

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2014

 EIGHTY-THIRD DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 4, 2014

The House of Representatives convened at 2:00 p.m. and was called to order by Paul Thissen, Speaker of the House.

Prayer was offered by Deacon Nathan E. Allen, Archdiocese of St. Paul and Minneapolis.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dettmer	Hamilton	Leidiger	Myhra	Sawatzky
Albright	Dill	Hansen	Lenczewski	Nelson	Schomacker
Allen	Dorholt	Hausman	Liebling	Newberger	Selcer
Anderson, M.	Drazkowski	Hertaus	Lien	Newton	Simonson
Anderson, P.	Erhardt	Hilstrom	Lillie	Nornes	Slocum
Anderson, S.	Erickson, R.	Holberg	Loeffler	Norton	Sundin
Anzelc	Erickson, S.	Hoppe	Lohmer	O'Driscoll	Swedzinski
Atkins	Fabian	Hornstein	Loon	O'Neill	Theis
Barrett	Falk	Hortman	Mahoney	Paymar	Torkelson
Beard	Faust	Howe	Mariani	Pelowski	Uglen
Benson, J.	Fischer	Huntley	Marquart	Peppin	Urdahl
Bernardy	FitzSimmons	Isaacson	Masin	Persell	Wagenius
Bly	Franson	Johnson, B.	McNamar	Petersburg	Ward, J.A.
Brynaert	Freiberg	Johnson, C.	McNamara	Poppe	Ward, J.E.
Carlson	Fritz	Johnson, S.	Melin	Pugh	Wills
Clark	Garofalo	Kahn	Metsa	Quam	Winkler
Cornish	Green	Kelly	Moran	Radinovich	Woodard
Daudt	Gruenhagen	Kieffer	Morgan	Rosenthal	Yarusso
Davids	Gunther	Kiel	Mullery	Runbeck	Zellers
Davnie	Hackbarth	Kresha	Murphy, E.	Sanders	Spk. Thissen
Dean, M.	Halverson	Laine	Murphy, M.	Savick	

A quorum was present.

Benson, M.; Dehn, R.; Lesch; McDonald; Scott; Simon and Zerwas were excused.

Schoen was excused until 3:05 p.m. Mack was excused until 5:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF CHIEF CLERK

S. F. No. 1747 and H. F. No. 2719, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Anzels moved that the rules be so far suspended that S. F. No. 1747 be substituted for H. F. No. 2719 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2108 and H. F. No. 2413, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Schoen moved that S. F. No. 2108 be substituted for H. F. No. 2413 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2162 and H. F. No. 2613, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Nelson moved that S. F. No. 2162 be substituted for H. F. No. 2613 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2221 and H. F. No. 2571, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Hansen moved that S. F. No. 2221 be substituted for H. F. No. 2571 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2571 and H. F. No. 2928, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Slocum moved that S. F. No. 2571 be substituted for H. F. No. 2928 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 3, 2014

The Honorable Paul Thissen
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Thissen:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State H. F. No. 2385.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2014 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2014</i>	<i>Date Filed 2014</i>
	2385	153	1:33 p.m. April 3	April 3
2100		154	1:35 p.m. April 3	April 3
1892		155	1:36 p.m. April 3	April 3

Sincerely,

MARK RITCHIE
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1863, A bill for an act relating to state government; modifying laws governing certain executive branch advisory groups; amending Minnesota Statutes 2012, sections 3.922, subdivision 8; 15B.11, subdivision 2; 16B.055, subdivision 1; 28A.21, subdivision 6; 43A.316, subdivisions 2, 3, 6; 62J.495, subdivision 2; 79A.02, subdivision 1; 85.0146, subdivision 1; 89A.03, subdivision 5; 89A.08, subdivision 1; 92.35; 93.0015, subdivision 3; 97A.055, subdivision 4b; 103F.518, subdivision 1; 115.55, subdivision 12; 115.741, by adding a subdivision; 116U.25; 120B.365, subdivision 2; 134.31, subdivision 6; 144.1255, subdivision 1; 144.1481, subdivision 1; 144.608, subdivision 2; 144G.06; 145A.10, subdivision 10; 148.7805, subdivision 2; 153A.20, subdivision 2; 162.07, subdivision 5; 162.13, subdivision 3; 174.52, subdivision 3; 175.007, subdivision 1; 182.656, subdivision 3; 206.805; 214.13, subdivision 4; 216B.813, subdivision 2; 216B.815; 216C.02, subdivision 1; 240.18, subdivision 4; 241.021, subdivision 4c; 243.1606, subdivision 4; 252.30; 256B.0625, subdivisions 13c, 13i; 256B.27, subdivision 3; 256C.28, subdivision 1; 270C.12, subdivision 5; 298.2213, subdivision 5; 298.2214, subdivision 1; 298.297; 299A.62, subdivision 2; 299A.63, subdivision 2; 299E.04, subdivision 5; 326B.07, subdivision 1; 611A.32, subdivision 2; 611A.33; 611A.345; 611A.35; 629.342, subdivision 2; Minnesota Statutes 2013 Supplement, sections 103L.105; 125A.28; 136A.031, subdivision 3; 144.98, subdivision 10; 254A.035, subdivision 2; 254A.04; 256B.064, subdivision 1a; 256B.093, subdivision 1; 260.835, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 162; repealing Minnesota Statutes 2012, sections 6.81; 15.059, subdivision 5; 15B.32, subdivision 7; 16E.0475; 43A.316, subdivision 4; 43A.317, subdivision 4; 62U.09; 82B.021, subdivision 10; 82B.05, subdivisions 1, 3, 5, 6, 7; 82B.06; 84.964; 103F.518, subdivision 11; 116C.711; 116C.712; 116L.361, subdivision 2; 116L.363; 127A.70, subdivision 3; 136A.031, subdivision 5; 144.011, subdivision 2; 145.98, subdivisions 1, 3; 147E.35, subdivision 4; 162.02, subdivisions 2, 3; 162.09, subdivisions 2, 3; 196.30; 197.585, subdivision 4; 243.93; 245.97, subdivision 7; 252.31; 270C.991, subdivision 4; 298.2213, subdivision 5; 299C.156; 299M.02; 402A.15; 611A.34; Minnesota Statutes 2013 Supplement, sections 15.059, subdivision 5b; 197.585, subdivision 2.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 2112, A bill for an act relating to housing; creating the Housing Opportunities Made Equitable (HOME) pilot project; requiring reports; modifying prior appropriations; appropriating money; amending Laws 2013, chapter 85, article 1, section 4, subdivisions 1, 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **HOUSING OPPORTUNITIES MADE EQUITABLE (HOME) PILOT PROJECT.**

(a) The Housing Opportunities Made Equitable (HOME) pilot project is established to support closing the disparity gap in affordable homeownership for all communities of color and American Indians in Minnesota and increase housing opportunities for specific groups while closing the disparity gap that exists in Minnesota. The pilot project may also support the redevelopment and rebuilding of challenged neighborhoods affected by the foreclosure crisis. The Minnesota Housing Finance Agency shall collaborate with the Chicano Latino Affairs Council, Council on Asian-Pacific Minnesotans, Council on Black Minnesotans, and Minnesota Indian Affairs Council in designing the implementation of the pilot project.

(b) If funds are available to the Minnesota Housing Finance Agency, the commissioner may use the available funds to: support the capacity of several local community nonprofit housing and service providers to administer the HOME pilot project under this section, support providers that assist families to attain sustainable, affordable homeownership as described in paragraph (c), and make first mortgage loans as described in paragraph (d).

(c) Assistance to attain sustainable affordable homeownership may include long-term financial education, training, case management, credit mending, homebuyer education, and foreclosure prevention mitigation services. The Minnesota Housing Finance Agency shall choose providers of the assistance described in this paragraph that have proven track records of assisting culturally diverse groups of people with long-term education services and that have historically resulted in sustainable affordable housing opportunities for culturally diverse groups.

(d) Funds may be used to make first mortgage financing to homebuyers who have the financial resources to pay a mortgage but are unable to access a mortgage that meets their needs. The mortgage loans will be originated by qualified providers. A qualified provider is a provider that has a proven track record of assisting culturally diverse groups of people in attaining sustainable affordable homeownership and that, at a minimum, is in good standing with the Minnesota Department of Commerce, is licensed to originate mortgage loans, and has demonstrated an ability to underwrite to FHA or conventional underwriting guidelines. Qualified providers may be paid an origination fee, a service release premium, and a standard fee set in order to expand capacity to assist more families with purchasing a home."

Amend the title as follows:

Page 1, line 3, delete everything after "project" and insert a period

Page 1, delete line 4

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 2166, A bill for an act relating to elections; providing a study of the use of electronic rosters in elections; requiring secretary of state to evaluate electronic rosters in 2014 election; authorizing the use of electronic rosters statewide; proposing coding for new law in Minnesota Statutes, chapter 201.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2455, A bill for an act relating to courts; modifying provisions for court reporters; amending Minnesota Statutes 2012, sections 486.01; 486.05; 486.06; 486.10, subdivisions 2, 3; repealing Minnesota Statutes 2012, section 486.055.

Reported the same back with the following amendments:

Page 2, after line 3, insert:

"Sec. 2. Minnesota Statutes 2012, section 486.02, is amended to read:

486.02 STENOGRAPHIC OFFICIAL RECORD.

~~Except as provided in section 484.72, a competent stenographer~~ A court reporter who meets minimum qualifications promulgated by the Supreme Court, shall ~~make capture~~ capture a complete ~~stenographic~~ stenographic record of all testimony given and all proceedings had before the judge upon the trial of issues of fact, with or without a jury, or before any referee appointed by such judge. In so doing the ~~stenographer~~ court reporter shall take down ~~or record~~ or record all questions in the exact language thereof, and all answers thereto precisely as given by the witness or by the sworn interpreter. The ~~stenographer~~ court reporter shall also ~~record, capture a verbatim, record of~~ record, capture a verbatim, record of all objections made, and the grounds thereof as stated by counsel, all rulings thereon, all exceptions taken, all motions, orders, and admissions made and the charge to the jury. When directed so to do by the judge, the ~~stenographer~~ court reporter shall ~~make capture~~ capture a like record of any other matter or proceeding, and shall read to, ~~play back for, or transcribe for~~ play back for, or transcribe for such judge or referee any record ~~made captured~~ made captured by the ~~stenographer~~ court reporter, ~~or transcribe the same,~~ without charge, for any purpose in furtherance of justice.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to legal proceedings commencing on or after that date.

Sec. 3. **[486.025] ELECTRONIC RECORDING OF COURT PROCEEDINGS.**

Subdivision 1. Authorization. Electronic recording equipment may be used to record court proceedings. A court reporter shall operate and monitor electronic recording equipment. At the request of any party to any proceedings, the court may, in its discretion, require a competent stenographer who meets minimum qualifications promulgated by the Supreme Court to make a complete stenographic record of the proceedings.

Subd. 2. Limitations on operation of electronic recording equipment. Except as provided in subdivisions 4 and 5, a court reporter who meets minimum qualifications as promulgated by the Supreme Court shall make a complete official record of the following court proceedings:

- (1) felony and gross misdemeanor offenses;
- (2) district court jury trials; and
- (3) contested district court trials and fact-finding hearings.

Subd. 3. Malfunction of electronic recording. If, when electronic recording equipment is used, a malfunction occurs in the recording process so that the recording is incomplete, the court may declare a mistrial if the malfunction is discovered during the trial. If the malfunction is discovered in the course of preparing a transcript after a verdict has been entered, the court may grant a new trial upon motion of any party.

Subd. 4. Court reporter unavailability. Subject to judicial district reassignment policies and collective bargaining agreements, if a court reporter is not available to capture the record of court proceedings, the court may use a person who meets minimum qualifications as promulgated by the state court administrator to operate electronic recording equipment.

Subd. 5. **Expedited child support process.** Hearings and proceedings conducted in the expedited child support process under section 484.702 may be reported by use of electronic recording equipment provided that the equipment meets the minimum standards promulgated by the state court administrator. Electronic recording equipment must be operated and monitored by a person who meets the minimum qualifications promulgated by the state court administrator.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to legal proceedings commencing on or after that date."

Page 3, line 5, after "parties" insert "except that fees may be waived or reduced to low-income parties"

Page 3, delete section 6 and insert:

"Sec. 8. **REPEALER.**

Minnesota Statutes 2012, sections 484.72; and 486.055, are repealed."

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 2556, A bill for an act relating to veterans; veterans housing and long-term care; providing exemptions for certain moratoriums on new residential facilities; providing grants for housing needs assessments for veterans; appropriating money; amending Minnesota Statutes 2012, section 256I.04, subdivision 3; Minnesota Statutes 2013 Supplement, section 245A.03, subdivision 7.

Reported the same back with the following amendments:

Page 6, after line 29, insert:

"Sec. 4. **APPROPRIATION; HUMAN SERVICES.**

\$340,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of human services for sections 1 and 2. Of this amount, \$74,000 is for medical assistance, long-term waivers and home care and \$266,000 is for group residential housing grants."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2602, A bill for an act relating to crime; clarifying the crime of failure to pay court-ordered support; amending Minnesota Statutes 2012, section 609.375, subdivisions 1, 7, 8.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 2757, A bill for an act relating to veterans homes; modifying cost of care calculations; providing for annual adjustments; amending Minnesota Statutes 2012, section 198.03, subdivisions 2, 3.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2852, A bill for an act relating to natural resources; modifying game and fish laws; modifying use of vehicles for hunting; modifying oversight committee provisions; modifying provisions for wildlife management areas; modifying license provisions and fees; modifying invasive species provisions; providing for certain grants; requiring development of certain master plan; modifying provisions for taking wild animals; authorizing nonlethal hazing of Canada geese; modifying disability-related angling and hunting licenses and special permit provisions; providing for designations on driver's license and Minnesota identification card; updating and eliminating certain obsolete language; modifying prior appropriations; requiring issuance of general permit; requiring rulemaking; amending Minnesota Statutes 2012, sections 84.154, subdivisions 1, 2, 3; 84.777, subdivision 2; 84.87, by adding a subdivision; 84.944, subdivision 2; 84A.10; 84A.50; 84D.01, subdivision 8b; 97A.025; 97A.055, subdivision 4b; 97A.131; 97A.137, subdivision 3, by adding a subdivision; 97A.311, subdivision 5, by adding a subdivision; 97A.434, subdivision 1; 97A.441, subdivisions 1, 5; 97A.473, subdivisions 2a, 2b, 5, 5a; 97A.502; 97B.031, subdivision 5; 97B.055, subdivision 3; 97B.081, subdivision 3; 97B.086; 97B.095; 97B.106, subdivision 1; 97B.111, subdivision 1; 97B.516; 97B.605; 97B.655, subdivision 1; 97B.667, subdivisions 3, 4; 97B.731, subdivision 1; 97C.821; 171.07, subdivision 15, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 97A.441, subdivisions 6, 6a; 97A.475, subdivisions 2, 3; 97A.485, subdivision 6; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 87A; 97B; 97C; repealing Minnesota Statutes 2012, sections 84.154, subdivision 5; 84A.04; 84A.08; 84A.11; 97A.081; 97A.083; 97A.445, subdivision 3; 97A.4742, subdivision 3; 97B.061; 97B.611; 97B.615; 97B.621, subdivisions 1, 4; 97B.625; 97B.631; 97B.635; 97B.711; 97B.715, subdivision 2; 97B.803; 97B.911; 97B.915; 97B.921; 97B.925; 97C.011; 97C.827; Minnesota Rules, part 6100.5100.

Reported the same back with the following amendments:

Page 14, delete section 31 and insert:

"Sec. 31. Minnesota Statutes 2012, section 97B.031, subdivision 5, is amended to read:

Subd. 5. **Scopes; visually impaired hunters.** (a) Notwithstanding any other law to the contrary, the commissioner may issue a special permit, without a fee, to use a muzzleloader with a scope to take deer during the muzzleloader season to a person who obtains the required licenses and who has a visual impairment. The scope may not have magnification capabilities.

(b) The visual impairment must be to the extent that the applicant is unable to identify targets and the rifle sights at the same time without a scope. The visual impairment and specific conditions must be established by medical evidence verified in writing by (1) a licensed physician or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician; (2) a licensed ophthalmologist; or (3) a licensed optometrist. The commissioner may request additional information from the physician if needed to verify the applicant's eligibility for the permit.

(c) A permit issued under this subdivision may be valid for up to five years, based on the permanence of the visual impairment as determined by the licensed physician, ophthalmologist, or optometrist.

(d) The permit must be in the immediate possession of the permittee when hunting under the special permit.

(e) The commissioner may deny, modify, suspend, or revoke a permit issued under this subdivision for cause, including a violation of the game and fish laws or rules.

(f) A person who knowingly makes a false application or assists another in making a false application for a permit under this subdivision is guilty of a misdemeanor. A physician, certified nurse practitioner, certified physician assistant, ophthalmologist, or optometrist who fraudulently certifies to the commissioner that a person is visually impaired as described in this subdivision is guilty of a misdemeanor.

(g) A permit is not required under this subdivision to use an electronic range finder according to section 97B.081, subdivision 3, paragraph (c)."

Page 15, delete section 32

Page 18, delete section 37

Page 23, line 18, delete "(a)"

Page 23, line 23, after the semicolon, insert "or"

Page 23, delete lines 24 to 30

Page 23, line 31, delete "(5)" and insert "(2)"

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 3241, A bill for an act relating to claims against the state; providing for settlement of certain claims; appropriating money.

Reported the same back with the following amendments:

Page 1, line 14, delete "\$1,310.07" and insert "\$2,359.82"

Page 1, delete line 15 and insert:

"(2) for payment to Garry Green for permanent injuries to his right hand sustained while performing sentence to service work in Hennepin County, \$7,400;

(3) for payment to David Huff for permanent injuries to his back sustained while performing sentence to service work in Waseca County and for medical costs incurred by Mr. Huff, \$19,686.22, and to medical providers for treatment of Mr. Huff, \$9,065.24;

(4) for payment to medical providers for treatment of Michael Livingston, who was injured while performing sentence to service work in Meeker County, \$5,608.02;

(5) for payment to Donald Marrow for permanent injuries to his right hand sustained while performing sentence to service work in Hennepin County, \$3,300, and to medical providers for treatment of Mr. Marrow, \$5,509.28;

(6) for payment to Jamie Patton for permanent injuries sustained to his right hand while performing assigned duties at Minnesota Correctional Facility-Faribault, \$11,135;

(7) for payment to Rebecca Ratzlaff for medical costs incurred as a result of a foot injury sustained while performing sentence to service work in Hennepin County, \$513.97, and to medical providers for treatment of Ms. Ratzlaff, \$15,125.33;

(8) for payment to medical providers for treatment of Damon Russell, who was injured while performing sentence to service work in Olmstead County, \$1,840.35;

(9) for payment to medical providers for treatment of Brian Trautman, who was injured while performing sentence to service work in Winona County, \$1,789.11.

Sec. 2. **DEPARTMENT OF TRANSPORTATION.**

(a) The Department of Transportation is authorized to pay Cory Zeien \$4,284.92 from the \$10,961.02 retained by the department from contract number 440939 with M. G. Carlson Construction Co., Inc., for construction of the Northern Pacific Railway Depot Roof Rehabilitation in Staples, Minnesota. This payment is conditioned upon the execution of a release by Cory Zeien, releasing the state of Minnesota from all claims for payment for work performed under contract number 440939. The release shall be in a form to be determined by the department, and must include an acknowledgment that Cory Zeien is responsible for the payment of any taxes or other obligations resulting from the \$4,284.92 payment.

(b) The Department of Transportation is authorized to notify the seven additional individuals who were identified in the department's audit of contract number 440939 as having been underpaid. Upon execution of a release as required in paragraph (a), the department is authorized to make a payment to each individual, from the remaining \$6,676.10 of contract retainage, prorated according to the amount each individual was underpaid. In the event

the Department of Transportation is unable to locate an individual identified in the audit, the Department of Transportation shall file an abandoned property report with the Department of Commerce under Minnesota Statutes, section 345.41, together with the payment of the appropriate prorated amount under Minnesota Statutes, section 345.43.

