1989.

(d) If the rate determined under paragraph (b) is held invalid, the surtax rate in effect for taxable years beginning after December 31, ~~1990~~ 1989 is 7.5 percent.

Sec. 29. **CORRECTION NO. 10. EFFECTIVE DATE.**

Section 28 is effective the day following final enactment.

Sec. 30. **CORRECTION NO. 11.** 1989 H.F. No. 1734, article 1, section 17, if enacted, is amended to read:

Sec. 17. Minnesota Statutes 1988, section 290.191, subdivision 6, is amended to read:

Subd. 6. **DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.** (a) For purposes of this section, the rules in this subdivision and subdivisions 7 and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan is a multibank loan transaction in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities of this state, its political subdivisions, agencies, and instrumentalities must be attributed to this state.

(o) Receipts from a financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the receipts factor provided the financial institution's activities within this state with respect to any interest in the property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (n) and subdivision 7.

Sec. 31. **CORRECTION NO. 11; EFFECTIVE DATE.**

Section 30 is effective for taxable years beginning after December 31, 1986.

Sec. 32. **CORRECTION NO. 12.** 1989 H.F. No. 1734, article 3, section 17, if enacted, is amended to read:

Sec. 17. Minnesota Statutes 1988, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, 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 tax , 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 the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction resulting from this credit be less than $10.

(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 tax , 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 the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction resulting from this credit be less than $10.

(c) The maximum reduction of the tax 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.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net tax capacity ~~rate~~ percentage to the gross tax capacity ~~rate~~ percentage applicable to the first $68,000 of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 33. **CORRECTION NO. 12.** 1989 H.F. No. 1734, article 3, section 18, if enacted, is amended to read:

Sec. 18. Minnesota Statutes 1988, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in ~~1989 only~~ 1990 and subsequent years, 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 273.134 lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed 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 the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction 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 tax , 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 the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction resulting from this credit be less than $10.

(c) The maximum reduction of the 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.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net tax capacity ~~rate~~ percentage to the gross tax capacity ~~rate~~ percentage applicable to the first $68,000 of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 34. **CORRECTION NO. 13.** 1989 H.F. No. 1734, article 6, section 11, if enacted, is amended to read:

Sec. 11. **EFFECTIVE DATE.**

Sections 1 and 2 are effective for taxes levied in 1989 and thereafter, payable in 1990, and thereafter. Sections 3 to 9 are effective for local government aid paid in 1990. Section 10 is effective January 1, 1991.

Sec. 35. **CORRECTION NO. 15.** 1989 H.F. No. 1734, article 3, section 21, if enacted, is amended to read:

Sec. 21. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

Subd. 2a. **EDUCATION LEVY REDUCTION.** (a) As used in this subdivision, "equalized levies" means the sum of the maximum amounts that may be levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.23, subdivision 2a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.44, subdivision 2; and

(5) basic transportation under section 275.125, subdivision 5;

as reduced for general education levy equity under section 124A.24.

(b) By June 15, 1990, the commissioner of education shall determine and certify to the commissioner of revenue the amount of the ~~homestead and agricultural credit aid offset~~ education levy reduction. The ~~offset~~ reduction shall be equal to the amount by which:

(1) the amount that would have been computed as the district's equalized levies for property taxes payable in 1991, if the levies had been based upon the district's gross tax capacity, exceeds

(2) the district's equalized levies for property taxes payable in 1991.

(c) Effective for property taxes payable in 1991 and subsequent years, the amount of the education levy reduction shall be deducted from the homestead and agricultural credit aid payable to each school district under subdivision 2.

Sec. 36. **CORRECTION NO. 16.** 1989 H.F. No. 66, article 3, section 16, subdivision 3, if enacted, is amended to read:

Subd. 3. **FALSE STATEMENTS.** A person is guilty of a felony and may be sentenced under subdivision 4 if the person:

(1) makes a materially false or misleading statement, or a material omission, in a record required to be submitted under chapter 349A; or

(2) makes a materially false or misleading statement, or a material omission, in information submitted to the ~~commissioner~~ director of the state lottery in a lottery retailer's application or a document related to a bid.

Sec. 37. **CORRECTION NO. 17.** Minnesota Statutes 1988, section 290A.04, is amended by adding a subdivision to read:

Subd. 5. **COMBINED RENTER AND HOMEOWNER REFUND.** In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable, except that the sum may not exceed the higher of the maximum refund payable either based on rent constituting property taxes or property taxes payable.

Sec. 38. **CORRECTION NO. 17; EFFECTIVE DATE.**

Section 37 is effective for claims based on property taxes paid in 1990 and rent paid in 1989.

Sec. 39. **CORRECTION NO. 18.** 1989 H.F. No. 1734, article 3, section 6, if enacted, is amended to read:

Sec. 6. Minnesota Statutes 1988, section 272.025, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clauses (1) to (7) ~~and (9)~~, except churches and houses of worship and property solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any political subdivision thereof, shall file a statement of exemption with the assessor of the assessment district in which the property is located, or, in the case of a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clause (9), shall file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption. In case of sickness, absence or other disability or for good cause, the assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days. The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

Sec. 40. **CORRECTION NO. 18.** 1989 H.F. No. 1734, article 3, section 35, if enacted, is amended to read:

Sec. 35. **EFFECTIVE DATE.**

Sections 1, 3, ~~6,~~ 9, and 21, are effective for taxes payable in 1991 and subsequent years.

Section 2 is effective the day following final enactment and is intended to confirm and clarify the original intent of the legislature in the taxation and equalization of state-assessed public utility property.

Sections 4, 6, 7, 11 to 15, 19, 20, 22 to 24, and 26, are effective for taxes payable in 1990 and subsequent years.

Section 5 is effective January 1, 1989.

Sections 6 and 16 are effective for the 1989 assessment and thereafter.

Section 8 is effective for assessments of market value in 1989 and thereafter. If an assessor has increased the market value for the 1989 assessment by an amount in excess of the amount allowed under section 8, the assessor shall reduce the market value to that allowed under section 8. If the assessor has mailed a notice of the increase in market value to the property owner, the assessor must mail a revised notice to the property owner. Notices must state that the increases in market value have been limited under this act.

Section 10 is effective for taxes levied in 1989, payable in 1990, and thereafter, provided that cooperatives that qualified under Minnesota Statutes, section 273.124, subdivision 6, on January 2, 1989, shall meet the board membership requirements of paragraph (a) by September 1, 1989, and shall meet the requirements of section 501(c)(3) or 501(c)(4) status under the Internal Revenue Code in the first paragraph and in paragraph (e) by January 1, 1990, and that the notice and filing requirements of paragraphs (f) and (g) shall apply only to leasehold cooperatives created later than 60 days after the date of enactment of this act.

Section 25 is effective for taconite produced in 1989, proceeds distributed in 1990, and thereafter.

Sections 27, 31, and 34, are effective the day following final enactment.

Sec. 41. **CORRECTION NO. 19.** Minnesota Statutes 1988, section 65B.49, subdivision 5a, as amended by 1989 H.F. 1283, section 15, if enacted, is amended to read:

Sec. 15. Minnesota Statutes 1988, section 65B.49, subdivision 5a, is amended to read:

Subd. 5a. **RENTAL VEHICLES.** (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than $25,000, the coverage available under the subdivision must be $25,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

(b) A vehicle is rented for purposes of this subdivision if the rate for the use of the vehicle is determined on a weekly or daily basis. A vehicle is not rented for purposes of this subdivision if the rate for the vehicle's use is determined on a monthly or longer period.

(c) The policy or certificate issued by the plan must inform the insured of the application of the plan to private passenger rental vehicles, including pickup trucks and vans as defined under section 168.011, and that the insured may not need to purchase additional coverage from the rental company.

(d) Where an insured has two or more vehicles covered by a plan or plans of reparation security containing the rented motor vehicle coverage required under paragraph (a), the insured may select the plan the insured wishes to collect from and that plan is entitled to a pro rata contribution from the other plan or plans based upon the property damage limits of liability. If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle.