(c) Because contractor M. G. Carlson Construction Co., Inc. cannot be found within the state, the Department of Transportation may make final settlement of contract number 440939 without the certification required by Minnesota Statutes, section 270C.66.

EFFECTIVE DATE. This section is effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "authorizing certain payments by the Department of Transportation;"

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1863, 2112, 2166, 2556, 2757 and 3241 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1747, 2108, 2162, 2221 and 2571 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schomacker introduced:

H. F. No. 3340, A bill for an act relating to human services; providing a rate increase for certain nursing facilities; amending Minnesota Statutes 2012, section 256B.441, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Kahn, Clark and Hornstein introduced:

H. F. No. 3341, A bill for an act relating to agriculture; providing for study of a farmstay program; requiring a report.

The bill was read for the first time and referred to the Committee on Agriculture Policy.

Swedzinski introduced:

H. F. No. 3342, A bill for an act relating to capital improvements; appropriating money for the Canby Theatre; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on State Government Finance and Veterans Affairs.

Abeler was excused for the remainder of today's session.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 977, A bill for an act relating to business organizations; regulating the organization and operation of limited liability companies; enacting a revised uniform limited liability company act; providing conforming changes; amending Minnesota Statutes 2012, sections 48A.03, subdivision 4; 181.970, subdivision 2; 270C.721; 273.124, subdivision 8; 290.01, subdivision 3b; 302A.011, by adding subdivisions; 302A.115, subdivision 1; 302A.681; 302A.683; 302A.685; 302A.689; 302A.691; 308A.121, subdivision 1; 308B.801, subdivisions 1, 2, 5; 308B.805, subdivision 1; 308B.835, subdivision 2; 317A.115, subdivision 2; 319B.02, subdivisions 3, 22; 319B.10, subdivision 3; 321.0108; proposing coding for new law in Minnesota Statutes, chapter 302A; proposing coding for new law as Minnesota Statutes, chapter 322C; repealing Minnesota Statutes 2012, sections 302A.687; 322B.01; 322B.02; 322B.03, subdivisions 1, 2, 3, 6, 6a, 7, 8, 10, 11, 12, 13, 14, 15, 17, 17a, 17b, 18, 19, 19a, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 32, 33, 34, 35, 36, 36a, 37, 38, 39, 40, 41, 41a, 42, 43, 44, 45, 45a, 46, 47, 48, 49, 50, 51; 322B.04; 322B.10; 322B.105; 322B.11; 322B.115; 322B.12, subdivisions 1, 2, 3, 4, 5; 322B.125; 322B.13; 322B.135; 322B.14; 322B.145; 322B.15; 322B.155; 322B.16; 322B.165; 322B.17; 322B.175; 322B.18; 322B.20; 322B.21; 322B.22; 322B.23; 322B.30; 322B.303; 322B.306; 322B.31; 322B.313; 322B.316; 322B.32; 322B.323; 322B.326; 322B.33; 322B.333; 322B.336; 322B.34; 322B.343; 322B.346; 322B.348; 322B.35; 322B.353; 322B.356; 322B.36; 322B.363, subdivisions 1, 2, 3, 4, 5, 6, 7; 322B.366, subdivision 1; 322B.37; 322B.373; 322B.376; 322B.38; 322B.383; 322B.386; 322B.40; 322B.41; 322B.42; 322B.43; 322B.50; 322B.51; 322B.52; 322B.53; 322B.54; 322B.55; 322B.56; 322B.60; 322B.603; 322B.606; 322B.61; 322B.613; 322B.616; 322B.62; 322B.623; 322B.626; 322B.63; 322B.633; 322B.636; 322B.64; 322B.643; 322B.646; 322B.65; 322B.653; 322B.656; 322B.66; 322B.663; 322B.666; 322B.67; 322B.673; 322B.676; 322B.679; 322B.68; 322B.683; 322B.686; 322B.689; 322B.69; 322B.693; 322B.696; 322B.699; 322B.70; 322B.71; 322B.72; 322B.73; 322B.74; 322B.75; 322B.755; 322B.76; 322B.77; 322B.78; 322B.80; 322B.803; 322B.806; 322B.81; 322B.813; 322B.816, subdivisions 1, 2, 4, 5, 6; 322B.82; 322B.823; 322B.826; 322B.83; 322B.833; 322B.836; 322B.84; 322B.843; 322B.846; 322B.85; 322B.853; 322B.856; 322B.86; 322B.863; 322B.866; 322B.87; 322B.873, subdivisions 1, 4; 322B.876, subdivision 1; 322B.88; 322B.883; 322B.90; 322B.905; 322B.91, subdivisions 1, 2; 322B.915; 322B.92; 322B.925; 322B.93; 322B.935; 322B.94; 322B.945; 322B.95; 322B.955; 322B.960, subdivisions 1, 4, 5; 322B.975.

JOANNE M. ZOFF, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Hortman moved that the House concur in the Senate amendments to H. F. No. 977 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 977, A bill for an act relating to business organizations; regulating the organization and operation of limited liability companies; enacting a revised uniform limited liability company act; providing conforming changes; amending Minnesota Statutes 2012, sections 48A.03, subdivision 4; 181.970, subdivision 2; 270C.721; 273.124, subdivision 8; 290.01, subdivision 3b; 302A.011, by adding subdivisions; 302A.115, subdivision 1; 302A.681; 302A.683; 302A.685; 302A.689; 302A.691; 308A.121, subdivision 1; 308B.801, subdivisions 1, 2, 5; 308B.805, subdivision 1; 308B.835, subdivision 2; 317A.115, subdivision 2; 319B.02, subdivisions 3, 22; 319B.10, subdivision 3; 321.0108; proposing coding for new law in Minnesota Statutes, chapter 302A; proposing coding for new law as Minnesota Statutes, chapter 322C; repealing Minnesota Statutes 2012, sections 302A.687; 322B.01; 322B.02; 322B.03, subdivisions 1, 2, 3, 6, 6a, 7, 8, 10, 11, 12, 13, 14, 15, 17, 17a, 17b, 18, 19, 19a, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 32, 33, 34, 35, 36, 36a, 37, 38, 39, 40, 41, 41a, 42, 43, 44, 45, 45a, 46, 47, 48, 49, 50, 51; 322B.04; 322B.10; 322B.105; 322B.11; 322B.115; 322B.12, subdivisions 1, 2, 3, 4, 5; 322B.125; 322B.13; 322B.135; 322B.14; 322B.145; 322B.15; 322B.155; 322B.16; 322B.165; 322B.17; 322B.175; 322B.18; 322B.20; 322B.21; 322B.22; 322B.23; 322B.30; 322B.303; 322B.306; 322B.31; 322B.313; 322B.316; 322B.32; 322B.323; 322B.326; 322B.33; 322B.333; 322B.336; 322B.34; 322B.343; 322B.346; 322B.348; 322B.35; 322B.353; 322B.356; 322B.36; 322B.363, subdivisions 1, 2, 3, 4, 5, 6, 7; 322B.366, subdivision 1; 322B.37; 322B.373; 322B.376; 322B.38; 322B.383; 322B.386; 322B.40; 322B.41; 322B.42; 322B.43; 322B.50; 322B.51; 322B.52; 322B.53; 322B.54; 322B.55; 322B.56; 322B.60; 322B.603; 322B.606; 322B.61; 322B.613; 322B.616; 322B.62; 322B.623; 322B.626; 322B.63; 322B.633; 322B.636; 322B.64; 322B.643; 322B.646; 322B.65; 322B.653; 322B.656; 322B.66; 322B.663; 322B.666; 322B.67; 322B.673; 322B.676; 322B.679; 322B.68; 322B.683; 322B.686; 322B.689; 322B.69; 322B.693; 322B.696; 322B.699; 322B.70; 322B.71; 322B.72; 322B.73; 322B.74; 322B.75; 322B.755; 322B.76; 322B.77; 322B.78; 322B.80; 322B.803; 322B.806; 322B.81; 322B.813; 322B.816, subdivisions 1, 2, 4, 5, 6; 322B.82; 322B.823; 322B.826; 322B.83; 322B.833; 322B.836; 322B.84; 322B.843; 322B.846; 322B.85; 322B.853; 322B.856; 322B.86; 322B.863; 322B.866; 322B.87; 322B.873, subdivisions 1, 4; 322B.876, subdivision 1; 322B.88; 322B.883; 322B.90; 322B.905; 322B.91, subdivisions 1, 2; 322B.915; 322B.92; 322B.925; 322B.93; 322B.935; 322B.94; 322B.945; 322B.95; 322B.955; 322B.960, subdivisions 1, 4, 5; 322B.975.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Brynaert	Erhardt	Green	Hornstein	Kresha
Allen	Carlson	Erickson, R.	Gruenhagen	Hortman	Laine
Anderson, M.	Clark	Erickson, S.	Gunther	Howe	Leidiger
Anderson, P.	Cornish	Fabian	Hackbarth	Huntley	Lenczewski
Anderson, S.	Daudt	Falk	Halverson	Isaacson	Liebling
Anzelc	Davids	Faust	Hamilton	Johnson, B.	Lien
Atkins	Davnie	Fischer	Hansen	Johnson, C.	Lillie
Barrett	Dean, M.	FitzSimmons	Hausman	Johnson, S.	Loeffler
Beard	Dettmer	Franson	Hertaus	Kahn	Lohmer
Benson, J.	Dill	Freiberg	Hilstrom	Kelly	Loon
Bernardy	Dorholt	Fritz	Holberg	Kieffer	Mahoney
Bly	Drazkowski	Garofalo	Hoppe	Kiel	Mariani

Marquart	Murphy, E.	O'Neill	Radinovich	Slocum	Ward, J.E.
Masin	Murphy, M.	Paymar	Rosenthal	Sundin	Wills
McNamar	Myhra	Pelowski	Runbeck	Swedzinski	Winkler
McNamara	Nelson	Peppin	Sanders	Theis	Woodard
Melin	Newberger	Persell	Savick	Torkelson	Yarusso
Metsa	Newton	Petersburg	Sawatzky	Uglen	Zellers
Moran	Nornes	Poppe	Schomacker	Urdahl	Spk. Thissen
Morgan	Norton	Pugh	Selcer	Wagenius	
Mullery	O'Driscoll	Quam	Simonson	Ward, J.A.	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 183, A bill for an act relating to data practices; enhancing certain penalties and procedures related to unauthorized access to data by a public employee; amending Minnesota Statutes 2012, sections 13.05, subdivision 5; 13.055; 13.09; 299C.40, subdivision 4.

JOANNE M. ZOFF, Secretary of the Senate

Holberg moved that the House refuse to concur in the Senate amendments to H. F. No. 183, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 183:

Holberg, Hilstrom and Hortman.

CALENDAR FOR THE DAY

H. F. No. 3167 was reported to the House.

Lenczewski moved to amend H. F. No. 3167, the second engrossment, as follows:

Page 24, after line 21, insert:

"Sec. 7. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 4, is amended to read:

Subd. 4. **Retail sale.** (a) A "retail sale" means:

(1) any sale, lease, or rental of tangible personal property for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21; and

(2) any sale of a service enumerated in subdivision 3, for any purpose other than resale by the purchaser in the normal course of business as defined in subdivision 21.

(b) A sale of property used by the owner only by leasing it to others or by holding it in an effort to lease it, and put to no use by the owner other than resale after the lease or effort to lease, is a sale of property for resale.

(c) A sale of master computer software that is purchased and used to make copies for sale or lease is a sale of property for resale.

(d) A sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property is a retail sale in whatever quantity sold, whether the sale is for purposes of resale in the form of real property or otherwise.

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering which includes installation is a contract for the improvement of real property.

(f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery, plants, sod, trees, and similar items that includes installation is a contract for the improvement of real property.

(g) A sale of tangible personal property that is awarded as prizes is a retail sale and is not considered a sale of property for resale.

(h) A sale of tangible personal property utilized or employed in the furnishing or providing of services under subdivision 3, paragraph (g), clause (1), including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(i) A sale of tangible personal property used in conducting lawful gambling under chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including, but not limited to, coin-operated devices, is a retail sale and is not considered a sale of property for resale.

(k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is executed.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property.

(m) A sale of a bundled transaction in which one or more of the products included in the bundle is a taxable product is a retail sale, except that if one of the products is a telecommunication service, ancillary service, Internet access, or audio or video programming service, and the seller has maintained books and records identifying through reasonable and verifiable standards the portions of the price that are attributable to the distinct and separately identifiable products, then the products are not considered part of a bundled transaction. For purposes of this paragraph:

(1) the books and records maintained by the seller must be maintained in the regular course of business, and do not include books and records created and maintained by the seller primarily for tax purposes;

(2) books and records maintained in the regular course of business include, but are not limited to, financial statements, general ledgers, invoicing and billing systems and reports, and reports for regulatory tariffs and other regulatory matters; and

(3) books and records are maintained primarily for tax purposes when the books and records identify taxable and nontaxable portions of the price, but the seller maintains other books and records that identify different prices attributable to the distinct products included in the same bundled transaction.

(n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail sale of the paint and materials. The motor vehicle repair or body shop that purchases motor vehicle repair paint and motor vehicle repair materials for resale must either:

(1) separately state each item of paint and each item of materials, and the sales price of each, on the invoice to the purchaser; or

(2) in order to calculate the sales price of the paint and materials, use a method which estimates the amount and monetary value of the paint and materials used in the repair of the motor vehicle by multiplying the number of labor hours by a rate of consideration for the paint and materials used in the repair of the motor vehicle following industry standard practices that fairly calculate the gross receipts from the retail sale of the motor vehicle repair paint and motor vehicle repair materials. An industry standard practice fairly calculates the gross receipts if the sales price of the paint and materials used or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or body shop business. Under this clause, the invoice must either separately state the "paint and materials" as a single taxable item, or separately state "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to wholesale transactions at an auto auction facility.

(o) A sale of specified digital products or other digital products to an end user with or without rights of permanent use and regardless of whether rights of use are conditioned upon payment by the purchaser is a retail sale. When a digital code has been purchased that relates to specified digital products or other digital products, the subsequent receipt of or access to the related specified digital products or other digital products is not a retail sale.

(p) A payment made to a cooperative electric association or public utility as a contribution in aid of construction is a contract for improvement to real property and is not a retail sale.

(q) Installation of fiber optic and communication cable in buildings is a retail sale and not an improvement to retail property. For purposes of this paragraph, "fiber optic and communication cable" means cable that is of the type required to be removed from abandoned buildings under the most recent edition of the National Electrical Code, as adopted by the National Fire Protection Association, Inc. and approved by the National Standards Institute.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2015."

Page 44, after line 32, insert:

"Sec. 34. Minnesota Statutes 2012, section 297A.70, is amended by adding a subdivision to read:

Subd. 18. **Regional rail authorities.** Sales and purchases by regional rail authorities, as defined in Minnesota Statutes, section 398A.01, are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2015."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Lenczewski moved to amend her amendment to H. F. No. 3167, the second engrossment, as follows:

Page 3, line 30, delete "retail" and insert "real"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Lenczewski amendment, as amended, to H. F. No. 3167, the second engrossment. The motion prevailed and the amendment, as amended, was adopted.

Gruenhagen moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Page 49, after line 20, insert:

"Sec. 6. Minnesota Statutes 2012, section 289A.12, is amended by adding a subdivision to read:

Subd. 18. **Charity health services.** (a) A medical professional, dentist, or chiropractor may file an informational report with the commissioner documenting the value of charity health services that the individual provided during the taxable year. A business that employs a medical professional, dentist, or chiropractor, may also file an informational report with the commissioner documenting the value of charity health services its employees provided during the taxable year. The charity health services reported to the commissioner must be calculated at the reimbursement rates provided in section 256B.76.

(b) For purposes of this subdivision "chiropractor" means an individual licensed under chapter 148, "dentist" means an individual licensed under chapter 150A, and "medical professional" means an individual licensed under chapter 147.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2014."

Page 53, line 30, delete "and"

Page 53, line 35, delete the period and insert:

"; and

(22) the value of charity health care services provided by a medical professional licensed under chapter 147, a dentist licensed under chapter 150A, or a chiropractor licensed under chapter 148, and acting within the scope of the individual's license. For the purposes of this clause, the value of charity health care services must be calculated at the applicable reimbursement rate provided under section 256B.76 for the medical professional, dentist, or chiropractor."

Page 54, line 2, before the period, insert "except the new clause (22) is effective for taxable years beginning after December 31, 2014"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gruenhagen amendment and the roll was called. There were 54 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Gruenhagen	Kieffer	Nornes	Schomacker
Anderson, M.	Dettmer	Gunther	Kiel	O'Driscoll	Swedzinski
Anderson, P.	Drazkowski	Hackbarth	Kresha	O'Neill	Theis
Anderson, S.	Erickson, S.	Hamilton	Leidiger	Peppin	Torkelson
Barrett	Fabian	Hertaus	Lohmer	Petersburg	Uglen
Beard	FitzSimmons	Hoppe	Loon	Pugh	Urdahl
Cornish	Franson	Howe	McNamara	Quam	Wills
Daudt	Garofalo	Johnson, B.	Myhra	Runbeck	Woodard
Davids	Green	Kelly	Newberger	Sanders	Zellers

Those who voted in the negative were:

Allen	Erhardt	Hortman	Mahoney	Nelson	Selcer
Anzelc	Erickson, R.	Huntley	Mariani	Newton	Simonson
Atkins	Falk	Isaacson	Marquart	Norton	Slocum
Benson, J.	Faust	Johnson, C.	Masin	Paymar	Sundin
Bernardy	Fischer	Johnson, S.	McNamar	Pelowski	Wagenius
Bly	Freiberg	Kahn	Melin	Persell	Ward, J.A.
Brynaert	Fritz	Laine	Metsa	Poppe	Ward, J.E.
Carlson	Halverson	Lenczewski	Moran	Radinovich	Winkler
Clark	Hansen	Liebling	Morgan	Rosenthal	Yarusso
Davnie	Hausman	Lien	Mullery	Savick	Spk. Thissen
Dill	Hilstrom	Lillie	Murphy, E.	Sawatzky	
Dorholt	Hornstein	Loeffler	Murphy, M.	Schoen	

The motion did not prevail and the amendment was not adopted.

Hertaus moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Page 70, after line 20, insert:

"Sec. 10. **CITY OF MOUND; TAX INCREMENT FINANCING.**

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for the Mound Harbor Tax Increment Financing District administered by the Housing and Redevelopment Authority in and for the city of Mound if the activities are undertaken within 15 years from the date of certification of the district.

EFFECTIVE DATE. The section is effective upon compliance by the governing body of the city of Mound with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Green moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Page 20, after line 1, insert:

"Sec. 10. Minnesota Statutes 2012, section 375.192, subdivision 2, is amended to read:

Subd. 2. **Procedure, conditions.** Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. An abatement must be granted in the case of a reassessment resulting in a reduction in a property's taxable market value. Except as provided in sections 469.1812 to 469.1815, no reduction or abatement may be granted on the basis of providing an incentive for economic development or redevelopment. Except as provided in section 375.194, the county board may consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the ~~two~~ three prior years; provided that reductions or abatements for ~~the two~~ prior years shall be ~~considered or granted only for~~ (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board granted as reductions in the current year's and succeeding years' taxes of the lesser of (1) 25 percent of the current year's taxes, or (2) the remaining amount of the abatement. The application must include the Social Security number of the applicant. The Social Security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. On any reduction or abatement when the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give notice within 20 days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction.

An appeal may not be taken to the Tax Court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after

June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the Social Security number of the applicant and such other information the commissioner prescribes.

EFFECTIVE DATE. This section is effective July 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Cornish was excused for the remainder of today's session.

Dettmer moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Page 53, line 30, delete "and"

Page 53, line 35, delete the period and insert "; and"

Page 53, after line 35, insert:

"(22) to the extent included in federal taxable income, for an individual with 20 or more years of military service or who separated from the military after fewer than 20 years of service with a service-connected disability, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, or 12732 to 12733. The subtraction under this clause is limited to \$1,500 for each year or portion of a year of military service. In the case of a married couple filing jointly, each spouse is eligible for this subtraction."

Page 54, line 2, before the period, insert "except that clause (22) is effective for taxable years beginning after December 31, 2014."

Page 55, line 32, delete "and (21)" and insert "(21) and (22)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Dettmer amendment and the roll was called. There were 68 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Albright	Anderson, S.	Beard	Dean, M.	Dorholt	Erickson, S.
Anderson, M.	Anzelc	Dautt	Dettmer	Drazkowski	Fabian
Anderson, P.	Barrett	Davids	Dill	Erickson, R.	Faust

FitzSimmons	Hertaus	Leidiger	Norton	Runbeck	Urdahl
Franson	Hilstrom	Lien	O'Driscoll	Sanders	Ward, J.E.
Fritz	Hoppe	Lohmer	O'Neill	Savick	Wills
Garofalo	Howe	Loon	Peppin	Sawatzky	Woodard
Green	Johnson, B.	McNamar	Persell	Schomacker	Zellers
Gruenhagen	Kelly	McNamara	Petersburg	Swedzinski	
Gunther	Kieffer	Myhra	Pugh	Theis	
Hackbarth	Kiel	Newberger	Quam	Torkelson	
Hamilton	Kresha	Nornes	Radinovich	Uglen	

Those who voted in the negative were:

Allen	Falk	Johnson, C.	Marquart	Newton	Wagenius
Atkins	Fischer	Johnson, S.	Masin	Paymar	Ward, J.A.
Benson, J.	Freiberg	Kahn	Melin	Pelowski	Winkler
Bernardy	Halverson	Laine	Metsa	Poppe	Yarusso
Bly	Hansen	Lenczewski	Moran	Rosenthal	Spk. Thissen
Brynaert	Hausman	Liebling	Morgan	Schoen	
Carlson	Hornstein	Lillie	Mullery	Selcer	
Clark	Hortman	Loeffler	Murphy, E.	Simonson	
Davnie	Huntley	Mahoney	Murphy, M.	Slocum	
Erhardt	Isaacson	Mariani	Nelson	Sundin	

The motion prevailed and the amendment was adopted.

Garofalo moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Page 12, delete section 2

Page 14, delete section 5

Page 20, after line 1, insert:

"Sec. 13. **STUDY OF SOLAR ENERGY TAXATION.**

The commissioner of revenue must conduct a study of the taxation of solar energy production in Minnesota, and evaluate the feasibility and desirability of subjecting solar energy-generating systems to a production tax similar to the wind energy production tax. The study must analyze:

(1) the amount of tax revenue that is produced under the current system of taxation, considering both the solar collectors and related equipment and the taxation of the underlying property;

(2) the amount of tax revenue that would be produced under alternative production tax rate structures and alternative property tax treatments of property where the solar collectors are located;

(3) the amount of tax revenue produced by properties with similar levels of economic activity and intensity of land use;

(4) any external costs imposed upon local properties and residents by solar energy generation systems;

(5) how any of the calculations under clauses (1) to (4) would change under alternative growth scenarios for solar energy production; and

(6) whether there are any administrative considerations that should be considered in deciding upon an appropriate system of taxation.

By February 1, 2015, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate tax committees consisting of the findings of the study and identification of issues for policy makers to consider.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Garofalo amendment and the roll was called. There were 51 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Hackbarth	Kresha	O'Neill	Torkelson
Anderson, M.	Drazkowski	Hertaus	Leidiger	Peppin	Uglen
Anderson, P.	Erickson, S.	Holberg	Loomer	Petersburg	Urdahl
Anderson, S.	Fabian	Hoppe	Loon	Pugh	Wills
Barrett	FitzSimmons	Howe	McNamara	Quam	Woodard
Beard	Franson	Johnson, B.	Myhra	Runbeck	Zellers
Daudt	Garofalo	Kelly	Newberger	Sanders	
Davids	Green	Kieffer	Nornes	Swedzinski	
Dean, M.	Gruenhagen	Kiel	O'Driscoll	Theis	

Those who voted in the negative were:

Allen	Erickson, R.	Hortman	Mariani	Norton	Slocum
Anzelc	Falk	Huntley	Marquart	Paymar	Sundin
Atkins	Faust	Isaacson	Masin	Pelowski	Wagenius
Benson, J.	Fischer	Johnson, C.	McNamar	Persell	Ward, J.A.
Bernardy	Freiberg	Johnson, S.	Melin	Poppe	Ward, J.E.
Bly	Fritz	Kahn	Metsa	Radinovich	Winkler
Brynaert	Gunther	Laine	Moran	Rosenthal	Yarusso
Carlson	Halverson	Lenczewski	Morgan	Savick	Spk. Thissen
Clark	Hamilton	Liebling	Mullery	Sawatzky	
Davnie	Hansen	Lien	Murphy, E.	Schoen	
Dill	Hausman	Lillie	Murphy, M.	Schomacker	
Dorholt	Hilstrom	Loeffler	Nelson	Selcer	
Erhardt	Hornstein	Mahoney	Newton	Simonson	

The motion did not prevail and the amendment was not adopted.

Loon moved to amend H. F. No. 3167, the second engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PROPERTY TAX AIDS, CREDITS, AND REFUNDS

Section 1. **[69.022] VOLUNTEER RETENTION STIPEND AID PILOT.**

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

(b) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(c) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(d) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(e) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(f) "Qualified volunteer" means one of the following types of volunteers who has provided service for the entire prior calendar year to a qualified entity:

(1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(g) "Pilot area" means the counties of Blue Earth, Faribault, Freeborn, Martin, Steele, Waseca, and Watonwan.

(h) "State fire marshal" has the meaning given in section 299F.01.

Subd. 2. Aid payment and calculation. The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner shall pay the aid to qualified entities by July 31 of the calendar year following the year in which the qualified volunteer provided service.

Subd. 3. Application. Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 4. Payment of stipends. A qualified entity receiving state aid under this section must pay the aid as retention stipends to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 5. Report. No later than January 15, 2018, the state fire marshal, in consultation with the commissioner of revenue, must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in each of the counties adjacent to the pilot area in each of the three years of the pilot, and must summarize changes in the number of qualified volunteers during the three years of the pilot both within the pilot area and in the adjacent counties. For purposes of this subdivision "counties adjacent to the pilot area" means the counties of Brown, Cottonwood, Dodge, Jackson, Le Sueur, Mower, Nicollet, and Rice. Qualified entities in counties adjacent to the pilot area must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner. The commissioner must share with the state fire marshal the information necessary to the report.

Subd. 6. **Appropriation.** An amount sufficient to pay the state aid under this section in fiscal years 2016, 2017, and 2018 is appropriated from the general fund to the commissioner of revenue. This appropriation does not become part of the agency's base budget and expires after fiscal year 2018.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for volunteer service provided beginning in calendar years 2014, 2015, and 2016, and for aid payable in calendar years 2015, 2016, and 2017.

Sec. 2. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05~~ plus 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum ~~reduction~~ credit of ~~\$115~~ \$490. In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit must be initially computed as if that nonhomestead agricultural land was also classified as agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 3. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~ Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone, as defined in section 469.166; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to ~~4.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class 3a property to ~~4.9~~ 1.7 percent of taxable market value.

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

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be paid to municipalities other than municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under section 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan paid under section 69.021, subdivision 7, with the allocated amount for fire departments participating in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the executive director of the Public Employees Retirement Association for deposit in the fund established by section 353G.02, subdivision 3, and credited to the respective account and with the balance paid to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief association for deposit in its special fund; and

(3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement System for deposit in the state patrol retirement fund.

(b) For purposes of this section, the term "municipalities" includes independent nonprofit firefighting corporations that participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 356G or with subsidiary volunteer firefighter relief associations operating under chapter 424A.

Sec. 5. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

(b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the sum of (1) its formula aid in the previous year and (2) the product of (i) the difference between its unmet need and its ~~certified~~ formula aid in the previous year ~~under subdivision 9~~, and (ii) the aid gap percentage.

(c) For aids payable in 2015 and thereafter, if a city's certified aid from the previous year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13, its formula aid is adjusted to equal its unmet need.

(d) No city may have a formula aid amount less than zero. The aid gap percentage must be the same for all cities subject to paragraph (b).

(e) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 6. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013, subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in ~~2016~~ 2015 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$511,598,012~~ the amount certified under that section in the previous year, multiplied by the inflation adjustment under subdivision 6.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 7. Minnesota Statutes 2012, section 477A.03, is amended by adding a subdivision to read:

Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the percentage increase in the implicit price deflator for government expenditures and gross investment for state and local government purchases as prepared by the United States Department of Commerce, for the 12-month period ending March 31 of the previous calendar year, and (2) the percentage increase in total city population for the most recently available years as of January 15 of the current year. The percentage increase in this subdivision shall not be greater than five percent.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 8. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Net tax capacity differential" means the positive difference, if any, by which the local unit's net tax capacity was reduced from assessment year 2014 to assessment year 2015 due to the change in the definition of real property in section 272.03, subdivision 1, enacted by article 2, section 6, of this act. For purposes of determining the net tax capacity differential, any property in a job opportunity building zone under section 469.314 may not be included when calculating a local unit's net tax capacity.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition aid computed under paragraphs (b) to (f).

(b) For aids payable in 2016, transition aid under this section for an eligible local unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2015.

(c) For aids payable in 2017, transition aid under this section for an eligible local unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2016.

(d) For aids payable in 2018, transition aid under this section for an eligible local unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2017.

(e) For aids payable in 2019, transition aid under this section for an eligible local unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2018.

(f) For aids payable in 2020, transition aid under this section for an eligible local unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2019.

(g) No aids shall be payable under this section in 2021 and thereafter.

(h) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

(i) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

EFFECTIVE DATE. This section is effective beginning with assessment year 2015.

Sec. 9. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

(a) Each county whose certified aid for 2014 under Minnesota Statutes, section 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for supplemental aid in 2014 equal to the difference between the amount received in 2013 and the amount certified for 2014.

(b) The aid under this section shall be paid in the same manner and at the same time as the regular aid payments under Minnesota Statutes, section 477A.0124.

(c) The amount necessary to pay supplemental aid under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 10. **SUPPLEMENTAL CREDIT FOR TAXES PAYABLE IN 2014 ONLY.**

Subdivision 1. **Eligibility.** Each agricultural homestead qualifying for a credit for taxes payable in 2014 under Minnesota Statutes, section 273.1384, is eligible for a supplemental credit equal to the lesser of (i) \$230, or (ii) the net property taxes payable on the property, excluding the taxes attributable to the house, garage, and surrounding one acre of land. A supplemental credit must not be paid to any property that has delinquent property taxes. By August 15, 2014, the county auditor must notify the commissioner of revenue of the name and address of the property owner of each homestead that received an agricultural credit for taxes payable in 2014, along with the net taxes due upon the agricultural homestead, whether there are any delinquent taxes on the property, and whatever other information the commissioner deems necessary, in a form prescribed by the commissioner.

Subd. 2. **Payment of supplemental credit.** The commissioner must pay supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing proposed property tax notices for taxes payable in 2015 under Minnesota Statutes, section 275.065, and final property tax statements for taxes payable in 2015 under Minnesota Statutes, section 276.04, the auditor must indicate that the taxpayer may have received a supplemental credit under this section for taxes payable in 2014.

Subd. 4. **Appropriation.** The amount necessary to make the payments required under subdivision 2 is appropriated from the general fund to the commissioner of revenue for fiscal year 2015.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX REFUND INCREASE.

Subdivision 1. **Homestead credit refund increase.** For claims filed based on taxes payable in 2014, the commissioner shall increase by three percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **Renter property tax refund increase.** For claims filed based on rent paid in 2013, the commissioner shall increase by five percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2a.

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section in fiscal years 2015 and 2016 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2014 and rent paid in 2013 only.

Sec. 12. 2013 CITY AID PENALTY FORGIVENESS; CITY OF BLUFFTON.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bluffton shall receive the half of its aid payments for calendar years 2011, 2012, and 2013 under Minnesota Statutes, section 477A.013, that were withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that it received audited financial statements from the city for calendar years 2010, 2011, and 2012 by December 31, 2013, and for calendar year 2013 by June 30, 2014. The commissioner of revenue shall make a payment of \$20,000 with the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2014. The commissioner shall pay the remaining amount, totaling \$28,151.50, with the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2015. \$20,000 in fiscal year 2015 and \$28,151.50 in fiscal year 2016 are appropriated from the general fund to the commissioner of revenue to make payments under this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED 2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the contrary, this section modifies the allocation of the police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October 1, 2014.

(b) Before the allocation of the police and fire supplemental retirement state aid is made for October 1, 2014, the commissioner of revenue shall:

(1) determine those fire departments that qualified for fire state aid under Minnesota Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013 allocation of police and fire supplemental retirement state aid, and were an independent nonprofit firefighting corporation; and

(2) determine the amount of police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments described in clause (1) would have received on October 1, 2013, if the fire departments had been included in that allocation.

(c) The total amount determined in paragraph (b), clause (2), must be deducted from the amount available for allocation under Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire departments determined in paragraph (b), clause (1), their respective portion of the total as an additional payment on October 1, 2014.

(d) The remaining amount after the deduction of the total amount under paragraph (c) must be allocated as provided in section 1.

ARTICLE 2 PROPERTY TAXES

Section 1. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. If the property is an electric power generation facility located in a city, then the commissioner shall notify the county assessor and city finance officer of the jurisdictions that host the facility that the application has been received. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. If the property is an electric power generation facility located in a city, then the commissioner shall provide notification of the order to the county assessor and city finance officer of the jurisdictions that host the facility. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

Subd. 24. ~~Electric power photovoltaic devices~~ **Solar energy-generating systems.** ~~Photovoltaic devices~~ Personal property consisting of solar energy-generating systems, as defined in section 216C.06, subdivision 16 272.0295, installed after January 1, 1992, and used to produce or store electric power are is exempt. The value of the real property on which the solar energy-generating system is located shall be valued in the same manner as similar real property that has not been improved with a solar energy-generating system. The real property shall be classified based on the most probable use of the property if it was not improved with a solar energy-generating system.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 3. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the forms and procedures for this application. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2), if the facility is in a city, notify the county assessor and city finance officer of the jurisdictions that host the facility that an application for an exclusion is being processed. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided by the commissioner of commerce as described in subdivision 1, the commissioner of revenue shall subtract eight percent of the taxable market value of the qualifying property for each percentage point that the efficiency of the specific facility, as determined by the commissioner of commerce, is above 40 percent. The reduction in taxable market value shall be reflected in the taxable market value of the facility beginning with the assessment year immediately following the determination. ~~For a facility that is assessed by the county in which the facility is located,~~ The commissioner of revenue shall certify to the assessor of that county and, if located in a city, the finance officer of that city, the percentage of the taxable market value of the facility to be excluded.

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 5. **[272.0295] SOLAR ENERGY PRODUCTION TAX.**

Subdivision 1. **Production tax.** A tax is imposed on the production of electricity from a solar energy-generating system used as an electric power source.

Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy-generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy.

(b) The total size of a solar energy-generating system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of a solar energy-generating system shall be combined with the nameplate capacity of any other solar energy-generating system that is:

(1) constructed within the same 12-month period as the solar energy-generating system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two solar energy-generating systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Solar energy-generating systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Subd. 3. **Rate of tax.** (a) For a solar energy-generating system with a capacity exceeding one megawatt alternating current, the tax is \$1.20 per megawatt-hour.

(b) A solar energy-generating system with a capacity of one megawatt alternating current or less is exempt from the tax imposed under this section.

Subd. 4. **Reports.** An owner of a solar energy-generating system subject to tax under this section shall file a report with the commissioner of revenue annually on or before January 15 detailing the amount of electricity in megawatt-hours that was produced by the system in the previous calendar year. The commissioner shall prescribe the form of the report. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a solar energy-generating system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue shall notify the owner of each solar energy-generating system of the tax due to each county for the current year and shall certify to the county auditor of each county in which the system is located the tax due from each owner for the current year.

(b) If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the solar energy-generating system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year.

Subd. 6. **Payment of tax; collection.** The amount of production tax determined under subdivision 5 must be paid to the county treasurer at the time and in the manner provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid, is subject to the same enforcement, collection, and interest and penalties as delinquent personal property taxes. Except to the extent inconsistent with this section, the provisions of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this section, and for purposes of those provisions, the taxes imposed under this section are considered personal property taxes.

Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this section must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the solar energy-generating system is located as follows: 80 percent to counties; and 20 percent to cities and townships.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 6. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c)(i) Real property does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements, unless the structure is primarily used in the production of biofuels, wine, beer, distilled beverages, or dairy products. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building, or if such an exterior shell is primarily used for the storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

EFFECTIVE DATE. This section is effective beginning with assessment year 2015.

Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for ~~five~~ eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. Qualification under this paragraph requires an annual application under paragraph (h).

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first.

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership. For an application received after July 1 of any calendar year, the exclusion shall become effective for the following assessment year.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

EFFECTIVE DATE. This section is effective for taxes payable in 2015, and applies to homesteads that initially qualified for the exclusion for taxes payable in 2009 and thereafter.

Sec. 8. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the first tier of commercial-industrial value as defined under section 273.13, subdivision 24; (2) electric generation attached machinery under class 3; and (3) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 9. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15 ~~30~~, each ~~taxing authority, other than a school district, shall adopt a proposed budget and county and each home rule charter or statutory city~~ shall certify to the county auditor the proposed ~~or, in the case of a town, the final~~ property tax levy for taxes payable in the following year.

(b) ~~Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.~~

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

~~(e)~~ (d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

~~(d)~~ (e) For purposes of this section, "~~taxing authority~~" ~~includes all home rule and statutory cities, towns, counties, school districts, and~~ "special taxing district" means a special taxing ~~districts~~ district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

~~(e)~~ (f) At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

ARTICLE 3 SALES, USE, AND EXCISE TAXES

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2, is amended to read:

Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the requirement of this paragraph and is not disqualified under the provisions of paragraph (b). To qualify, the business must:

(1) have operated its trade or business in a city or cities in greater Minnesota for at least one year before applying under subdivision 3;

(2) pay or agree to pay in the future each employee compensation, including benefits not mandated by law, that on an annualized basis equal at least 120 percent of the federal poverty level for a family of four;

(3) plan and agree to expand its employment in one or more cities in greater Minnesota by the minimum number of employees required under subdivision 3, paragraph (c); and

(4) have received certification from the commissioner under subdivision 3 that it is a qualified business.

(b) A business is not a qualified business if it is either:

(1) primarily engaged in making retail sales to purchasers who are physically present at the business's location or locations in greater Minnesota; ~~or~~

(2) a public utility, as defined in section 336B.01; or

(3) primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(c) The requirements in paragraph (a) that the business's operations and expansion be located in a city do not apply to an agricultural processing facility.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within ~~60~~ 90 days after its filing. Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed approval of the application.

~~(c) The following minimum expansion requirements apply, based on the number of employees of the business at locations in greater Minnesota:~~

~~(1) a business that employs 50 or fewer full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by five or more full-time equivalent employees;~~

~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent employees in greater Minnesota when the agreement is executed must increase the number of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

~~(3) a business that employs 200 or more full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by at least 21 full-time equivalent employees~~ (c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period beginning on the first day of the calendar month immediately following ~~execution of the business subsidy agreement~~ the date that the commissioner informs the business of the award of the benefit.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is amended to read:

Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases made during the period the business was certified as a qualified business under this section. The commissioner has discretion to set the maximum amounts of the annual and total sales tax exemption allowed for each qualifying business as part of the business subsidy agreement.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **[168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in transfer-on-death or TOD form by a natural person by including in the certificate of title a designation of a beneficiary or beneficiaries who are natural persons to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of all secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries shall have no interest in the motor vehicle until the death of the owner or the last survivor of the joint owners with right of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with right of survivorship, subject to the rights of all secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the motor vehicle upon submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. **Rights of creditors.** This section does not limit the rights of any secured party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or beneficiaries.

Sec. 5. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 81.4 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~ 81.4 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is required by law to submit an estimation of June sales tax liabilities and ~~90~~ 81.4 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~90~~ 81.4 percent of the preceding May's liability or ~~90~~ 81.4 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 7. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks, that are prescribed for use in conjunction with a course of study in a postsecondary school, college, university, or private career school to students who are regularly enrolled at such institutions are exempt. For purposes of this subdivision, "instructional materials" means materials required to be used directly in the completion of the course of study, including, but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works, and computer software.