(e) A notice advising the insured of rental vehicle coverage must be given by the reparation obligor to each current insured with the first renewal notice after January 1, 1989. The notice must be approved by the commissioner of commerce. The commissioner may specify the form of the notice.

(f) When a motor vehicle is rented or leased in this state on a weekly or daily basis, there must be attached to the rental contract a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten, which states:

> Under Minnesota law, a personal automobile insurance policy issued in Minnesota must cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary if your policy was issued in Minnesota.

No collision damage waiver or other insurance offered as part of or in conjunction with a rental of a motor vehicle may be sold unless the person renting the vehicle provides a written acknowledgment that the above consumer protection notice has been read and understood.

(g) When damage to a rented vehicle is covered by a plan of reparation security as provided under paragraph (a), the rental contract must state that payment by the reparation obligor within the time limits of section 72A.201 is acceptable, and prior payment by the renter is not required.

(h) To be compensated for the loss of use of a damaged rented motor vehicle, the car rental company must prove:

(1) that had the vehicle been available, it would have been rented; and

(2) that no other vehicle was available for rental in place of the damaged vehicle.

The standard of proof set forth in this paragraph does not limit the responsibility of a reparation obligor to provide an insured with coverage for any loss of use for which the reparation obligor is otherwise responsible. A car rental company may be compensated for loss of use of a damaged rental motor vehicle only for the period when the damaged car actually would have been rented.

Sec. 42. **CORRECTION NO. 20.** 1989 H.F. No. 1734, article 4, section 14, if enacted, is amended to read:

Sec. 14. Minnesota Statutes 1988, section 275.51, subdivision 3i, is amended to read:

Subd. 3i. **LEVY LIMITATION.** The levy limitation for a governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by:

(1) the local government aid that the governmental subdivision has been certified to receive pursuant to sections 477A.011 to 477A.014, excluding the additional aid distribution received under section ~~477A.013, subdivision 5~~ 477A.0131; and

(2) taconite aids under sections 298.28 and 298.282 including any aid received in the levy year that was required to be placed in a special fund for expenditure in the next succeeding year.

As provided in section 298.28, one cent per taxable ton of the amount distributed under section 298.28, subdivision 5, paragraph (d), must not be deducted from the levy limit base of a county that receives the aid.

This amount is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

For taxes levied in 1989 and later years, the levy limit for a county calculated under clause (1) must be decreased by an additional amount equal to the difference between what would have been a county's production year 1986 payable 1987 distribution under Minnesota Statutes 1984, section 298.28, based on 1986 production and its actual distribution for production year 1986, payable 1987.

Sec. 43. **CORRECTION NO. 21.** Minnesota Statutes 1988, section 275.50, subdivision 2, is amended to read:

Subd. 2. **GOVERNMENTAL SUBDIVISION.** (a) "Governmental subdivision" means a county, a home rule charter city, or a statutory city, except a home rule charter or statutory city that has a population of less than 2,500, and a town with a population of over 5,000 according to the most recent federal census.

(b) "Governmental subdivision" also includes any home rule charter or

statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.

Sec. 44. **CORRECTION NO. 22.** 1989 H.F. No. 1734, article 4, section 12, if enacted, is amended to read:

Sec. 12. Minnesota Statutes 1988, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. **LEVY LIMIT BASE.** (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990 and subsequent years, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $55 for marriage dissolutions.

(f) For taxes levied by a county that is located in the eighth judicial district in 1989 only, the levy limit base determined under paragraphs (d) and (e) shall

be further reduced by an amount equal to the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state less one-half of the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall be reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state~~, less the amount of fees collected by the courts in the county during the first six months of calendar year 1989~~.

(g) By July 1, 1989, the board of public defense shall determine and certify to the supreme court the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By July 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the sum of the amounts certified by the board of public defense and the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 1, 1990, the board of public defense shall determine and certify to the supreme court the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the sum of the amounts certified by the board of public defense and the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

Sec. 45. **CORRECTION NO. 24.** 1989 H.F. 1734, article 1, section 14, if enacted, is amended to read:

Sec. 14. **[290.0921] CORPORATE ALTERNATIVE MINIMUM TAX AFTER 1989.**

Subdivision 1. **TAX IMPOSED.** (a) In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) seven percent of Minnesota alternative minimum taxable income, less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds $5,000,000, the amount under paragraph (a), clause (1) is the greater of

(1) $500 or

(2) the amount otherwise determined.