Instructional materials do not include general reference works or other items incidental to the instructional process such as pens, pencils, paper, folders, or computers. For purposes of this subdivision, "school" and "private career school" have the meanings given in subdivision 13.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision to read:

Subd. 33. **Presentations accessed as digital audio and audiovisual works.** The charge for a live or prerecorded presentation, such as a lecture, seminar, workshop, or course, where participants access the presentation as a digital audio work or digital audiovisual work, and are connected to the presentation via the Internet, telecommunications equipment or other device that transfers the presentation electronically, is exempt if:

(1) participants and the presenter, during the time that participants access the presentation, are able to give, receive, and discuss the presentation with each other, although the amount of interaction and when in the presentation the interaction occurs may be limited by the presenter; and

(2) for those presentations where participants are given the option to attend the same presentation in person:

(i) any limitations on the amount of interaction and when it occurs during the presentation are the same for those participants accessing the presentation electronically as those attending in person; and

(ii) the admission to the in person presentation is not subject to tax under this chapter.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 9. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision to read:

Subd. 3a. **Coin-operated entertainment and amusement devices.** Coin-operated entertainment and amusement devices, including, but not limited to, fortune-telling machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides, photo or video booths, and jukeboxes, are exempt when purchased by retailers selling admission to places of amusement and making available amusement devices as provided in section 297A.61, subdivision 3, paragraph (g), clause (1).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42, is amended to read:

Subd. 42. Qualified data centers. (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center, or a qualified refurbished data center, are exempt. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.

(b) Electricity used or consumed in the operation of a qualified data center, or a qualified refurbished data center, is exempt.

(c) For purposes of this subdivision, "qualified data center, ~~or a qualified refurbished data center,~~" means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$30,000,000 within a 48-month period;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 25,000 square feet have been rebuilt or modified, including:

(i) installation of enterprise information technology equipment, environmental control, computer software, and energy efficiency improvements; and

(ii) building improvements; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of this subdivision, "computer software" includes, but is not limited to, software utilized or loaded at ~~the~~ a qualified data center or a qualified refurbished data center, including maintenance, licensing, and software customization.

(d) For purposes of this subdivision, a "qualified refurbished data center" means an existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$50,000,000 within a 24-month period.

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or a qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of ~~the~~ a qualified data center or a qualified refurbished data center.

(f) A qualified data center or a qualified refurbished data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

(g) The purpose of this exemption is to create jobs in the construction and data center industries.

(h) This subdivision is effective for sales and purchases made after June 30, 2012, and before July 1, 2042.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2013.

Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44, is amended to read:

Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible personal property or taxable services by a qualified business, as defined in section 116J.8738, are exempt if:

(1) the business subsidy agreement provides that the exemption under this subdivision applies;

(2) the property or services are primarily used or consumed at the facility in greater Minnesota identified in the business subsidy agreement; and

(3) the purchase was made and delivery received during the duration of the certification of the business as a qualified business under section 116J.8738.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in greater Minnesota are exempt if the improvements after completion of construction are to be used in the conduct of the trade or business of the qualified business, as defined in section 116J.8738. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax.

(d) The tax on purchases imposed under this subdivision must be imposed and collected as if the rate under section 297A.62 applied, and then refunded in the manner provided in section 297A.75. The total amount refunded for a facility over the certification period is limited to the amount listed in the business subsidy agreement. No more than \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and the commissioner must first allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year. Any portion of the balance of funds allocated for refunds under this paragraph does not cancel and shall be carried forward to and available for refunds in subsequent fiscal years.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, local governments, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip operations provided for in section 473.4051;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities;

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or

(5) goods or services purchased by a local government as inputs to ~~goods and services that are generally provided by a private business and the purchases would be taxable if made by a private business engaged in the same activity~~ a liquor store, gas or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf course, marina, health and fitness center, campground, cafe, or laundromat.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

(d) As used in this subdivision, "local governments" means:

(1) home rule charter or statutory cities;

(2) counties, and;

(3) townships;

(4) housing and redevelopment authorities under sections 469.001 to 469.047;

(5) port authorities under sections 469.048 to 469.068;

(6) economic development authorities under sections 469.090 to 469.1081; and

(7) any joint powers board or organization created under section 471.59 provided that at least 50 percent or more of the governmental units that are party to the joint powers agreement are exempt from sales tax under clauses (1) to (6) or paragraph (a).

~~(e) As used in this subdivision, "goods or services generally provided by a private business" include, but are not limited to, goods or services provided by liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes, and laundromats. "Goods or services generally provided by a private business" do not include housing services, sewer and water services, wastewater treatment, ambulance and other public safety services, correctional services, chore or homemaking services provided to elderly or disabled individuals, or road and street maintenance or lighting.~~

EFFECTIVE DATE. The amendment to paragraph (d) is effective for sales and purchases made after June 30, 2015. The other amendments to this section are effective for sales and purchases made after June 30, 2014.

Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13, is amended to read:

Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by the specified organizations for fund-raising purposes are exempt, subject to the limitations listed in paragraph (b):

(1) all sales made by a nonprofit organization that exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under;

(2) all sales made by an organization that is a senior citizen group or association of groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no part of its net earnings inures to the benefit of any private shareholders;

(3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; and

(4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides educational and social activities primarily for young people age 18 and under.

(b) The exemptions listed in paragraph (a) are limited in the following manner:

(1) the exemption under paragraph (a), clauses (1) and (2), applies only ~~if~~ to the first \$20,000, as adjusted under paragraph (e), of the gross annual receipts of the organization from fund-raising ~~do not exceed \$10,000; and~~

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4.

(c) Sales of tangible personal property and services are exempt if the entire proceeds, less the necessary expenses for obtaining the property or services, will be contributed to a registered combined charitable organization described in section 43A.50, to be used exclusively for charitable, religious, or educational purposes, and the registered combined charitable organization has given its written permission for the sale. Sales that occur over a period of more than 24 days per year are not exempt under this paragraph.

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit, as adjusted under paragraph (e).

(e) By December 1, 2015, and every December 1 thereafter, the commissioner shall calculate and publish an adjusted exemption limit for this subdivision. The adjusted limit is equal to \$20,000 multiplied by the ratio of the Consumer Price Index for urban consumers for the most recently available calendar year to the Consumer Price Index for urban consumers for calendar year 2013, as prepared by the United States Bureau of Labor Statistics.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14, is amended to read:

Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible personal property or services at, and admission charges for fund-raising events sponsored by, a nonprofit organization are exempt if:

(1) all gross receipts are recorded as such, in accordance with generally accepted accounting practices, on the books of the nonprofit organization; and

(2) the entire proceeds, less the necessary expenses for the event, will be used solely and exclusively for charitable, religious, or educational purposes. Exempt sales include the sale of prepared food, candy, and soft drinks at the fund-raising event.

(b) This exemption is limited in the following manner:

(1) it does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities;

(2) all gross receipts are taxable if the profits are not used solely and exclusively for charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than five days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social, and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special

event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 15. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. Donated materials for a library expansion. Building materials and supplies purchased and donated by a private entity and used in the construction of an addition to a city library facility are exempt.

EFFECTIVE DATE. This section is effective for materials and supplies used in construction occurring after April 1, 2014, and before July 1, 2015.

Sec. 16. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16, is amended to read:

Subd. 16. Sale, sells, selling, purchase, purchased, or acquired. (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

Sec. 17. Minnesota Statutes 2012, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

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

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

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

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

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

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by ~~a town~~ home rule charter or statutory cities, counties, and townships or any joint powers board or organization created under section 471.59 where at least 50 percent of the members of the agreement are home rule charter or statutory cities, counties, or townships, for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2015.

Sec. 18. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the distributor shall remit the actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~90~~ 81.4 percent of the actual June liability; or

(2) ~~90~~ 81.4 percent of the preceding ~~May's~~ May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 19. Minnesota Statutes 2012, section 297G.03, is amended by adding a subdivision to read:

Subd. 5. Microdistillery credit. (a) A qualified distiller producing distilled spirits is entitled to a tax credit of \$1.33 per liter on 100,000 liters sold in any fiscal year beginning July 1. A qualified distiller may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of:

(1) the liability for tax; or

(2) \$133,000.

(b) For purposes of this subdivision, "qualified distiller" means a microdistillery qualifying under section 340A.101, subdivision 17a, in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 20. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

Subd. 9. Accelerated tax payment; penalty. A person liable for tax under this chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the taxpayer shall remit the actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~90~~ 81.4 percent of the actual June liability; or

(2) ~~90~~ 81.4 percent of the preceding May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 21. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter 154, article 5, section 2, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes imposed under this subdivision~~

and under Laws 1998, chapter 389, article 8, section 26, at a rate of one half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of \$8,000,000 issued for capital improvements to the Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one half percent, the rate of the tax under this subdivision is reduced by one half of one percent. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this ~~subdivision~~ paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section 12, is amended to read:

Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one ~~and one half~~ percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. ~~When the city council determines that the taxes imposed under this section and section 25 at a rate of one half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of \$8,000,000 issued for capital improvements for the Duluth Entertainment and Convention Center, and (2) the debt service on outstanding bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one half percent, the rate of the tax under this section is reduced to one percent.~~ The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first determines that the amount of revenues raised to pay for the projects under subdivision 2, shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of the projects may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Albert Lea and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax and to finance the acquisition and betterment of water and wastewater facilities to serve the cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the voters at the referendum authorizing the tax. Authorized costs include, but are not limited to, acquiring property and paying construction and engineering costs related to the projects.

(b) In addition to the projects authorized in paragraph (a), the city of Baxter may, if approved by the voters at an election under subdivision 5, paragraph (b), allocate up to an additional \$32,000,000 of the revenues received from the taxes authorized by subdivisions 1 and 2 to a capital infrastructure fund. Money from this fund may only be used to finance (1) sanitary sewer, storm sewer, and water projects, and (2) transportation safety improvements.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the November 2, 2004, referendum authorizing the imposition of the taxes in this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph (a). The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city of Baxter.

(b) The city of Baxter, pursuant to the approval of the voters at the 2014 general election to extend the tax under this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$32,000,000 plus an amount equal to the costs of issuance of the bonds to finance the projects listed in subdivision 3, paragraph (b). The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city of Baxter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter City Council first determines that the amount of revenues raised from the taxes to pay for the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on

bonds issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the expiration of the taxes and retirement of the bonds shall be placed in a capital project fund of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city of Baxter so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Baxter may, by ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in paragraph (a) if approved by the voters of the city at a general election held in 2014. The question put to the voters must indicate that an affirmative vote would extend the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount equal to interest and issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax and to finance all or part of the costs of constructing upgraded water and wastewater treatment facilities to serve the cities of Brainerd and Baxter, water infrastructure improvements, and trail development, contingent on approval by Brainerd voters at the November 7, 2006, referendum. Authorized costs include, but are not limited to, acquiring property and paying construction and engineering costs related to the projects.

(b) In addition to the projects authorized in paragraph (a), the city of Brainerd may, if approved by the voters at an election under subdivision 5, paragraph (b), spend up to an additional \$15,000,000 from revenues raised from the taxes authorized in subdivisions 1 and 2 on the following projects:

(1) an upgraded waste treatment facility jointly serving the cities of Brainerd and Baxter;

(2) with any funds not needed for the project in clause (1), water infrastructure improvements; and

(3) with any funds not needed for the projects in clauses (1) and (2), trail improvements.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

Subd. 4. **Bonds.** The city of Brainerd, contingent on approval of the voters at the November 7, 2006, referendum authorizing the imposition of taxes in this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$22,030,000 to finance the projects listed in subdivision 3, paragraph (a). The debt represented by the bonds is not included in computing any debt limitations applicable to Brainerd, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal and interest on the bonds is not subject to any levy limitation or included in computing any levy limitation applicable to the city of Brainerd.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city council first determines that the amount of revenues raised from the taxes to pay for projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds issued for the projects under subdivision 4. Any funds remaining after the expiration of the taxes and retirement of the bonds shall be placed in a capital project fund of the city of Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the city of Brainerd so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in paragraph (a) if approved by the voters of the city at a general election held in 2014. The question put to the voters must indicate that an affirmative vote would extend the imposition of the taxes for an additional 12 years or until an additional \$15,000,000 above the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is raised, or (2) 12 years after the taxes would have expired under paragraph (a).

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively to capital investments made and jobs created after December 31, 2012, and effective retroactively for sales and purchases made after December 31, 2012, and before July 1, 2019. Applications for refunds on purchases exempt under this section must not be filed before June 30, 2015.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 31. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the secretary of state by June 15, 2014. If approved as authorized under this section, actions undertaken by the city pursuant to the approval of the voters on November 8, 2005, and otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 32. **TEMPORARY SALES TAX AMNESTY; ANIMAL SHELTERS.**

(a) Notwithstanding any other law to the contrary, amnesty is provided to any nonprofit organization that is primarily engaged in the business of rescuing, sheltering, and finding homes for unwanted animals if the organization registers and begins collecting the sales and use tax within four months of the day following enactment of this provision. This amnesty applies to qualifying organizations that are currently not registered to collect the tax under Minnesota Statutes, chapter 297A, and to qualifying organizations that received notice of the commencement of an audit and the audit is not yet finally resolved, provided that the organization was not registered to collect sales and use tax at the time of the audit.

(b) The amnesty shall preclude assessment for uncollected and unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales made during the period the qualifying organization was not registered in this state. The amnesty also applies to unpaid use tax on sales made by the organization during the same period. The amnesty is not available for sales and use taxes already paid or remitted to the state or to sales taxes already collected by the seller.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 33. **TEMPORARY SALES TAX AMNESTY; AGRICULTURAL CENTERS.**

(a) Notwithstanding any other law to the contrary, amnesty is provided on unpaid sales tax attributable only to sales of tickets or admissions to a performance or event on the premises of a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, provided that the nonprofit organization is primarily engaged in the business of preserving Minnesota's rural agricultural heritage and educating the public about rural history and how farms in Minnesota helped to provide food for the nation and the world, and begins collecting the sales and use tax on sales of tickets or admissions by July 1, 2014.

(b) An organization qualifies for an exemption under this section if:

(1) the premises of the organization is at least 115 acres;

(2) the performances or events were sponsored and conducted exclusively by volunteers, employees of the nonprofit organization, or members of the board of directors of the organization; and

(3) the performances or events were consistent with the organization's purposes under section 501(c)(3) of the Internal Revenue Code.

(c) This amnesty applies to qualifying organizations that received notice of the commencement of an audit and the audit is not yet finally resolved.

(d) Amnesty granted under this section precludes assessment for uncollected and unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales made during the period beginning December 31, 2008, and ending December 31, 2011. The amnesty is not available for sales and use taxes already paid or remitted to the state or to sales taxes already collected by the seller.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 4
INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8737, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field; ~~or~~

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

~~(iii)~~ (iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least 51 percent of the business's employees are employed in greater Minnesota, and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 2. Minnesota Statutes 2012, section 116J.8737, is amended by adding a subdivision to read:

Subd. 5a. **Promotion of credit in greater Minnesota.** (a) By July 1, 2014, the commissioner shall develop a plan to increase awareness of and use of the credit for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses with the goal that the portion of the credit reserved for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses is allocated in full to those investments.

(b) Beginning with the legislative report due on March 15, 2015, under subdivision 9, the commissioner shall report on its plan under this subdivision and the results achieved.

Sec. 3. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is amended to read:

Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly stated otherwise, "Minnesota tax laws" means:

(1) the taxes, refunds, and fees administered by or paid to the commissioner under chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax administered by the commissioner pursuant to any tax agreement between the state and the Indian tribal government, and includes any laws for the assessment, collection, and enforcement of those taxes, refunds, and fees; and

(2) section 273.1315.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. **Who may inspect.** Returns and return information must, on request, be made open to inspection by or disclosure to the data subject. The request must be made in writing or in accordance with written procedures of the chief disclosure officer of the department that have been approved by the commissioner to establish the identification of the person making the request as the data subject. For purposes of this chapter, the following are the data subject:

(1) in the case of an individual return, that individual;

(2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(3) in the case of a return filed by a business entity, an officer of a corporation, a shareholder owning more than one percent of the stock, or any shareholder of an S corporation; a general partner in a partnership; the owner of a sole proprietorship; a member or manager of a limited liability company; a participant in a joint venture; the individual who signed the return on behalf of the business entity; or an employee who is responsible for handling the tax matters of the business entity, such as the tax manager, bookkeeper, or managing agent;

(4) in the case of an estate return:

(i) the personal representative or trustee of the estate; and

(ii) any beneficiary of the estate as shown on the federal estate tax return;

(5) in the case of a trust return:

(i) the trustee or trustees, jointly or separately; and

(ii) any beneficiary of the trust as shown in the trust instrument;

(6) if liability has been assessed to a transferee under section 270C.58, subdivision 1, the transferee is the data subject with regard to the returns and return information relating to the assessed liability;

(7) in the case of an Indian tribal government or an Indian tribal government-owned entity,

(i) the chair of the tribal government, or

(ii) any person authorized by the tribal government; and

(8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270C.57, subdivision 4; ~~and~~.

~~(9) in the case of a gift return, the donor.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws 2014, chapter 150, article 1, section 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 6. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, as amended by Laws 2014, chapter 150, article 1, section 9, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 7. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

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

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, ~~excluding~~ including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, ~~but~~ and "active service" ~~excludes~~ includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause

(13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (13);

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code; ~~and~~

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; ~~and~~

(21) for taxable years beginning after December 31, 2013, and before January 1, 2015, to the extent included in federal taxable income, discharge of qualified principal residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1) of the Internal Revenue Code is in effect for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 8. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 9. Minnesota Statutes 2012, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, ~~partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725~~ are individual, trust, or estate is allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ten percent of the first \$2,000,000 of the excess (if any) of
 - (1) the qualified research expenses for the taxable year, over
 - (2) the base amount; and
- (b) 2.5 percent on all of such excess expenses over \$2,000,000.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 10. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

- (a) "Alternative minimum taxable income" means the sum of the following for the taxable year:
 - (1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;
 - (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:
 - (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
 - (ii) the medical expense deduction;
 - (iii) the casualty, theft, and disaster loss deduction; and
 - (iv) the impairment-related work expenses of a disabled person;
 - (3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);
 - (4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);
 - (5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and
 - (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), and (11) to (14);less the sum of the amounts determined under the following:
 - (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), ~~and (16)~~, and (21); and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 11. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

Sec. 12. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~March 4~~ March 26, 2014.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed; ~~and~~

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includible in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 13. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING BEFORE JANUARY 1, 2014.**

For estates of decedents dying before January 1, 2014, "taxable gift" as used by Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift which is included in taxable gifts for federal gift tax purposes under the following sections of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503; sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any property that has its situs outside Minnesota and including taxable gifts of any property that has its situs in Minnesota and were not disclosed to federal taxing authorities.

EFFECTIVE DATE. This section is effective retroactively for taxable gifts made after June 30, 2013.

Sec. 15. **REPEALER.**

Laws 2014, chapter 150, article 1, section 17, is repealed.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

ARTICLE 5 MINERALS TAXES

Section 1. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that imposes the aggregate production tax shall impose upon every operator a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the county except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall not be imposed on aggregate material excavated in the county until the aggregate material is transported from the extraction site or sold, whichever occurs first. When aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first.