Sec. 46. **EFFECTIVE DATE; CORRECTION NO. 24.**

Section 45 is effective the day following final enactment.

Sec. 47. **CORRECTION NO. 25.** 1989 H.F. No. 1734, article 4, section 12, if enacted, is amended to read:

Sec. 12. Minnesota Statutes 1988, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. **LEVY LIMIT BASE.** (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990 and subsequent years, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $55 for marriage dissolutions.

(f) For taxes levied by a county that is located in the eighth judicial district in 1989 only, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state less the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall be reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state, less the amount of fees collected by the courts in the county during the first six months of calendar year 1989.

(g) By July 1, 1989, the board of public defense shall determine and certify to the supreme court the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By July 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the sum of the amounts certified by the board of public defense and the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 1, 1990, the board of public defense shall determine and certify to the supreme court the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the sum of the amounts certified by the board of public defense and the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit base for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 48. 1989 H.F. No. 654, article 6, section 5, subdivision 3, if enacted, is amended to read:

Subd. 3. **COMBINATION REQUIREMENTS.** Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of education, of enrollment at least at that level for five years;

(2) at least two districts, both of which qualify for sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

(3) at least three districts with fewer than ~~420~~ 400 resident pupils enrolled in grades 7 through 12 in the combined district.

A combination under clause (3) must be approved by the state board of education. The state board shall disapprove a combination under clause (3) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 49. Minnesota Statutes 1988, section 129B.46, subdivision 2, as amended by 1989 H.F. No. 654, article 7, section 19, if enacted, is amended to read:

Subd. 2. **QUALIFICATIONS.** (a) An individual employed as a career teacher must be licensed as a teacher and shall be considered a teacher as defined in section 179A.03, subdivision 18, for purposes of chapter 179A.

(b) An individual employed as a principal teacher must be licensed as a ~~teacher~~ principal and shall be considered a principal, as defined in section 179A.03, subdivision 12, for purposes of chapter 179A.

(c) An individual employed as a counselor teacher must be licensed as a counselor and shall be considered a teacher, as defined in section 179A.03, subdivision 18, for purposes of chapter 179A.

Sec. 50. Minnesota Statutes 1988, section 105.41, subdivision 1b, as amended by 1989 S.F. No. 262, article 4, section 3, if enacted, is amended to read:

Subd. 1b. **USE LESS THAN MINIMUM.** Except for local permits under section 473.877, subdivision ~~1~~ 4, a permit is not required for the appropriation and use of less than a minimum amount to be established by the commissioner by rule. Permits for more than the minimum amount but less than an intermediate amount to be specified by the commissioner by rule must be processed and approved at the municipal, county, or regional level based on rules to be established by the commissioner by January 1, 1977. The rules must include provisions for reporting to the commissioner the amounts of water appropriated under local permits.

Sec. 51. 1989 H.F. No. 59, article 2, section 3, subdivision 1, if enacted, is amended to read:

Subdivision 1. **TERMS.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Law enforcement authority" means with respect to a home rule charter or statutory city, the chief of police, and with respect to an unincorporated area, the sheriff of the county.

(c) "Sex offender" means a person who has been convicted and sentenced

under article 4, section ~~12~~ 10, section 609.185, clause (2), section 609.342, 609.343, 609.344, or 609.345 and is serving or is being released to serve the supervised release portion of the sentence imposed or is on probation for that conviction unless the person is placed in a residential community-based facility.

Sec. 52. 1989 H.F. No. 59, article 2, section 18, if enacted, is amended to read:

Sec. 18. **EFFECTIVE DATE.**

Sections 6, 7, and 10 to 15 are effective August 1, 1989, and apply to crimes committed on or after that date. Section 9 is effective August 1, 1990, and applies to crimes committed on or after that date. The court shall consider convictions occurring before ~~August 1, 1989,~~ the effective date as prior convictions in sentencing offenders under sections 9, 10, and 12 to 15. ~~Section 9 is effective August 1, 1990, and applies to crimes committed on or after that date.~~

Sec. 53. 1989 H.F. No. 59, article 3, section 26, if enacted, is amended to read:

Sec. 26. Minnesota Statutes 1988, section 260.125, subdivision 3, is amended to read:

Subd. 3. A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) Is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or

(2) Is alleged by delinquency petition to have committed murder in the first degree; or

(3) Is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9, if committed by an adult; or

(4) Has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

(5) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident,

within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

(6) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

(7) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in clause (2), (4), or (5); or

(8) Is alleged by delinquency petition to have committed an aggravated felony against the person, other than a violation of section 609.713, in furtherance of criminal activity by an organized gang; or

(9) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed an offense which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed a felony-level violation of chapter 152 involving the unlawful sale or possession of a schedule I or II controlled substance, while in a ~~public~~ park zone or a school zone as defined in sections 4 and 5. This clause does not apply to a juvenile alleged to have unlawfully possessed a controlled substance in a private residence located within the school zone or park zone.

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: section 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, subdivision 1, clause (c) or (d); 609.345, subdivision 1, clause (c) or (d); 609.561; 609.582, subdivision 1, clause (b) or (c); or 609.713.

For the purposes of this subdivision, an "organized gang" means an association of five or more persons, with an established hierarchy, formed to encourage members of the association to perpetrate crimes or to provide support to members of the association who do commit crimes.

Sec. 54. 1989 H.F. No. 59, article 4, section 1, subdivision 3, if enacted, is amended to read:

Subd. 3. **PROGRAMS FOR ADULT OFFENDERS COMMITTED TO THE COMMISSIONER.** (a) The commissioner shall provide for a range of sex offender treatment programs, including intensive sex offender treatment, within

the state adult correctional facility system. Participation in any treatment program is voluntary and is subject to the rules and regulations of the department of corrections. Nothing in this section requires the commissioner to accept or retain an offender in a treatment program. Nothing in this section creates a right of an offender to treatment.

(b) The commissioner shall provide for residential and outpatient sex offender treatment and aftercare when required for conditional release under section ~~12~~ 10 or as a condition of supervised release.

Sec. 55. 1989 H.F. No. 59, article 4, section 18, if enacted, is amended to read:

Sec. 18. **[634.25] ADMISSIBILITY OF RESULTS OF DNA ANALYSIS.**

In a civil or criminal trial or hearing, the results of DNA analysis, as defined in section ~~10~~ 7, are admissible in evidence without antecedent expert testimony that DNA analysis provides a trustworthy and reliable method of identifying characteristics in an individual's genetic material upon a showing that the offered testimony meets the standards for admissibility set forth in the Rules of Evidence.

Sec. 56. 1989 H.F. No. 59, article 9, section 1, subdivision 1, if enacted, is amended to read:

Subdivision 1. **APPLICABILITY.** For purposes of sections 1 to ~~8~~ 9, the following terms have the meanings given them in this section.

Sec. 57. 1989 H.F. No. 59, article 9, section 8, if enacted, is amended to read:

Sec. 8. **[299A.36] OTHER DUTIES.**

The assistant commissioner assigned to the office of drug policy, in consultation with the drug abuse prevention resource council, shall:

(1) provide information and assistance upon request to school preassessment teams established under section 126.034 and school and community advisory teams established under section 126.035;

(2) provide information and assistance upon request to the state board of pharmacy with respect to the board's enforcement of chapter 152;

(3) cooperate with and provide information and assistance upon request to the alcohol and other drug abuse section in the department of human services~~.~~;

(4) assist in coordinating the policy of the office with that of the narcotic enforcement unit in the bureau of criminal apprehension; and

(5) coordinate the activities of the regional drug task forces, provide assistance and information to them upon request, and assist in the formation of task forces in areas of the state in which no task force operates.

Sec. 58. 1989 H.F. No. 59, article 10, section 3, if enacted, is amended to read:

Sec. 3. Minnesota Statutes 1988, section 169.121, subdivision 3, is amended to read:

Subd. 3. **CRIMINAL PENALTIES.** (a) A person who violates ~~this section~~ subdivision 1 or an ordinance in conformity with it is guilty of a misdemeanor.