(b) Except as provided in paragraph (e), a county that imposes the aggregate production tax under paragraph (a) shall impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the county. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall be imposed either

when the aggregate material is sold, when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

(e) A county that borders two other states and that is not contiguous to a county that imposes a tax under this section may impose the taxes under paragraphs (a) and (b) at the rate of ten cents per cubic yard or seven cents per ton. ~~This paragraph expires December 31, 2014.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Laws 2008, chapter 366, article 10, section 15, is amended to read:

Sec. 15. **2008 DISTRIBUTIONS ONLY.**

For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If 2008 H. F. No. 1812 is enacted and includes a provision that distributes funds that would otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a manner different from the distribution required in this section, the distribution in this section supersedes the distribution set in 2008 H. F. No. 1812 notwithstanding Minnesota Statutes, section 645.26. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) one cent per ton must be divided among and paid in equal shares to each of the board of St. Louis County School District No. 2142, the board of Ely School District No. 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia School District No. 706 for each to study the potential for and impact of consolidation and streamlining the operations of their school districts;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for housing~~ economic development projects;

(5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;

(6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water tower infrastructure;

(7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;

(8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;

(9) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;

(10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements;

(11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements; and

(12) one cent per ton must be paid to Breitung township for sewer and water extensions associated with the development of a state park, provided that if a new state park is not established in Breitung township by July 1, 2009, the money provided in this clause must be transferred to the northeast Minnesota economic development fund established in Minnesota Statutes, section 298.2213.

EFFECTIVE DATE. This section is effective the day following final enactment. Upon enactment, the city of Aitkin must release all funds under this section to St. Louis County acting as fiscal agent by July 1, 2014.

Sec. 3. Laws 2013, chapter 143, article 11, section 10, is amended to read:

Sec. 10. 2013 DISTRIBUTION ONLY.

For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

(1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water supply system;

(2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation;

(3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

(4) 2 cents per ton to the city of Tower for the Tower Marina;

(5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer system to replace aging effluent lines and for parking lot repaving;

(6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant improvements;

(7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

(8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson Intermodal Transportation Center;

(9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine hockey arena renovations;

(10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and Greenway Township;

(11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;

(12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;

(13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary sewer extension;

(14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;

(15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;

(16) ~~4.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park infrastructure, and a maintenance garage;

~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~

~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction and the city auditorium;

~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and water line replacements;

~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North infrastructure and Franklin Park improvement; and

~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development project.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 6 LOCAL DEVELOPMENT

Section 1. **[383A.155] HOUSING IMPROVEMENT AREAS.**

Subdivision 1. **Powers of a housing improvement authority.** The Ramsey County Housing and Redevelopment Authority shall have the powers of a city under sections 428A.11 to 428A.21 to establish housing improvement areas in Ramsey County.

Subd. 2. **Definitions.** (a) For purposes of exercising the powers in sections 428A.11 to 428A.21, references in those sections to the terms in paragraphs (b) to (e) have the meanings given them for purposes of this section.

(b) "Mayor" means the chair of the Ramsey County Housing and Redevelopment Authority.

(c) "Council" or "governing body of the city" means the Ramsey County Housing and Redevelopment Authority.

(d) "City clerk" means the person designated by the Ramsey County Housing and Redevelopment Authority to carry out the duties of the city clerk under sections 428A.11 to 428A.21.

(e) "Enabling ordinance" means a resolution adopted under subdivision 3 by the Ramsey County Housing and Redevelopment Authority.

Subd. 3. **Establishment of housing improvement areas.** The Ramsey County Housing and Redevelopment Authority may adopt a resolution establishing one or more housing improvement areas within the county under this section. The Ramsey County Housing and Redevelopment Authority shall send a copy of each petition for the establishment of a housing improvement area to the city in which the proposed housing improvement area is located. The public hearings under sections 428A.13 and 428A.14 may be held at the times and places determined by the Ramsey County Housing and Redevelopment Authority, except that they must be held at least 30 days after the date the applicable petition was sent to the city. If the city council adopts a resolution opposing the establishment within 30 days of the date the copy of the petition was sent to the city under this subdivision, the Ramsey County Housing and Redevelopment Authority may not establish the proposed housing improvement area.

Subd. 4. **Applicability.** Except as otherwise provided in this section, sections 428A.11 to 428A.21 apply to the establishment of a housing improvement area by the Ramsey County Housing and Redevelopment Authority.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision to read:

Subd. 11. **Tax credit allocation threshold criteria.** (a) In addition to the projects described in section 462A.222, subdivision 3, paragraph (d), the Dakota County Community Development Agency may allocate tax credits in the first round for up to three projects of the following type: new construction or substantial rehabilitation multifamily housing projects that are not restricted to persons who are 55 years of age or older and that are located within one of the following areas at the time a reservation for tax credits is made:

(1) an area within one-half mile of a completed or planned light rail transit way, bus rapid transit way, or commuter rail station;

(2) an area within one-fourth mile from any spot along a high-frequency local bus line;

(3) an area within one-half mile from a bus stop or station on a high-frequency express route;

(4) an area within one-half mile from a park and ride lot; or

(5) an area within one-fourth mile of a high-service public transportation fixed route stop.

(b) For purposes of this section, the following terms have the meaning given them:

(1) "high-frequency local bus line" means a local bus route providing service at least every 15 minutes and running between 6:00 a.m. and 7:00 p.m. on weekdays and between 9:00 a.m. and 6:00 p.m. on Saturdays;

(2) "high-frequency express route" means an express route with bus service providing six or more trips during at least one of the peak morning hours between 6:00 a.m. and 9:00 a.m. and every ten minutes during the peak morning hour; and

(3) "high-service public transportation fixed route stop" means a stop serviced between 6:00 a.m. and 7:00 p.m. on weekdays and 9:00 a.m. and 6:00 p.m. on Saturdays and with service approximately every 30 minutes during that time.

EFFECTIVE DATE. This section is effective beginning with the 2015 allocation of tax credit.

Sec. 3. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to (1) ten years after certification of the district or (2) June 30, 2017, whichever is later. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 4. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

Subd. 3. **Tax increment, relationship to chapters 276A and 473F.** (a) Unless the governing body elects pursuant to paragraph (b) the following method of computation shall apply to a district other than an economic development district for which the request for certification was made after June 30, 1997:

(1) The original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions of chapter 276A or 473F. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the

local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(b) The following method of computation applies to any ~~economic development district for which the request for certification was made after June 30, 1997, and to any~~ other district for which the governing body, by resolution approving the tax increment financing plan pursuant to section 469.175, subdivision 3, elects:

(1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to paragraph (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2014.

Sec. 5. Laws 2013, chapter 143, article 9, section 23, is amended to read:

Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

(a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer from the tax increment financing accounts for its Tax Increment Financing District No. 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment for each district that is computed under the provisions of Minnesota Statutes, section 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle commuters and recreational users. The city is authorized to and must use the transferred funds to complete the repair, renovation, or replacement of the bridge. Upon completion of the repair, renovation, or replacement of the bridge, the city may use any remaining funds in the account for costs of improving bicycle and pedestrian trails that access the bridge and that use is deemed to be a permitted use of the increments.

(b) No signs, plaques, or markers acknowledging or crediting donations for, sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar Avenue bridge.

EFFECTIVE DATE. This section is effective without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 6. **CITY OF EAGAN; TAX INCREMENT FINANCING.**

(a) Effective for taxes payable in 2015, the city of Eagan may elect to compute tax increment for the Cedar Grove Tax Increment Financing District using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for TIF District 2-5 in the city of Eagan if the activities are undertaken within seven years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Eagan with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. **CITY OF EDINA; TAX INCREMENT FINANCING.**

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this section expires on June 30, 2017.

Subd. 2. **Rules governing districts.** (a) Housing districts established under this section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, except as otherwise provided in this subdivision.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, no increment must be paid to the authority after 15 years after receipt by the authority of the first increment from a district established under this section.

(c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761, subdivision 3, for a residential rental project, the city may elect to substitute "10 percent" for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code in determining the applicable income limits.

Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from the Southdale 2 district for a housing project of a district established under this section as expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d), without regard to whether the housing meets the requirement of a qualified building under section 42 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Edina with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

Subdivision 1. **Authority to establish districts.** (a) The governing body of the city of Shoreview or a development authority it designates may establish one or more economic development tax increment financing districts in the city subject to the special rules under this section. The purpose of these districts is the retention and expansion of existing businesses in the city and the attraction of new business to the state to create and retain high paying jobs.

(b) The authority to establish or approve the tax increment financing plans and request certification for districts under this section expires on June 30, 2019.

Subd. 2. **Qualified businesses.** For purposes of this section, a "qualified business" must satisfy the following requirements:

(1) the business must qualify under one of the following when the tax increment financing plan is approved:

(i) it operates at a location in the city of Shoreview;

(ii) it does not have substantial operations in Minnesota; or

(iii) the assistance is provided for relocation of a portion of the business's operation from another state;

(2) the expansion or location of the operations of the business in the city, as provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to 116J.995, will result in an increase in manufacturing, research, service, or professional jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

(3) the business is not engaged in making retail sales or in providing other services, such as legal, medical, accounting, financial, entertainment, or similar, to third parties, at the location receiving assistance.

Subd. 3. **Applicable rules.** (a) Unless otherwise stated, the provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to districts established under this section.

(b) Notwithstanding the provisions of section 469.176, subdivision 1b, the duration limit for districts created under this section is 12 years after the receipt of the first increment.

(c) The provisions of Minnesota Statutes, section 469.176, subdivision 4c, apply to determining the permitted uses of increments from the districts with the following exceptions:

(1) any building and facilities must be for a qualified business;

(2) the building and facilities must not be used by the qualified business or its lessees or tenants to relocate operations from another location in this state outside of the city of Shoreview;

(3) the 15 percent limit in subdivision 4c, paragraph (a), is increased to 25 percent; and

(4) the city or development authority may elect to deposit up to 20 percent of the increments in the fund established under subdivision 4. If the city elects to use this authority, all of the remaining increments must be expended for administrative expenses or for activities within the district under Minnesota Statutes, section 469.1763.

(d) The governing body of the city may elect, by resolution, to determine the original and current net tax capacity of a district established under this section using the computation under Minnesota Statutes, section 469.177, subdivision 3, paragraph (a) or (b).

Subd. 4. **Business retention and expansion fund.** (a) The city may establish a business retention and expansion fund and deposit in the fund:

(1) increments as provided under subdivision 3, paragraph (c), clause (4); and

(2) increments from a district for which the request for certification of the district was made prior to April 30, 1990, if the amount necessary to meet all of the debt and other obligations incurred for that district has been received by the city.

(b) Amounts in the fund may be expended to assist qualified businesses, as permitted under subdivisions 2 and 3, and are not otherwise subject to the restrictions in Minnesota Statutes, sections 469.174 to 469.1794.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Shoreview with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 9. **CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING; PARCELS DEEMED OCCUPIED.**

If the city of North St. Paul authorizes the creation of a redevelopment tax increment financing district under Minnesota Statutes, section 469.174, subdivision 10, parcel number 122922330059 is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the following conditions are met:

(1) buildings located on the parcel were demolished after the city of North St. Paul adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

(2) the buildings were removed either by the city of North St. Paul or by the owner of the property by entering into a development agreement; and

(3) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2016.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of North St. Paul with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of the state may not issue, transfer, or renew, and must revoke, a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes payable to the commissioner, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or interest, but has not filed returns, the commissioner may not notify the licensing authority unless the taxpayer has been given 90 days' written notice to file the returns or show that the returns are not required to be filed.

(b) Within ten days after receipt of the notification from the commissioner under paragraph (a), the licensing authority must notify the license holder by certified mail of the potential revocation of the license for the applicable reason under paragraph (a). The notice must include a copy of the commissioner's notice to the licensing agency and information, in the form specified by the commissioner, on the licensee's option for receiving a tax clearance from the commissioner. The licensing authority must revoke the license 30 days after receiving the notice from the commissioner, unless it receives a tax clearance from the commissioner as provided in paragraph (c).

(c) A licensing authority that has received a notice from the commissioner may issue, transfer, renew, or not revoke the applicant's license only if ~~(a)~~ (1) the commissioner issues a tax clearance certificate and ~~(b)~~ (2) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest and has filed all required returns.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a copy of the notice to the applicant. If the applicant requests, in writing, within 30 days of the date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.~~

~~(b) (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the applicant of the commissioner's intent to require revocation of the license and of the applicant's right to a hearing under paragraph (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail. A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the applicant requesting a hearing, or, if a hearing is timely requested, upon final determination of the hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing authority within 30 days after receiving notice from the commissioner to revoke.~~

~~(b) The commissioner may notify a licensing authority under subdivision 1 only after the requirements of paragraph (a) have been satisfied.~~

~~(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are subject to interest at the rate determined pursuant to section 549.09. Amounts confessed under this authority after December 31, 1990, (a) Except as provided in paragraph (b), amounts included in composite judgments authorized by section 279.37, subdivision 1, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed. The interest rate established at the time the judgment is confessed is fixed for the duration of that judgment.~~

~~(b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and used as the primary homestead of the owner, is subject to interest at the rate provided in section 279.37, subdivision 2, paragraph (b).~~

EFFECTIVE DATE. This section is effective for confession judgments entered into on or after January 1, 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the homestead by the owner of the property, the commissioner of revenue shall set annually the interest rate on offers made under paragraph (a) at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. If a default occurs in the payments under any confessed judgment entered under this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03.

For the purposes of this subdivision:

(1) the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System; and

(2) "default" means the cancellation of the confession of judgment due to nonpayment of the current year tax or failure to make any installment payment required by this confessed judgment within 60 days from the date on which payment was due.

(c) The interest rate established at the time judgment is confessed is fixed for the duration of the judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) A qualified property owner eligible to enter into a second confession of judgment may do so at the interest rate provided in paragraph (b).

(e) Repurchase agreements or contracts for repurchase for properties being repurchased under section 282.261 are not eligible to receive the interest rate under paragraph (b).

(f) The offer must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate located in county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings

affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

Dated,"

EFFECTIVE DATE. This section shall be effective for confession judgments entered into on or after January 1, 2015.

Sec. 5. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is amended to read:

Subd. 2. **Rate.** The tax shall be as follows:

Base Price	Tax
Under \$499,999 <u>Not over \$500,000</u>	\$100
over \$500,000 to \$999,999 <u>but not over \$1,000,000</u>	\$200
over \$1,000,000 to \$2,499,999 <u>but not over \$2,500,000</u>	\$2,000
over \$2,500,000 to \$4,999,999 <u>but not over \$5,000,000</u>	\$4,000
over \$5,000,000 to \$7,499,999 <u>but not over \$7,500,000</u>	\$7,500
over \$7,500,000 to \$9,999,999 <u>but not over \$10,000,000</u>	\$10,000
over \$10,000,000 to \$12,499,999 <u>but not over \$12,500,000</u>	\$12,500
over \$12,500,000 to \$14,999,999 <u>but not over \$15,000,000</u>	\$15,000
over \$15,000,000 to \$17,499,999 <u>but not over \$17,500,000</u>	\$17,500
over \$17,500,000 to \$19,999,999 <u>but not over \$20,000,000</u>	\$20,000
over \$20,000,000 to \$22,499,999 <u>but not over \$22,500,000</u>	\$22,500
over \$22,500,000 to \$24,999,999 <u>but not over \$25,000,000</u>	\$25,000
over \$25,000,000 to \$27,499,999 <u>but not over \$27,500,000</u>	\$27,500
over \$27,500,000 to \$29,999,999 <u>but not over \$30,000,000</u>	\$30,000
over \$30,000,000 to \$39,999,999 <u>but not over \$40,000,000</u>	\$50,000
over \$40,000,000 and over	\$75,000

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to aircraft tax due on or after that date.

Sec. 6. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the cost of designing, constructing, and acquiring countywide public safety improvements and equipment, including personal property, benefiting both Anoka County and the municipalities located within Anoka County, the governing body of Anoka County may levy property taxes for public safety improvements and equipment, and issue:

(1) capital improvement bonds under the provisions of section 373.40 as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b); and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3. Personal property acquired with the proceeds of the bonds or capital notes issued under this section must have an expected useful life at least as long as the term of debt.

(b) The outstanding principal amount of the bonds and the capital notes issued under this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant to this section must only be issued after approval by a majority vote of the Anoka County Joint Law Enforcement Council, a joint powers board.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

Sec. 7. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3, and 276.04, the county may report the tax attributable to any levy to fund public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or pay principal and interest on bonds or notes issued under this section as a separate line item on the proposed property tax notice and the property tax statement. ~~Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or notes issued by Anoka County under this section must not be included in the computation of the net debt of Anoka County.~~

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

Sec. 8. Minnesota Statutes 2013 Supplement, section 469.169, is amended by adding a subdivision to read:

Subd. 20. **Additional zone allocations.** \$3,000,000 is allocated per year for calendar years 2014 through 2019 for tax reductions in border city enterprise zones and border city development zones. The commissioner shall allocate this amount among the cities on a per capita basis. Allocations may be used for tax reductions for that year under either:

(1) the border city enterprise zone program under section 469.171, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone; or

(2) the border city development zone program under section 469.1732 or 469.1734.

EFFECTIVE DATE. This section is effective July 1, 2014, but only \$1,500,000 is available in calendar year 2014.

Sec. 9. Minnesota Statutes 2012, section 469.171, subdivision 6, is amended to read:

Subd. 6. **Additional border city tax reductions.** In addition to the tax reductions authorized by subdivision 1, for a border city zone, the following types of tax reductions may be approved:

(1) a credit against income tax for workers employed in the zone and not qualifying for a credit under subdivision 1, clause (2), subject to a maximum of ~~\$1,500~~ \$3,000 per employee per year;

(2) a state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. **CARLTON COUNTY; LEVY FOR SOIL AND WATER CONSERVATION DISTRICT.**

Subdivision 1. Definitions. (a) For the purposes of this section, "district" means the Carlton County Soil and Water Conservation District.

(b) For the purposes of this section, "county" means Carlton County.

Subd. 2. Special project levy. Notwithstanding any law to the contrary, the county may levy ad valorem property taxes on taxable property within the area of its jurisdiction for the purposes specified in subdivision 3. The proceeds of the tax must be placed in a separate account and used only for the purposes specified in subdivision 3. The amount levied is separate from any other amount to be levied for the district by the county under Minnesota Statutes, section 103C.331, subdivision 16.

Subd. 3. Purpose; limit on levy amount. (a) The county must allocate the proceeds of any tax imposed under this section to the district solely to pay principal, interest, and any associated costs of obtaining and servicing a loan to finance the planning, constructing, and equipping of an office and storage facility for the district.

(b) The maximum amount of the levy in any year may not exceed the amount necessary, after deduction of any amount remaining from the levy imposed in prior years, to pay 105 percent of the principal and interest due in the following calendar year and through July 1 of the next year.

Subd. 4. Expiration. (a) This section expires:

(1) following the final payment of principal, interest, and any associated costs of the loan under subdivision 3, or any loan or other financing that refinanced the original loan; or

(2) if the district does not obtain the loan under subdivision 3 prior to May 1, 2017.

(b) Upon expiration of this section, any amount remaining in the account created under subdivision 2 must be transferred to the general account of the county and used to reduce any amount to be levied for the district by the county under Minnesota Statutes, section 103C.331, subdivision 16, for the following year, and any subsequent years, until the amount remaining is exhausted.

EFFECTIVE DATE. This section is effective the day following compliance by Carlton County with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

Subdivision 1. Authority. This section is intended to fulfill the requirement under Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax expenditure provide a purpose for the tax expenditure and a standard or goal against which its effectiveness may be measured.

Subd. 2. Income tax subtraction for discharge of indebtedness income. The provisions of article 4, section 7, clause (21), are intended to exclude from state taxation in 2014 amounts otherwise recognizable as income but excluded at the federal level for tax years 2007 through 2013 in response to the national housing crisis.

Subd. 3. Income tax subtraction for military pay; Active Guard/Reserve members of the National Guard. The provisions of article 4, section 7, clause (10), are intended to provide equitable tax treatment to Minnesota residents who are members of the National Guard and serve full time in Active Guard/Reserve (AGR) status by allowing an income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes, section 290.01, subdivision 19b, clause (11), for Minnesota residents who serve full time in the armed forces of the United States.

Subd. 4. **Research credit for sole proprietors.** The provisions of article 4, section 9, are intended to provide equitable tax treatment for Minnesota businesses operated as sole proprietorships by allowing sole proprietors to claim the research credit on the same basis as it is allowed for businesses operated as C corporations or pass-through entities.

Subd. 5. **Estate tax situs rule for qualified art.** The provisions of article 4, section 12, deeming certain qualified art on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under the estate tax are intended to prevent the Minnesota estate tax from discouraging nonresident owners of art from loaning it to Minnesota nonprofit museums.