(b) A person is guilty of a gross misdemeanor who violates ~~this section~~ subdivision 1 or an ordinance in conformity with it within five years of a prior impaired driving conviction, or within ten years of the first of two or more prior impaired driving convictions. For purposes of this paragraph, a prior impaired driving conviction is a prior conviction under this section, section 84.91, subdivision 1, paragraph (a), section 169.129, section 361.12, subdivision 1, section 609.21, subdivision 1, clause (2) or (3), 609.21, subdivision 2, clause (2) or (3), 609.21, subdivision 3, clause (2) or (3), 609.21, subdivision 4, clause (2) or (3), or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.

(c) A person who violates subdivision 1a is guilty of a gross misdemeanor.

(d) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section.

When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

Sec. 59. 1989 H.F. No. 1532, section 1, if enacted, is amended to read:

Section 1. **[216B.095] DISCONNECTION DURING COLD WEATHER.**

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 185 percent of the federal poverty level;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month;

(3) that the ten percent figure in clause (2) must be prorated between energy providers proportionate to each provider's share of the customer's total ~~heating~~ energy costs where the customer receives service from more than one provider;

(4) that a customer's household income does not include any amount received for energy assistance;

(5) verification of income by the local energy assistance provider, unless the customer is automatically eligible as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1); and

(6) a requirement that the customer receive, from the local energy assistance provider or other entity, budget counseling and referral to weatherization, conservation, or other programs likely to reduce the customer's consumption of energy.

For the purpose of clause (2), the "customer's income" means the actual monthly income of the customer except for a customer who is normally employed only on a seasonal basis and whose annual income is over 135 percent of the federal poverty level, in which case the customer's income is the average monthly income of the customer computed on an annual calendar year basis.

Sec. 60. Minnesota Statutes 1988, section 297A.257, subdivision 1, as amended by 1989 H.F. No. 1734, article 7, section 6, if enacted, is amended to read:

Sec. 6. Minnesota Statutes 1988, section 297A.257, subdivision 1, is amended to read:

Subdivision 1. **DESIGNATION OF DISTRESSED COUNTIES.** (a) The commissioner of trade and economic development shall annually on June 1 designate those counties which are distressed. A county is distressed if it satisfies at least one of the following criteria:

(1) the county has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; or

(2) the unemployment rate for the entire county was greater than 110 percent of the state average for the 12-month period ending the previous April 30, and 20 percent or more of the county's economy, as determined by the commissioner of jobs and training, is dependent upon agriculture; or

(3) for counties designated for periods beginning after June 30, 1986, but before July 1, 1988, at least 20 percent of the county's economy, as determined by the commissioner of jobs and training, is dependent upon agriculture and the total market value of real and personal property for the entire county for taxes payable in 1986, as determined by the commissioner of revenue, has decreased by at least 22 percent from the total market value of real and personal property for the entire county for taxes payable in 1984.

If, as a result of a plant closing, layoffs, or another similar event affecting a significant number of employees in the county, the commissioner has reason to

believe that the average unemployment in the county will exceed ten percent during the one-year period beginning April 30, the commissioner may designate the county as distressed, notwithstanding clause (1).

(b) The commissioner shall designate a portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(1) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; and

(2) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

(c) A county or the portion of a county designated pursuant to this subdivision shall be considered a distressed county for purposes of this section and chapter 116M.

(d) Except as otherwise specifically provided, the determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning July 1, except that a designation made June 1, 1988 shall remain in effect until December 31, 1989 with respect to purchases of capital equipment ~~placed in service by December 31, 1989~~ only, provided that the continued exemption under subdivision 2b terminates June 30, 1990. A county may be designated as distressed as often as it qualifies.

(e) The authority to designate counties as distressed expires ~~on June 30,~~ for designations made effective July 1, 1988.

Sec. 61. 1989 H.F. No. 1734, article 3, section 26, is amended to read:

Sec. 26. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

Subd. 3. **AID OFFSET FOR COURT COSTS.** (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of district court administration and operation of the trial court information system in the county and, in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county. The amount of the deduction shall be computed as provided in this subdivision.