Subd. 6. **Sales of coin-operated amusement devices defined as sales for resale.** The provisions of article 3, section 9, defining certain coin-operated amusement devices as sales for resale are intended to reduce tax pyramiding by exempting an input to a taxable service.

Subd. 7. **Expansion of sales tax exemption for local governments.** The provisions of article 3, sections 12 and 17, modifying the sales tax on certain local government purchases are intended to reduce the cost of providing local government services, remove a barrier for intergovernmental cooperation, and reduce existing compliance and administration costs for local governments.

Subd. 8. **Fund-raising sales by nonprofit groups.** The provisions of article 3, section 13, raising the limit on tax exempt fund-raising by nonprofit organizations is intended to reflect the impact on inflation over time on the limit and reduce compliance costs for groups that exceed the limit.

Subd. 10. **Microdistillery credit.** The provisions of article 3, section 19, allowing a microdistillery credit is to relieve small distillers of the burden of paying excise tax on the distribution of free samples of their products and to encourage the development and marketing of products by niche distillers in the state.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 8
UNSESSION

Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the state or a state agency pursuant to its statutory authority or for which the state or state agency acts in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the commissioner provides collection services pursuant to a debt qualification plan to a referring agency, debt also includes an amount owed to the courts, local government units, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, or University of Minnesota.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **Referring agency.** "Referring agency" means a state agency, local government unit, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner to refer debts to the commissioner for collection.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

Subd. 3. **Services.** The commissioner shall provide collection services for a state agency, and may provide ~~for~~ collection services for ~~a court, in accordance with the terms and conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

Subd. 4. **Authority to contract.** ~~The commissioners~~ commissioner of revenue ~~and management and budget~~ may contract with credit bureaus, private collection agencies, and other entities as necessary for the collection of debts. A private collection agency acting under a contract with the commissioner of revenue ~~or management and budget~~ is subject to sections 332.31 to 332.45, except that the private collection agency may indicate that it is acting under a contract with the state. The commissioner may not delegate the powers provided under section 16D.08 to any nongovernmental entity.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

16D.07 NOTICE TO DEBTOR.

The referring agency shall send notice to the debtor by United States mail or personal delivery at the debtor's last known address at least 20 days before the debt is referred to the commissioner. The notice must state the nature and amount of the debt, identify to whom the debt is owed, and inform the debtor of the remedies available under this chapter. The referring agency shall advise the debtor of collection costs imposed under section 16D.11 and of the debtor's right to cancellation of collection costs under section 16D.11, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and budget~~ revenue, collection costs shall be added to the debts referred to the commissioner or private collection agency for collection. Collection costs are collectible by the commissioner or private agency from the debtor at the same time and in the same manner as the referred debt. ~~The referring agency shall advise the debtor of collection costs under this section and the debtor's right to cancellation of collection costs under subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~ If the commissioner or private agency collects an amount less than the total due, the payment is applied proportionally to collection costs and the underlying debt unless the commissioner of management and budget has waived this requirement for certain categories of debt pursuant to the department's internal guidelines. Collection costs collected by the commissioner under this subdivision or retained under subdivision 6 shall be

deposited in the general fund as nondedicated receipts. ~~Collection costs collected by private agencies are appropriated to the referring agency to pay the collection fees charged by the private agency.~~ Collections of collection costs in excess of collection agency fees must be deposited in the general fund as nondedicated receipts.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be canceled and subtracted from the amount due if:

(1) the debtor's household income as defined in section 290A.03, subdivision 5, excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for the 12 months preceding the date of referral is less than twice the annual federal poverty guideline under United States Code, title 42, section 9902, subsection (2);

(2) within 60 days after the first contact with the debtor by the ~~enterprise commissioner~~ or collection agency, the debtor establishes reasonable cause for the failure to pay the debt prior to referral of the debt to the ~~enterprise commissioner~~;

(3) a good faith dispute as to the legitimacy or the amount of the debt is made, and payment is remitted or a payment agreement is entered into within 30 days after resolution of the dispute;

(4) good faith litigation occurs and the debtor's position is substantially justified, and if the debtor does not totally prevail, the debt is paid or a payment agreement is entered into within 30 days after the judgment becomes final and nonappealable; or

(5) collection costs have been added by the referring agency and are included in the amount of the referred debt.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall determine the rate of collection costs for debts referred to the ~~enterprise commissioner~~ during the next fiscal year. The rate is a percentage of the debts in an amount that most nearly equals the costs of the ~~enterprise commissioner~~ necessary to process and collect referred debts under this chapter. In no event shall the rate of the collection costs exceed 25 percent of the debt. Determination of the rate of collection costs under this section is not subject to the fee setting requirements of section 16A.1283.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose to the state that one or more areas in the county be taken over by the state for afforestation, reforestation, flood control projects, or other state purposes. The projects are to be managed, controlled, and used for the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1, 1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds nine percent of the assessed valuation of the county, exclusive of money and credits.~~

The area taken over must include lands that have been assessed for all or part of the cost of the establishment and construction of public drainage ditches under state law, and on which the assessments or installments are delinquent. A certified copy of the county board's resolution must be filed with the department and considered and acted upon by the department. If approved by the department, it must then be submitted to, considered, and acted upon by the executive council. If approved by the Executive Council, the proposition must be formally accepted by the governor. Acceptance must be communicated in writing to and filed with the county auditor.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose that the state take over part of the tax-delinquent lands in the county. ~~The board may propose this if:~~

- ~~(1) the county contains land suitable for the purposes in subdivision 1;~~
- ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands in a town in the county are delinquent, as shown by its tax books;~~
- ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~
- ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota Tax Commission, exclusive of money and credits.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility shall register on or before October 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

- (1) \$500, for facilities with a full-time equivalence of fewer than five;
- (2) \$1,000, for facilities with a full-time equivalence of five to ten; and
- (3) \$1,500, for facilities with a full-time equivalence of more than ten.

The registration fee must be paid on or before October 18 or the owner or operator of a dry cleaning facility may elect to pay the fee in equal installments. Installment payments must be paid on or before October 18, on or before January 18, on or before April 18, and on or before June 18. All payments made after October 18 bear interest at the rate specified in section 270C.40.

(b) A person who sells dry cleaning solvents for use by dry cleaning facilities in the state shall collect and remit to the commissioner of revenue in a the same manner prescribed by the commissioner of revenue, ~~on or before the 20th day of the month following the month in which the sales of dry cleaning solvents are made~~ for the taxes imposed under chapter 297A, a fee of:

- (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities in the state;

(2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use by dry cleaning facilities in the state; and

(3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry cleaning facilities in the state.

(c) The audit, assessment, appeal, collection, enforcement, and administrative provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To enforce this subdivision, the commissioner of revenue may grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner provided in chapters 270C and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

EFFECTIVE DATE. This section is effective for fees due after June 30, 2014.

Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

Subdivision 1. **Levy.** The county board of any county in which there are unorganized townships may levy a tax for road and bridge purposes upon all the real and personal property in such unorganized townships, ~~exclusive of money and credits taxed under the provisions of chapter 285.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

Subdivision 1. **To act as State Board of Equalization.** The commissioner of revenue shall have and exercise all the rights, powers and authority by law vested in the State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full power and authority to review, modify, and revise all of the acts and proceedings of the commissioner in so far as they relate to the equalization and valuation of property assessed for taxation, as prescribed by section 270.12.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15 and June 30 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

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

~~(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;~~

~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of any town or district in any county, or the valuation for a part of a class, a class, or classes of the real property of any county not in towns or cities, should be

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

~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a class, a class, or classes of personal property of any county, town, or city, which the board believes to be valued below or above the market value thereof, such percent as will raise the same to its market value ~~in money~~;

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

~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization;

~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the Department of Revenue containing only sales that are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year.

The assessment/sales ratio study may separate the values of residential property into market value categories. The board may adjust the market value categories and the number of categories as necessary to create an adequate sample size for each market value category. The board may determine the adequate sample size. To the extent practicable, the methodology used in preparing the assessment/sales ratio study must be consistent with the most recent Standard on Assessment Sales Ratio Studies published by the Assessment Standards Committee of the International Association of Assessing Officers. The board may determine the geographic area used in preparing the study to accurately equalize values. A sales ratio study separating residential property into market value categories may not be used as the basis for a petition under chapter 278.

The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property; and

~~(9)~~ (7) The board shall receive from each county the estimated market values on the assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a medium as prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

Subd. 4. **Public utility property.** For purposes of equalization only, public utility personal property shall be treated as a separate class of property ~~notwithstanding the fact that its class rate is the same as commercial industrial property.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county or city in which it is located, any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision 8, for the purpose of collecting the costs imposed under section 16D.11.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

Subd. 3. **Administration of enterprise, and job opportunity, ~~and biotechnology and health sciences industry zone programs.~~** The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the Department of Employment and Economic Development or a municipality with a border city enterprise zone as defined under section 469.166, but only as necessary to administer the funding limitations under section 469.169, or to the Department of Employment and Economic Development and appropriate officials from the local government units in which a qualified business is located but only as necessary to enforce the job opportunity building zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone benefits under section 469.336.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.

The commissioner of revenue shall establish a means of electronically notifying persons holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A and any issuance or change in any administrative rule, revenue notice, or sales tax fact sheet or other written information provided by the department explaining the interpretation or administration of the tax imposed under that chapter. The notification must indicate the basic subject of the statute, rule, fact sheet, or other material and provide an electronic link to the material. Any person holding a sales tax permit that provides an electronic address to the department must receive these notifications unless they specifically request electronically, or in writing, to be removed from the notification list. This requirement does not replace traditional means of notifying the general public or persons without access to electronic communications of changes in the sales tax law. ~~The electronic notification must begin no later than December 31, 2009.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements ~~that reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and all personal property of persons residing therein, including the property of corporations, banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other property as is by law exempt from taxation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, ~~or telephone or telegraph~~ companies, or pipelines used for the transmission and distribution of petroleum products, or the equipment items of a cable communications company subject to sections 238.35 to 238.42;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real

and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 1 to 33, must file a statement of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must 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.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

Subdivision 1. **Electricity generated to produce goods and services.** Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2 and 3,~~ The exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under subdivision 5 must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the wind energy

conversion system is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20 percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent to counties; 14 percent to cities and townships; and six percent to school districts.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 25. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

- (i) section 273.11, subdivisions 14a and 14c (vacant platted land);
- (ii) section 273.11, subdivision 16 (certain improvements to homestead property);
- (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
- (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);
- (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family caregiver);
- (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

- (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- ~~(ii) the Aggregate Resource Preservation Law, section 273.1115;~~
- ~~(iii)~~ (ii) the Minnesota Open Space Property Tax Law, section 273.112;
- ~~(iv)~~ (iii) the rural preserves property tax program, section 273.114; or
- ~~(v)~~ (iv) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

- (i) tax increment financing under sections 469.174 to 469.1794;
- (ii) fiscal disparities under chapter 276A or 473F; or
- (iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable ~~in monthly installments~~ out of the general revenue fund of the county. ~~In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:~~

~~In counties with a population of less than 6,500, \$5,900;~~

~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~

~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~

~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~

~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~

~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~

~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~

~~In counties with a population of 50,000 or more, \$8,300.~~

In addition to their salaries, the county assessor and assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2012, section 273.10, is amended to read:

273.10 SCHOOL DISTRICTS.

When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, ~~by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book.~~ When the personal property of any person is assessable in several school districts, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 28. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995 assessment,~~ Only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes; and class 5 in section 273.13, subdivision 31. "Income-producing property" includes any property in class 4e in section 273.13, subdivision 25, that would be income-producing property under the definition in this subdivision if it were not substandard. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following May 26, 1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2, is amended to read:

Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the Department of Revenue must use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and the purchaser changes its use in a manner that would result in a change of classification of the property, the assessment sales ratio study under this subdivision must take into account that changed classification as soon as practicable. A change in status from homestead to nonhomestead or from nonhomestead to homestead is not a

change under this subdivision. For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each taxing district within each unique taxing jurisdiction is the amount certified for taxes payable in the prior year ~~shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon taxable market values for taxes payable in the year prior to that for which aid is being computed.~~ If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on taxable market values for taxes payable in the year prior to that for which aid is being computed.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2015.

Sec. 32. Minnesota Statutes 2012, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in a separate place in the real estate assessment books,~~ the description of each tract of real property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) For purposes of the apportionment of fire state aid under section 69.021, subdivision 7, the county auditor shall include on the abstract of assessment of exempt real property filed under this section, the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city

charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment books and papers,~~ and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, ~~on a form appended to the assessment book,~~ all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, ~~placed opposite the item.~~ The county assessor shall enter all changes made by the board ~~in the assessment book.~~

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review ~~of the assessment or classification.~~ This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including a city whose charter provides for a board of equalization,~~ may appoint a special board of review. The city may delegate to the special board of review all of the powers and duties in subdivision 1. The special board of review shall serve at the direction and discretion of the appointing body, subject to the restrictions imposed by law. The appointing body shall determine the number of members of the board, the compensation and expenses to be paid, and the term of office of each member. At least one member of the special board of review must be an appraiser, realtor, or other person familiar with property valuations in the assessment district.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~ The county auditor shall compute the net tax capacity for each parcel according to the class rates specified in section 273.13. The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 36. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. **Additional adjustment.** If, after computing each local government's adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted local tax rate of all local governments combined is ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and~~ 90 percent of net tax capacity ~~for taxes payable in 1990 and thereafter,~~ the auditor shall increase each local government's adjusted local tax rate proportionately so the total adjusted local tax rate of all local governments combined equals 90 percent. The total amount of the increase in tax resulting from the increased local tax rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the Department of Revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax rate of all local governments combined to 90 percent. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 37. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;

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

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to 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, in accordance with standards formulated by the Emergency Services Division of the State Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county 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 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

~~(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;~~

~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013, chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the amount levied for this purpose in 2001;

~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

~~(17)~~ (16) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

~~(18)~~ (17) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

~~(20)~~ for a city, for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

~~(24)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253D.12;

~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 38. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

Subd. 2. **Authorization for special levies.** (a) A local governmental unit may request authorization to levy for unreimbursed costs for natural disasters under section 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated unreimbursed costs. The commissioner of revenue may grant levy authority, up to the amount requested based on the documentation submitted. All decisions of the commissioner are final.

(b) A city may request authorization to levy for reasonable and necessary costs for securing, maintaining, or demolishing foreclosed or abandoned residential properties under section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated costs. For taxes payable in 2009, the amount may include unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs of securing foreclosed or abandoned residential properties include payment for police and fire department services. The commissioner of revenue may grant levy authority, up to the lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties, as defined by sheriff sales records, in calendar year 2007. All decisions of the commissioner are final.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 39. Minnesota Statutes 2012, section 275.75, is amended to read:

275.75 CHARTER EXEMPTION FOR AID LOSS.

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy in any year by an amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22) and (25)~~ (20) and (23).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 40. Minnesota Statutes 2012, section 279.03, is amended to read:

279.03 INTEREST ON DELINQUENT PROPERTY TAXES.

Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent property taxes levied in 1979 and prior years is fixed at six percent per year until January 1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09. The rate of interest on delinquent property taxes levied in 1980 and subsequent years is the rate determined pursuant to section 549.09. All provisions of law except section 549.09 providing for the calculation of interest at any different rate on delinquent taxes in any notice or proceeding in connection with the payment, collection, sale, or assignment of delinquent taxes, or redemption from such sale or assignment are hereby amended to correspond herewith. Section 549.09 shall continue in force applies with respect to judgments arising out of petitions for review filed pursuant to chapter 278 ~~irrespective of the levy year.~~~~

~~For property taxes levied in 1980 and prior years, interest is to be calculated at simple interest from the second Monday in May following the year in which the taxes become due until the time that the taxes and penalties are paid, computed on the amount of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent years, interest shall commence on the first day of January following the year in which the taxes become due, but the county treasurer need not calculate interest on unpaid taxes and penalties on the tax list returned to the county auditor pursuant to section 279.01.~~

If interest is payable for a portion of a year, the interest is calculated only for the months that the taxes or penalties remain unpaid, and for this purpose a portion of a month is deemed to be a whole month.

Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid ~~after January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for the year.

Subd. 2. **Composite judgment.** Amounts included in composite judgments authorized by section 279.37, subdivision 1, and confessed ~~on or after July 1, 1982, are subject to interest at the rate determined pursuant to section 549.09. Amounts confessed under this authority after December 31, 1990, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue~~ accrues on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each

year in the same manner ~~that section 549.09 or as provided in subdivision 1a, whichever is applicable, for rate changes. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 41. Minnesota Statutes 2012, section 279.16, is amended to read:

279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.

Upon the expiration of 20 days from the later of the filing of the affidavit of publication or the filing of the affidavit of mailing pursuant to section 279.131, the court administrator shall enter judgment against each and every such parcel as to which no answer has been filed, which judgment shall include all such parcels, and shall be substantially in the following form:

State of Minnesota)	District Court,
) ss.	
County of) Judicial District.

In the matter of the proceedings to enforce payment of the taxes on real estate remaining delinquent on the first Monday in January,, for the county of, state of Minnesota.

A list of taxes on real property, delinquent on the first Monday in January,, for said county of, having been duly filed in the office of the court administrator of this court, and the notice and list required by law having been duly published and mailed as required by law, and more than 20 days having elapsed since the last publication of the notice and list, and no answer having been filed by any person, company, or corporation to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the amount set opposite the same, as follows:

Description.	Parcel Number.	Amount.
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The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of such parcels of land is liable, is hereby declared a lien upon such parcel of land as against the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every person, company, or corporation; and it is adjudged that, unless the amount to which each of such parcels is liable be paid, each of such parcels be sold, as provided by law, to satisfy the amount to which it is liable.

Dated this day of,
.....
Court Administrator of the District Court,
County of

The judgment shall be entered by the court administrator in a book to be kept by the court administrator, to be called the real estate tax judgment book, and signed by the court administrator. ~~The judgment shall be written out on the left hand pages of the book, leaving the right hand pages blank for the entries in this chapter hereinafter provided; and~~ The same presumption in favor of the regularity and validity of the judgment shall be deemed to exist as in respect to judgments in civil actions in such court, except where taxes have been paid before the entry of judgment, or where the land is exempt from taxation, in which cases the judgment shall be prima facie evidence only of its regularity and validity.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.

When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~ deliver to the county auditor, ~~in a book to be provided by the auditor, a certified copy of such judgment, which shall be written on the left-hand pages of the book, leaving the right-hand pages blank.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

279.25 PAYMENT BEFORE JUDGMENT.

Before sale any person may pay the amount adjudged against any parcel of land. If payment is made before entry of judgment, and the delinquent list has been filed with the court administrator, the county auditor shall immediately certify such payment to the court administrator, who shall note the same on such delinquent list; and all proceedings pending against such parcel shall thereupon be discontinued. If payment is made after judgment is entered and before sale, the auditor shall certify such payment to the clerk, who, upon production of such certificate and the payment of a fee of ten cents, shall enter ~~on the right hand page of the real estate tax judgment book, and opposite the description of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make proper records of all payments made under this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed. The offer must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate located in county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in

nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

Dated,"

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.

~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of land against which judgment has been entered and remains unsatisfied for the taxes of the preceding year or years may be sold at public vendue as provided in sections 280.01 and 280.02 by the county auditor but shall be treated in the same manner and regarded in all respects as land bid in for the state by the auditor in the manner provided in section 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974 and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be issued ~~on the second Monday in May 1974, or thereafter.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

280.03 CERTIFICATE OF SALE.

The county auditor shall execute to the purchaser of each parcel a certificate which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent on real estate for the years, for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was offered for sale to the bidder who should offer to pay the amount for which the same was to be sold, at the lowest annual rate of interest on such amount; and at said sale I did sell the said parcel of land to for the sum of dollars, with interest at percent per annum on such amount, that being the sum for which the same was to be sold, and such rate of interest being the lowest rate percent per annum bid on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and pursuant to the statute in such case made and provided, convey the said parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed as provided in chapter 281, such certificate shall pass to the purchaser an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, telegraph, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. If any purchaser at such sale shall purchase more than one parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.