(b) By June 15, 1990, the board of public defense shall determine and certify to the supreme court the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By June 30, 1990, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata share for each

county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1 plus, in the case of Hennepin and Ramsey counties, the costs certified by the board of public defenders.

(c) ~~Twenty-five percent of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in 1990.~~ One-half of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in ~~1991~~ 1990 and each subsequent year.

(d) If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

Sec. 62. 1989 H.F. No. 1734, article 4, section 11, is amended to read:

Sec. 11. Minnesota Statutes 1988, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this paragraph for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (j) and paragraph (b) are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, to the extent the county provides benefits under those programs over the state mandated minimums. Effective with taxes levied in 1989, the portion of this special levy for the county share levy identified in section 273.1398, subdivision 1, paragraph (k), is limited to the amount calculated under section 273.1398, subdivision 2a;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for

any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

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

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

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

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of compe-

tent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 15;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 15;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 15. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15; ~~and~~

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereaf-

ter, counties levying under this provision must levy under paragraph (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph; and

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990. For taxes levied in 1990, payable in 1991 only, the adjusted levy limit base of a county that imposes a special levy under this paragraph for taxes payable in 1990 shall be decreased by the amount of the special levy that exceeded the actual aid reduction, or increased by the amount of the special levy that was less than the actual aid reduction.

Sec. 63. **CORRECTION NO. 26.** 1989 H.F. No. 372, article 1, section 28, if enacted, is amended to read:

Sec. 28. STATE PLANNING AGENCY		6,105,000	6,505,000
	1990	1991	
Approved Complement -	113	113	
General -	80.5	80.5	
Special Revenue -	4.5	4.5	
Revolving -	22	22	
Federal -	6	6	

Summary by Fund

General	$ 5,630,000	$ 6,030,000
Special Revenue	$ 475,000	$ 475,000

$377,000 the first year and $377,000 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1991, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

$22,000 the first year and $22,000 the second year are for the Council of Great Lakes Governors.

During the biennium any seminars or training sessions regarding federal issues for federal budgeting that are conducted by the Washington office shall be made available to legislators and legislative staff. The Washington office shall notify the legislature regarding the timing of such seminars.

The commissioner shall contract with an independent consultant to explore future directions for Minnesota in land management information systems. This study shall examine interagency cooperation, public and private venture potential, the status of geographic information systems planning as it applies to Minnesota, the role that the land management information center should play in future development of an overall system, and development of a long-range strategy for Minnesota's role in providing the appropriate services to agencies and political subdivisions. The study shall also explore the activities of other states and nations in the area of geographic information systems. The study must be accomplished in conjunction with the information policy office and be compatible with the long-range information management architecture being developed by the information policy office. A final report shall be submitted to the legislature by January 1, 1991, indicating recommendations for future actions.

The state planning agency shall study the effects on the state's transportation systems, methods of storage, public safety systems, and state health concerns of any incinerator to be contructed in Minnesota that is designed to burn hazardous wastes. The report shall include specific recommendations and shall be delivered to the legislature and the affected state agencies by January 1, 1991.

$500,000 the second year is for one-

third of the state's membership fee in the Great Lakes Protection Fund. The governor may enter as a signatory party in the Great Lakes Protection Fund. The fund is created as a permanent endowment to advance the principles, goals, and objectives of the Great Lakes Toxic Substance Control Agreement, executed by the eight Great Lakes governors in May 1986, and to ensure the continuous development of needed scientific information, new cleanup technologies, and innovative methods of managing pollution problems as a cooperative effort in the Great Lakes region.

The governor may enter the state as a signatory party in the Great Lakes Protection Fund, subject to approval by the legislature. After approval, the governor shall do all things necessary or incidental to participate in the Great Lakes Protection Fund, as spelled out in its bylaws and articles of incorporation.

If congressional consent to the Great Lakes Protection Fund carries with it conditions that materially change the provisions agreed to by the party states, the state reserves the option to terminate further participation in the fund.