Immediately after such sale the county auditor shall ~~set out in the copy judgment book~~ record that all parcels were bid in for the state. The county auditor shall thereupon ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the right hand page of the real estate tax judgment book, opposite the description of each parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy judgment book, opposite the parcel redeemed.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

280.11 LANDS BID IN FOR STATE.

At any time after any parcel of land has been bid in for the state, the same not having been redeemed, the county auditor shall assign and convey the same, and all the right of the state therein acquired at such sale, to any person who shall pay the amount for which the same was bid in, with interest at the rate of 12 percent per annum, and the amount of all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same from the time when such taxes became delinquent. The county auditor shall execute to such person a certificate for such parcel, which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent upon real estate for the years for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was duly offered for sale; and, no one bidding upon such offer an amount equal to that for which the parcel was subject to be sold, the same was then bid in for the state at such amount, being the sum of dollars; and the same still remaining unredeemed, and on this day having paid into the treasury of the county the amount for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs, and interest, amounting in all to dollars, therefore, in consideration thereof, and pursuant to the statute in such case made and provided, I do hereby assign and convey this parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including but without limitation, permits for telephone, telegraph, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, with all the right, title and interest of the state acquired therein at such sale to, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed, as provided in chapter 281, such certificate shall pass to the purchaser or assignee an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, telegraph and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate or conveyance may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. No assignment of the right of the state shall be given pursuant to this section ~~after January 1, 1972.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 49. Minnesota Statutes 2012, section 281.03, is amended to read:

281.03 AUDITOR'S CERTIFICATE.

The county auditor shall certify to the amount due on such redemption, and, on payment of the same to the county treasurer, shall make duplicate receipts for the certified amount, describing the property redeemed, one of which shall be filed with the auditor. Such receipts shall be governed by the provisions of this chapter regulating the payment of current taxes and such payment shall have the effect to annul the sale. If the amount certified by the auditor and received in payment for redemption be less than that required by law, it shall not invalidate the redemption. On redemption being made, the auditor shall ~~enter upon the copy of the tax judgment book, opposite the description of record the parcel as redeemed, the word, "redeemed."~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

281.17 PERIOD FOR REDEMPTION.

Except for properties for which the period of redemption has been limited under sections 281.173 and 281.174, the following periods for redemption apply.

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1)~~ homesteaded lands as defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted neighborhood on which a notice of lis pendens has been served, and sold to the state at a tax judgment sale~~ is one year from the date of sale.

The period of redemption for all real property constituting a mixed municipal solid waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is one year from the date of the sale to the state of Minnesota.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.

Upon the petition of any person interested in the land covered by a real estate tax sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the giving of such notice to the holder of such certificate as may be ordered, the district court, in the proceedings resulting in the judgment upon which a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate is based, may order the cancellation of a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate upon which notice of expiration of time of redemption has been issued when the certificate or a deed issued thereon has not been recorded in the office of the county recorder or filed in that of the registrar of titles, if the land is registered, within seven years after the date of the issuance of such certificate; the county auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax judgment book, opposite the description of the land, "canceled by order of court"~~ record the land as canceled by order of court; and the rights of the holder under the certificate shall thereupon be terminated of record in the office of the county auditor.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph,~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

Subd. 4. **Easements.** The county auditor, when and for such price and on such terms and for such period as the county board prescribes, may grant easements or permits on unsold tax-forfeited land for telephone, ~~telegraph,~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, recreational trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement or permit may be canceled by resolution of the county board after reasonable notice for any substantial breach of its terms or if at any time its continuance will conflict with public use of the land, or any part thereof, on which it is granted. Land

affected by any such easement or permit may be sold or leased for mineral or other legal purpose, but sale or lease shall be subject to the easement or permit, and all rights granted by the easement or permit shall be excepted from the conveyance or lease of the land and be reserved, and may be canceled by the county board in the same manner and for the same reasons as it could have been canceled before sale and in that case the rights granted thereby shall vest in the state in trust as the land on which it was granted was held before sale or lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may be governed thereby if the holder thereof and county board so agree. Reasonable notice as used in this subdivision, means a 90-day written notice addressed to the record owner of the easement at the last known address, and upon cancellation the county board may grant extensions of time to vacate the premises affected.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined ~~pursuant to section 549.09. Repurchase contracts approved after December 31, 1990, are subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, ~~whichever is applicable. Interest on the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the rate applicable to the repurchase contract at the time that it was approved.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

Subd. 4. **Service fee.** The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase application ~~received after July 1, 1985.~~ The fee must be paid at the time of application and must be credited to the county general revenue fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

Subd. 5. **County may impose conditions of repurchase.** The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, ~~telegraph,~~ electric power, or telecommunications.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

282.322 FORFEITED LANDS LIST.

The county board of any county may ~~at any time after the passage of Laws 1945, chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the opinion that such lands may be acquired by the state or any municipal subdivision thereof for public purposes. Upon the filing of such list the county auditor shall withhold said lands from repurchase. If no proceeding shall be started to acquire such lands by the state or some municipal subdivision thereof within one year after the filing of such list the county board shall withdraw said list and thereafter the owner shall have one year in which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

287.30 COUNTY TREASURER; DUTIES.

The ~~care of documentary stamps entrusted to county treasurers and the~~ duties imposed upon county treasurers by this chapter are within the duties of such office and are within the coverage of any official bond delivered to the state, conditioned that any such officer shall faithfully execute the duties of office. The county board may by resolution require the county auditor to perform any duty imposed on the county treasurer under this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations, and partnerships, the term estimated tax means the amount the taxpayer estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent person, the payments must be made by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

~~Notwithstanding the provisions of this section, no payments of estimated tax are required if the estimated tax, as defined in this subdivision, less the credits allowed against the tax, is less than \$500.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States; or

(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or,~~

~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

~~(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:~~

~~(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and~~

~~(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;~~

~~(5) (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:~~

~~(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;~~

~~(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;~~

~~(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and~~

~~(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;~~

~~(6) (5) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;~~

~~(7) (6) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;~~

~~(8) (7) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;~~

~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a prior taxable year;

~~(40)~~ (9) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

~~(44)~~ (10) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

~~(42)~~ (11) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

~~(43)~~ (12) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(44)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(45)~~ (14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The resulting delayed depreciation cannot be less than zero;

~~(46)~~ (15) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the amount of the addition;

~~(47)~~ (16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (16); and

~~(48)~~ (17) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.** (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs ~~(e) and (f), (g), and (m)~~. For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

~~(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.~~

~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (e) and (f) and (g).

~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

- (1) for individuals, estates, and trusts, the same as taxable net income;
- (2) for corporations, the taxable net income less
 - (i) the net operating loss deduction under section 290.095;
 - (ii) the dividends received deduction under section 290.21, subdivision 4; and
 - (iii) the exemption for operating in a job opportunity building zone under section 469.317; ~~and~~
 - (iv) ~~the exemption for operating in a biotechnology and health sciences industry zone under section 469.337.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property that is located in this state or tangible personal property, including but not limited to mobile property, that is present in this state is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

(1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;

(2) sales of services which are performed from outside this state but the services are received in this state;

(3) transactions with customers in this state that involve intangible property and result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

(5) sales and leases of real property located in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

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

- (2) display of advertisements on billboards or other outdoor advertising in this state;
- (3) advertisements in newspapers published in this state;
- (4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;
- (5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;
- (6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;
- (7) advertisements broadcast on a radio or television station located in Minnesota; or
- (8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic, microwave, or other communication system.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **Annual accounting period.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined~~, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.17, subdivision 4, when members of the group use different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.~~

~~A taxpayer may change accounting periods only with the consent of the commissioner. In case of any such change, the taxpayer shall pay a tax for the period not included in either the taxpayer's former or newly adopted taxable year, computed as provided in section 290.32.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by this chapter, net income and taxable net income shall be computed in accordance with the method of accounting regularly employed in keeping the taxpayer's books. If no such accounting system has been regularly employed, or if that employed does not clearly or fairly reflect income or the income taxable under this chapter, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly and fairly reflect income and the income taxable under this chapter.

~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the method of accounting for regularly computing the taxpayer's income in keeping books shall, before computing net income and taxable net income under the new method, secure the consent of the commissioner.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.~~

~~(2) (1)~~ The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining alternative minimum taxable income.

~~(3) (2)~~ The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause ~~(45)~~ (14), is allowed as a depreciation deduction in determining alternative minimum taxable income.

~~(4) (3)~~ The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

~~(5) (4)~~ The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

~~(6) (5)~~ The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

~~(7) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).~~

~~(8) (6)~~ The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

~~(9) (7)~~ The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

~~(10) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.~~

~~(14)~~ (8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9).

~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

~~(14) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.~~

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota, but does not include: ~~(1) the property of a qualified business as defined under section 469.310, subdivision 11, that is located in a job opportunity building zone designated under section 469.314 and (2) property of a qualified business located in a biotechnology and health sciences industry zone designated under section 469.334.~~ Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll under section 469.310, subdivision 8, of a qualified business as defined under section 469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year: ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable~~

~~years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.~~

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the taxable years to which such loss may be carried.

(c) Where a corporation apports its income under the provisions of section 290.191, the net operating loss deduction incurred in any taxable year shall be allowed to the extent of the apportionment ratio of the loss year.

(d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply to carryovers in certain corporate acquisitions and special limitations on net operating loss carryovers. The limitation amount determined under section 382 shall be applied to net income, before apportionment, in each post change year to which a loss is carried.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 70. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~ regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received 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 services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 71. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

Subd. 2. **Taxable income.** For purposes of this section, taxable income means the lesser of:

(1) the amount of the net capital gain of the S corporation for the taxable year, as determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 72. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 73. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are exempt if all the gross receipts are recorded as such, in accordance with generally accepted accounting principles, on the books of one or more organizations whose primary mission is to provide an opportunity for citizens of the state to participate in the creation, performance, or appreciation of the arts, and provided that each organization is:

(1) an organization described in section 501(c)(3) of the Internal Revenue Code in which voluntary contributions make up at least ~~the following~~ five percent of the organization's annual revenue in its most recently completed 12-month fiscal year, or in the current year if the organization has not completed a 12-month fiscal year—;

~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's fiscal year completed in calendar year 2000, three percent;~~

~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the organization's fiscal year completed in calendar year 2001, three percent;~~

~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the organization's fiscal year completed in calendar year 2002, four percent; and~~

~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each subsequent year, for the organization's fiscal year completed in the preceding calendar year, five percent;~~

(2) a municipal board that promotes cultural and arts activities; or

(3) the University of Minnesota, a state college and university, or a private nonprofit college or university provided that the event is held at a facility owned by the educational institution holding the event.

The exemption only applies if the entire proceeds, after reasonable expenses, are used solely to provide opportunities for citizens of the state to participate in the creation, performance, or appreciation of the arts.

(b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt, provided that the exemption under this paragraph does not apply to tickets or admissions to performances or events held on the premises unless the performance or event is sponsored and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota Zoological Garden.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- ~~(6) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;~~
- ~~(7) (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;~~
- ~~(8) (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;~~
- ~~(9) (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;~~
- ~~(10) (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);~~
- ~~(11) (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;~~
- ~~(12) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;~~
- ~~(13) (11) materials, supplies, and equipment for construction, improvement, or expansion of:~~
 - (i) an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42;
 - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
 - (iii) a research and development facility exempt under section 297A.71, subdivision 46; and

(iv) an industrial measurement manufacturing and controls facility exempt under section 297A.71, subdivision 47;

~~(14)~~ (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;

~~(15)~~ (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44;

~~(16)~~ (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); and

~~(17)~~ (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (14), the applicant must be the purchaser;

(2) for subdivision 1, ~~clauses clause~~ clause (3) ~~and (6)~~, the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), and ~~(17)~~ (15), the owner of the qualifying business; and

(8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (13), the applicant must be the governmental entity that owns or contracts for the project or facility.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 76. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

~~(e) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 77. Minnesota Statutes 2012, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

~~(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and For fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:~~

~~(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;~~

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The revenues deposited under paragraphs (a) to (f) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 78. Minnesota Statutes 2012, section 297B.09, is amended to read:

297B.09 ALLOCATION OF REVENUE.

Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this chapter must be deposited as provided in this subdivision.

~~(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 24 percent must be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent must be deposited in the greater Minnesota transit account under section 16A.88. The remaining money must be deposited in the general fund.~~

~~(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 27.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 1.75 percent must be deposited in the greater Minnesota transit account under section 16A.88, and the remaining money must be deposited in the general fund.~~

~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 30 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.5 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 16.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:~~

~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 33.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.75 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 6.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:~~

~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and~~

~~(2) 0.25 percent in the greater Minnesota transit account, except that any amount in excess of \$1,250,000 must be deposited in the highway user tax distribution fund.~~

~~(f) On and after July 1, 2011, (b) 60 percent of the money collected and received must be deposited in the highway user tax distribution fund, 36 percent must be deposited in the metropolitan area transit account under section 16A.88, and four percent must be deposited in the greater Minnesota transit account under section 16A.88.~~

~~(g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b) remain unchanged for fiscal year 2012 and all subsequent fiscal years.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 79. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

Subd. 2. **Form of application.** Every application for a cigarette or tobacco products license shall be made on a form prescribed by the commissioner ~~and shall state the name and address of the applicant; if the applicant is a firm, partnership, or association, the name and address of each of its members; if the applicant is a corporation, the name and address of each of its officers; the address of its principal place of business; the place where the business to be licensed is to be conducted; and any other information the commissioner may require for the administration of this chapter.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 80. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or otherwise, during the year. ~~For premiums received after December 31, 2005, but before January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 81. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(a) "Aggregate material" means:

(1) nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway, provided that nonmetallic aggregate material does not include dimension stone and dimension granite; and

(2) taconite tailings, crushed rock, and architectural or dimension stone and dimension granite removed from a taconite mine or the site of a previously operated taconite mine.

Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(b) "Person" means any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(c) "Operator" means any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(d) "Extraction site" means a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(e) "Importer" means any person who buys aggregate material excavated from a ~~county not listed in paragraph (f) or another state~~ site on which the tax under this section is not imposed and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(f) "County" means ~~the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomen, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin, Washington, Chisago, and Ramsey.~~ County also means a county imposing the tax under this section on December 31, 2014, or any other county whose board has voted after a public hearing to impose the tax under this section and has notified the commissioner of revenue of the imposition of the tax.

(g) "Borrow" means granular borrow, consisting of durable particles of gravel and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch) sieve may not exceed 20 percent by mass.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

412.131 ASSESSOR; DUTIES, COMPENSATION.

The city assessor, if there is one, shall assess and return as provided by law all property taxable within the city, if a separate assessment district, and the assessor of the town within which the city lies shall not include in the return any property taxable in the city. Any assessor may appoint a deputy assessor as provided in section 273.06. The assessor may be compensated on a full-time or part-time basis at the option of the council ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is not fixed by the council the assessor shall be entitled to compensation at the rate of \$20 per day for each days service necessarily rendered,~~ and mileage at the rate paid other city officers for each mile necessarily traveled in going to and returning from the county seat of the county to attend any meeting of the assessors of the county legally called by the county auditor, and also for each mile necessarily traveled in making

the return of assessment to the proper county officer and in attending sectional meetings called by the county assessor, except when mileage is paid by the county. In addition to other compensation, the council may allow the assessor mileage at the same rate per mile as paid other city officers for each mile necessarily traveled in assessment work.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is amended to read:

Subd. 3. **Reporting; definitions.** ~~(a)~~ On or before September 1, annually, the executive director of the Public Employees Retirement Association shall report to the commissioner of revenue the following:

(1) the municipalities which employ firefighters with retirement coverage by the public employees police and fire retirement plan;

~~(2) the number of firefighters with public employees police and fire retirement plan coverage employed by each municipality;~~

~~(3)~~ (2) the fire departments covered by the voluntary statewide lump-sum volunteer firefighter retirement plan; and

~~(4)~~ (3) any other information requested by the commissioner to administer the police and firefighter retirement supplemental state aid program.

~~(b) For this subdivision, (i) the number of firefighters employed by a municipality who have public employees police and fire retirement plan coverage means the number of firefighters with public employees police and fire retirement plan coverage that were employed by the municipality for not less than 30 hours per week for a minimum of six months prior to December 31 preceding the date of the payment under this section and, if the person was employed for less than the full year, prorated to the number of full months employed; and (ii) the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of police officers meeting the definition of peace officer in section 69.011, subdivision 1, counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 84. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

465.04 ACCEPTANCE OF GIFTS.

~~Cities~~ A city of the second, third, or fourth class, ~~having at any time an estimated market value of not more than \$41,000,000, as officially equalized by the commissioner of revenue,~~ either operating under a home rule charter or under the laws of this state, ~~in addition to all other powers possessed by them, hereby are authorized and empowered to~~ may receive and accept gifts and donations for the use and benefit of ~~such cities and the city and its inhabitants thereof~~ upon terms and conditions to be approved by the governing ~~bodies~~ body of such cities; ~~and such cities are authorized to comply with and perform such~~ the city. The terms and conditions, ~~which~~ may include payment to the donor or donors of interest on the value of the gift at not exceeding five percent per annum payable annually or semiannually, during the remainder of the natural life or lives of ~~such~~ the donor or donors.

Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be paid to the authority:

(1) after 15 years after receipt by the authority of the first increment for a renewal and renovation district;

- (2) after 20 years after receipt by the authority of the first increment for a soils condition district;
- (3) after eight years after receipt by the authority of the first increment for an economic development district;
- (4) for a housing district, ~~a compact development district,~~ or a redevelopment district, after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) An action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

(d) Receipt by a hazardous substance subdistrict of an increment as a result of a reduction in original net tax capacity under section 469.174, subdivision 7, paragraph (b), does not constitute receipt of increment by the overlying district for the purpose of calculating the duration limit under this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 86. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982 and before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

~~(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total estimated tax increment expenditures for the district, whichever is less.~~

~~(b)~~ (b) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from the district, whichever is less.

~~(c)~~ (c) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 87. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance

activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired.

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district. The authority provided by this paragraph expires for expenditures made after the later of (1) December 31, 2015, or (2) the end of the five-year period beginning on the date the district was certified, provided that date was before January 1, 2016.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 88. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds under the provisions of this section, shall, before the issuance thereof, levy for each year, until the principal and interest are paid in full, a direct annual tax on all the taxable property of the cities in and for which the corporation has been created in an amount not less than five percent in excess of the sum required to pay the principal and interest thereof, when and as such principal and interest matures. After any of such bonds have been delivered to purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the issuance of such bonds no further action of the corporation shall be necessary to authorize the extensions, assessments, and collection of such tax. The secretary of the corporation shall forthwith furnish a certified copy of such levy to the county auditor or county auditors of the county or counties in which the cities in and for which the corporation has been created are located, together with full information regarding the bonds for which the tax is levied, and such county auditor or such county auditors, as the case may be, shall enter the same in the register provided for in section 475.62, or a similar register, and shall extend and assess the tax so levied. If both cities are located wholly within one county, the county auditor thereof shall annually extend and assess the amount of the tax so levied. If the cities are located in different counties, the county auditor of each such county shall annually extend and assess such portion of the tax levied as the net tax capacity of the taxable property, ~~not including moneys and credits,~~ located wholly within the city in such county bears to the total net tax capacity of the taxable property, ~~not including moneys and credits,~~ within both cities. Any surplus resulting from the excess levy herein provided for shall be transferred to a sinking fund after the principal and interest for which the tax was levied and collected has been paid; provided, that the corporation may, on or before October 15 in any year, by appropriate action, cause its secretary to certify to the county auditor, or auditors, the amount on hand and available in its treasury from earnings, or otherwise, including the amount in the sinking fund, which it will use to pay principal or interest or both on each specified issue of its bonds, and the county auditor or auditors shall reduce the levy for that year, herein provided for by that amount. The amount of funds so certified shall be set aside by the corporation, and be used for no other purpose than for the payment of the principal and interest of the bonds. All taxes hereunder shall be collected and remitted to the corporation by the county treasurer or county treasurers, in accordance with the provisions of law governing the collection of other taxes, and shall be used solely for the payment of the bonds where due.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 89. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to read:

Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is eligible to receive the transition aid it received in 2007.