$100,000 the first year and $100,000 the second year are for demonstration grants under the youth employment and housing program to eligible organizations as defined in Minnesota Statutes, section 268.361, subdivision 4. $75,000 each year is for a grant to an eligible organization in the city of Bemidji and $25,000 each year is for a grant to an eligible organization in the city of Minneapolis.

$250,000 the first year and $250,000 the second year is for the Way to Grow school readiness program. $125,000 the first year and $125,000 the second year must be used for a project located within a

city of the first class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. $125,000 the first year and $125,000 the second year must be used for a project located within a city of the second class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. This is intended to be a nonrecurring appropriation and must not be included in the budget base for the 1992-1993 biennium.

The state planning agency shall study the administrative costs of local units of government and shall report to the legislature by January 1, 1990, on the level and growth of administrative costs and alternatives for controlling future growth.

$100,000 the first year and $100,000 the second year are for the Minnesota environmental education board. Any appropriations for the board made by S.F. No. 262 serve to reduce these appropriations.

Sec. 64. **CORRECTION NO. 27.** 1989 H.F. No. 1734, article 6, section 3, if enacted, is amended to read:

Sec. 3. Minnesota Statutes 1988, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. **CITY.** City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns and cities of the first class are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision ~~4~~ 5.

Sec. 65. **CORRECTION NO. 27; EFFECTIVE DATE.**

Section 64 is effective for aid paid in 1990.

Sec. 66. **CORRECTION NO. 28.** Minnesota Statutes 1988, section 500.221, subdivision 2, is amended to read:

Subd. 2. **ALIENS AND NON-AMERICAN CORPORATIONS.** Except as hereinafter provided, no natural person shall acquire directly or indirectly any

interest in agricultural land unless the person is a citizen of the United States or a permanent resident alien of the United States. In addition to the restrictions in section 500.24, no corporation, partnership, limited partnership, trustee, or other business entity shall directly or indirectly, acquire or otherwise obtain any interest, whether legal, beneficial or otherwise, in any title to agricultural land unless at least 80 percent of each class of stock issued and outstanding or 80 percent of the ultimate beneficial interest of the entity is held directly or indirectly by citizens of the United States or permanent resident aliens. This section shall not apply:

(1) to agricultural land that may be acquired by devise, inheritance, as security for indebtedness, by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise. All agricultural land acquired in the collection of debts or by the enforcement of a lien or claim shall be disposed of within three years after acquiring ownership;

(2) to citizens or subjects of a foreign country whose rights to hold land are secured by treaty;

(3) to lands used for transportation purposes by a common carrier, as defined in section 218.011, subdivision 2;

(4) to lands or interests in lands acquired for use in connection with mining and mineral processing operations. Pending the development of agricultural land for mining purposes the land may not be used for farming except under lease to a family farm, a family farm corporation or an authorized farm corporation;

(5) to agricultural land operated for research or experimental purposes if the ownership of the agricultural land is incidental to the research or experimental objectives of the person or business entity and the total acreage owned by the person or business entity does not exceed the acreage owned on May 27, 1977; ~~or~~

(6) to the purchase of any tract of 40 acres or less for facilities incidental to pipeline operation by a company operating a pipeline as defined in section 116I.01, subdivision 3; or

(7) to agricultural land and land capable of being used as farmland in vegetable processing operations that is reasonably necessary to meet the requirements of pollution control law or rules.

Sec. 67. 1989 H.F. No. 372, article 3, section 58, subdivision 2, if enacted, is amended to read:

Subd. 2. **JULY 1, 1990, OUTSIDE 8TH.** (a) Except as provided in paragraph (b), in all judicial districts except the eighth, sections 6, ~~7,~~ 8, ~~11,~~ 13, 15, 22, 23, 30, 31, 32, 33, 34, 35, 36, 37, 38, and 56, are effective July 1, 1990.

(b) Section 6 is effective July 1, 1989, with respect to the increase in fees under section 7. Sections 7 and 11 are effective July 1, 1989.

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

Sec. 68. **EFFECTIVE DATE.**

Unless provided otherwise, the sections of this act that amend other 1989 enactments take effect on the same dates as the enactments that they amend.

Presented to the governor May 31, 1989

Signed by the governor June 3, 1989, 1:05 a.m.