~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2) an average Part I crimes per capita greater than 3.9 percent based on factors used in determining county program aid payable in 2008, shall receive \$100,000.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 90. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.013 and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

(c) Changes in boundaries or form of government will only be recognized for the purposes of this subdivision, to the extent that: (1) changes in market values are included in market values reported by assessors to the commissioner, and changes in population, and household size, ~~and the road accidents factor~~ are included in their respective certifications to the commissioner as referenced in section 477A.011, or (2) an annexation information report as provided in paragraph (d) is received by the commissioner on or before July 15 of the aid calculation year. Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

(d) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

Subd. 13. **Public defense services; correctional facility inmates.** All billings for services rendered and ordered under subdivision 7 shall require the approval of the chief district public defender before being forwarded on a monthly basis to the state public defender. In cases where adequate representation cannot be provided by the district public defender and where counsel has been appointed under a court order, the state public defender shall forward to the commissioner of management and budget all billings for services rendered under the court order. The commissioner shall pay for services from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

The costs of appointed counsel and associated services in cases arising from new criminal charges brought against indigent inmates who are incarcerated in a Minnesota state correctional facility are the responsibility of the state Board of Public Defense. In such cases the state public defender may follow the procedures outlined in this section for obtaining court-ordered counsel.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 92. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where the appellate public defender's office does not have sufficient funds to pay for transcripts and other necessary expenses because it has spent or committed all of the transcript funds in its annual budget, the state public defender may forward to the commissioner of management and budget all billings for transcripts and other necessary expenses. The commissioner shall pay for these transcripts and other necessary expenses from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 93. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make all necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in this act. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in chapter titles; section, subdivision, part, and subpart headnotes; and in other terminology necessary as a result of the enactment of this act. The Department of Revenue shall assist in making these corrections.

Sec. 94. **REPEALER.**

(a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 290C.02, subdivisions 5 and 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

(c) Minnesota Statutes 2012, section 469.1764, is repealed.

(d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4, are repealed.

(e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2013.

Paragraph (b) is effective the day following final enactment.

Paragraph (c) is effective the day following final enactment and any remaining unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764, must be distributed as excess increments to the city, county, and school district under Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before December 31, 2014.

Paragraph (d) is effective the day following final enactment.

Paragraph (e) is effective for taxable years beginning after December 31, 2013.

ARTICLE 9

DEPARTMENT OF REVENUE - TECHNICAL AND POLICY PROPERTY TAX PROVISIONS

Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

270.87 CERTIFICATION TO COUNTY ASSESSORS.

After making an annual determination of the equalized fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, the commissioner shall certify the equalized fair market value to the county assessor on or before June 30. The equalized fair market value of the operating property of the railroad company in the county and the taxing districts therein is the value on which taxes must be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein. If the commissioner determines that the equalized fair market value certified on or before June 30 is in error, the commissioner may issue a corrected certification on or before August 31. The commissioner may correct errors that are merely clerical in nature until December 31.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the wind energy conversion system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year. The commissioner may correct errors that are merely clerical in nature until December 31.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fifth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of five years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in this section and section 274.01, subdivision 1, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors for real or personal property that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. Any changes made by the assessor after adjournment must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board no later than December 31 of the assessment year. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is amended to read:

Subdivision 1. **Computation.** The Department of Revenue must annually conduct an assessment/sales ratio study of the taxable property in each county, city, town, and school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of this assessment/sales ratio study, the Department of Revenue must determine an equalized net tax capacity for the various classes of taxable property in each taxing district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be subtracted from the local tax base under section 273.425; and increased by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The Department of Revenue must make whatever estimates are necessary to account for changes in the classification system. The Department of Revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the Department of Revenue shall file with the chair of the Tax Committee of the house of representatives and the chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school districts. On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report on the adjusted net tax capacities for school districts established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each school district involved and to the county assessor or supervisor of assessments of the county or counties in which each school district is located.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated and the values provided to the city or county assessor by order. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before August 1, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property. If the commissioner determines that the amount of the assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2012, section 273.3711, is amended to read:

273.3711 RECOMMENDED AND ORDERED VALUES.

For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all values not required to be listed and assessed by the commissioner of revenue are recommended values. If the commissioner provides recommended values, the values must be certified to the auditor of each county in which the property is located on or before August 1. If the commissioner determines that the certified recommended value is in error the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must provide proof to the county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it is in compliance with the requirements of subdivision 2. Beginning in ~~2006~~ 2015, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year. A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by ~~December 1~~ February 15 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

EFFECTIVE DATE. This section is effective beginning with local boards of appeal and equalization meetings held after December 31, 2014.

Sec. 10. Minnesota Statutes 2013 Supplement, section 290C.03, is amended to read:

290C.03 ELIGIBILITY REQUIREMENTS.

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is enrolled;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; ~~and~~

(6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources- : and

(7) the land is not classified as class 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2014 and thereafter.

Sec. 11. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision ~~4a~~ 1 that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective retroactively from June 1, 2013.

Sec. 12. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) \$1.50, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) \$1.50, multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) without regard to acreage, \$300,000 for local assessments under section 84A.55, subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

~~(a)~~ (1) 64.2 cents, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

~~(b) from the funds remaining, (2) within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township ten percent of the amount received a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township.~~ Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and~~

~~(e)~~ (3) any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the terms "class rate" or "class rates" to "classification rate" or "classification rates" or similar terms wherever they appear in Minnesota Statutes when the terms are being used to refer to the calculation of net tax capacity in the property tax system. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in section and subdivision headnotes and in other terminology as necessary as a result of the enactment of this section. The Department of Revenue shall assist in making these corrections.

Sec. 15. **REPEALER.**

Minnesota Statutes 2012, sections 273.13, subdivision 21a; 290C.02, subdivisions 5 and 9; and 290C.06, are repealed.

EFFECTIVE DATE. This section is effective the day following final enactment, except that section 273.13, subdivision 21a, is repealed effective beginning with assessment year 2014.

ARTICLE 10

DEPARTMENT OF REVENUE - TECHNICAL AND POLICY INCOME AND FRANCHISE,
SALES AND USE, AND MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax, ~~or~~ within one year after the date of an order assessing underlying tax, or within one year after the date of a final administrative or judicial determination, whichever period expires later. An order assessing personal liability under this section is reviewable under section 270C.35 and is appealable to Tax Court.

(b) If the time for appealing the order has expired and a payment is made by or collected from the person assessed on the order in excess of the amount lawfully due from that person of any portion of the liability shown on the order, a claim for refund may be made by that person within 120 days after any payment of the liability if the payment is within 3-1/2 years after the date the order was issued. Claims for refund under this paragraph are limited to the amount paid during the 120-day period. Any amounts collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid balance of the assessment that is the subject of the claim shall be returned if the claim is allowed. There is no claim for refund available under this paragraph if the assessment has previously been the subject of an administrative or Tax Court appeal, or a denied claim for refund. The taxpayer may contest denial of the refund as provided in the procedures governing claims for refunds under section 289A.50, subdivision 7.

(c) If a person has been assessed under this section for an amount for a given period and the time for appeal has expired, regardless of whether an action contesting denial of a claim for refund has been filed under paragraph (b), or there has been a final determination that the person is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for that assessment or for subsequent assessments of additional amounts for the same person for the same period and tax type.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

Subd. 2. **Withholding returns, entertainer withholding returns, returns for withholding from payments to out-of-state contractors, and withholding returns from partnerships and S corporations.** ~~(a) Withholding returns for the first, second, and third quarters are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the returns for the first, second, and third quarters may be filed on or before the tenth day of the second calendar month following the period. The return for the fourth quarter must be filed on or before the 28th day of the second calendar month following the period.~~ An employer, in preparing a quarterly return, may take credit for deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by S corporations are due on or before the due date specified for filing corporate franchise tax returns.

(b) A seasonal employer who provides notice in the form and manner prescribed by the commissioner before the end of the calendar quarter is not required to file a withholding tax return for periods of anticipated inactivity unless the employer pays wages during the period from which tax is withheld. For purposes of this paragraph, a seasonal employer is an employer that regularly, in the same one or more quarterly periods of each calendar year, pays no wages to employees.

EFFECTIVE DATE. (a) The amendments in paragraph (a) are effective for returns due after January 1, 2016.

(b) The amendment adding paragraph (b) is effective for wages paid after December 31, 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~ regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received 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 services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (1), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye has been added, either before or upon withdrawal at a terminal or refinery rack, and which may be sold for exempt purposes. The dye may be either dye required to be added per the EPA or dye that meets other specifications required by the Internal Revenue Service or the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is amended to read:

Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on the relative proportion of the prepaid wireless E911 fee and the prepaid wireless telecommunications access Minnesota fee imposed per retail transaction, divide the fees collected in corresponding proportions. Within 30 days of receipt of the collected fees, the commissioner shall:

(1) deposit the proportion of the collected fees attributable to the prepaid wireless E911 fee in the 911 emergency telecommunications service account in the special revenue fund; and

(2) deposit the proportion of collected fees attributable to the prepaid wireless telecommunications access Minnesota fee in the telecommunications access fund established in section 237.52, subdivision 1.

(b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a special revenue account an amount, not to exceed two percent of collected fees; Money in the account is annually appropriated to the commissioner of revenue to reimburse its direct costs of administering the collection and remittance of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota fees.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2014.

Sec. 7. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013, except for paragraph (p), which is effective the day following final enactment.

EFFECTIVE DATE. This section is effective retroactively from the day following final enactment of Laws 2013, chapter 143, article 8, section 3.

Sec. 8. **REPEALER.**

Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

EFFECTIVE DATE. This section is effective the day following final enactment."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

Torkelson moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 4, after line 9, insert:

"Sec. 4. Minnesota Statutes 2012, section 290A.03, is amended by adding a subdivision to read:

Subd. 16. Agricultural rent constituting property taxes. "Agricultural rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, in any calendar year by a claimant for the use of land for agricultural purposes, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 290A.04, is amended by adding a subdivision to read:

Subd. 2k. Renters of agricultural property. A claimant whose agricultural rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of agricultural rent constituting property taxes. The state refund equals the amount of agricultural rent constituting property taxes that remain, up to the maximum state refund amount shown below.

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
<u>\$0 to 4,999</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$1,000</u>
<u>5,000 to 9,999</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$1,000</u>
<u>10,000 to 14,999</u>	<u>1.4 percent</u>	<u>10 percent</u>	<u>\$1,000</u>
<u>15,000 to 19,999</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$1,000</u>
<u>20,000 to 24,999</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$1,000</u>
<u>25,000 to 29,999</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$1,000</u>
<u>30,000 to 34,999</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$1,000</u>
<u>35,000 to 39,999</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$1,000</u>
<u>40,000 to 44,999</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$1,000</u>
<u>45,000 to 49,999</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$1,000</u>
<u>50,000 to 54,999</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$750</u>
<u>55,000 to 59,999</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$500</u>
<u>60,000 to 64,999</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$250</u>

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$65,000 or more.

EFFECTIVE DATE. This section is effective for claims based on agricultural rent paid in 2014 and following years.

Sec. 6. Minnesota Statutes 2012, section 290A.19, is amended to read:

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

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the

renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request. For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

(b) The owner of any property for which rent is paid for use for agricultural purposes must furnish a certificate of rent paid to a person who paid rent for the land at any time during the calendar year, in the form prescribed by the commissioner. The certificate must be made available to the renter before February 1 of the year following the year in which the land was rented. The owner must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

EFFECTIVE DATE. This section is effective for certificates reporting rent paid in 2014 and following years."

Page 61, after line 1, insert:

"Sec. 4. **REPEALER.**

Minnesota Statutes 2012, section 298.285, is repealed.

EFFECTIVE DATE. This section is effective for distributions in calendar year 2015 and thereafter."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Torkelson and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Albright	Davnie	Garofalo	Isaacson	Loon	Newton
Allen	Dean, M.	Green	Johnson, B.	Mahoney	Nornes
Anderson, M.	Dettmer	Gruenhagen	Johnson, C.	Mariani	Norton
Anderson, P.	Dill	Gunther	Johnson, S.	Marquart	O'Driscoll
Anderson, S.	Dorholt	Hackbarth	Kahn	Masin	O'Neill
Anzelc	Drazkowski	Halverson	Kelly	McNamar	Paymar
Atkins	Erhardt	Hamilton	Kieffer	McNamara	Pelowski
Barrett	Erickson, R.	Hansen	Kiel	Melin	Peppin
Beard	Erickson, S.	Hausman	Kresha	Metsa	Persell
Benson, J.	Fabian	Hertaus	Laine	Moran	Petersburg
Bernardy	Falk	Hilstrom	Leidiger	Morgan	Poppe
Bly	Faust	Holberg	Lenczewski	Mullery	Pugh
Brynaert	Fischer	Hoppe	Liebling	Murphy, E.	Quam
Carlson	FitzSimmons	Hornstein	Lien	Murphy, M.	Radinovich
Clark	Franson	Hortman	Lillie	Myhra	Rosenthal
Daudt	Freiberg	Howe	Loeffler	Nelson	Runbeck
Davids	Fritz	Huntley	Lohmer	Newberger	Sanders

Savick	Selcer	Swedzinski	Urdahl	Wills	Zellers
Sawatzky	Simonson	Theis	Wagenius	Winkler	Spk. Thissen
Schoen	Slocum	Torkelson	Ward, J.A.	Woodard	
Schomacker	Sundin	Uglem	Ward, J.E.	Yarusso	

Murphy, E., moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The Speaker called Pelowski to the Chair.

The question recurred on the Torkelson amendment to the Loon amendment and the roll was called. There were 53 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kieffer	O'Driscoll	Schomacker
Anderson, M.	Drazkowski	Hackbarth	Kiel	O'Neill	Swedzinski
Anderson, P.	Erickson, S.	Hamilton	Kresha	Peppin	Theis
Anderson, S.	Fabian	Hertaus	Leidiger	Petersburg	Torkelson
Barrett	Faust	Holberg	Lohmer	Pugh	Urdahl
Beard	FitzSimmons	Hoppe	McNamara	Quam	Wills
Daudt	Franson	Howe	Myhra	Runbeck	Woodard
Davids	Green	Johnson, B.	Newberger	Sanders	Zellers
Dean, M.	Gruenhagen	Kelly	Nornes	Sawatzky	

Those who voted in the negative were:

Allen	Erhardt	Hortman	Loon	Murphy, M.	Selcer
Anzelc	Erickson, R.	Huntley	Mahoney	Nelson	Simonson
Atkins	Falk	Isaacson	Mariani	Newton	Slocum
Benson, J.	Fischer	Johnson, C.	Marquart	Norton	Sundin
Bernardy	Freiberg	Johnson, S.	Masin	Paymar	Uglem
Bly	Fritz	Kahn	McNamar	Pelowski	Wagenius
Brynaert	Garofalo	Laine	Melin	Persell	Ward, J.A.
Carlson	Halverson	Lenczewski	Metsa	Poppe	Ward, J.E.
Clark	Hansen	Liebling	Moran	Radinovich	Winkler
Davnie	Hausman	Lien	Morgan	Rosenthal	Yarusso
Dill	Hilstrom	Lillie	Mullery	Savick	Spk. Thissen
Dorholt	Hornstein	Loeffler	Murphy, E.	Schoen	

The motion did not prevail and the amendment to the amendment was not adopted.

CALL OF THE HOUSE LIFTED

Murphy, E., moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Garofalo moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 22, line 1, strike "of" and delete "\$250,000" and strike "or more" and insert "equal to the liability listed in paragraph (e)"

Page 22, line 18, after "June 30" insert "for those vendors subject to paragraph (b)" and after "liability" insert "for vendors subject to paragraph (b)"

Page 22, after line 25, insert:

"(e) Vendors with a liability in a fiscal year ending June 30, must remit the early June liability under paragraph (b) in the following year:

(1) for a fiscal year ending June 30, 2013 or June 30, 2014, a liability of \$250,000 or more;

(2) for a fiscal year ending June 30, 2015, a liability of \$375,000 or more; and

(3) for a fiscal year ending June 30, 2016 or later, a liability of \$500,000 or more."

Page 34, line 22, strike "of" and delete "\$250,000" and strike "or"

Page 34, line 23, strike "more" and insert "equal to the liability listed in section 289A.20, subdivision 4, paragraph (e)"

Page 35, line 16, strike "of" and delete "\$250,000" and strike "or more" and insert "equal to the liability listed in section 289A.20, subdivision 4, paragraph (e)"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 58 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Gunther	Kiel	O'Neill	Swedzinski
Anderson, M.	Erhardt	Hackbarth	Kresha	Peppin	Theis
Anderson, P.	Erickson, S.	Hamilton	Leidiger	Petersburg	Torkelson
Anderson, S.	Fabian	Hertaus	Lohmer	Pugh	Uglen
Barrett	Falk	Holberg	Loon	Quam	Urdahl
Beard	FitzSimmons	Hoppe	McNamara	Rosenthal	Wills
Daudt	Franson	Howe	Myhra	Runbeck	Woodard
Davids	Garofalo	Johnson, B.	Newberger	Sanders	Zellers
Dean, M.	Green	Kelly	Nornes	Schomacker	
Dettmer	Gruenhagen	Kieffer	O'Driscoll	Selcer	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Davnie	Erickson, R.	Freiberg
Anzelc	Bernardy	Carlson	Dill	Faust	Fritz
Atkins	Bly	Clark	Dorholt	Fischer	Halverson

Hansen	Johnson, S.	Mahoney	Morgan	Pelowski	Slocum
Hausman	Kahn	Mariani	Mullery	Persell	Sundin
Hilstrom	Laine	Marquart	Murphy, E.	Poppe	Wagenius
Hornstein	Lenczewski	Masin	Murphy, M.	Radinovich	Ward, J.A.
Hortman	Liebling	McNamar	Nelson	Savick	Ward, J.E.
Huntley	Lien	Melin	Newton	Sawatzky	Winkler
Isaacson	Lillie	Metsa	Norton	Schoen	Yarusso
Johnson, C.	Loeffler	Moran	Paymar	Simonson	Spk. Thissen

The motion did not prevail and the amendment to the amendment was not adopted.

Anderson, S., moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 16, after line 35, insert:

"Sec. 8. Minnesota Statutes 2012, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy base amount for commercial-industrial property is \$592,000,000 \$746,679,000 for taxes payable in 2002 2016. The state general levy base amount for seasonal recreational property is \$43,509,000 for taxes payable in 2016. For taxes payable in subsequent years, ~~the~~ each levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and
- (3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016."

Page 17, line 12, delete "2015" and insert "2016"

Page 17, after line 12, insert:

"Sec. 12. Minnesota Statutes 2012, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 57 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Halverson	Kresha	Peppin	Theis
Anderson, M.	Erickson, S.	Hamilton	Leidiger	Petersburg	Torkelson
Anderson, P.	Fabian	Hertaus	Lohmer	Pugh	Uglen
Anderson, S.	FitzSimmons	Holberg	Loon	Quam	Urdahl
Barrett	Franson	Hoppe	McNamara	Rosenthal	Wills
Beard	Garofalo	Howe	Myhra	Runbeck	Woodard
Daudt	Green	Johnson, B.	Newberger	Sanders	Zellers
Davids	Gruenhagen	Kelly	Nornes	Schomacker	
Dean, M.	Gunther	Kieffer	O'Driscoll	Selcer	
Dettmer	Hackbarth	Kiel	O'Neill	Swedzinski	

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Newton	Sundin
Anzelc	Erickson, R.	Isaacson	Marquart	Norton	Wagenius
Atkins	Falk	Johnson, C.	Masin	Paymar	Ward, J.A.
Benson, J.	Faust	Johnson, S.	McNamar	Pelowski	Ward, J.E.
Bernardy	Fischer	Kahn	Melin	Persell	Winkler
Bly	Freiberg	Laine	Metsa	Poppe	Yarusso
Brynaert	Fritz	Lenczewski	Moran	Radinovich	Spk. Thissen
Carlson	Hansen	Liebling	Morgan	Savick	
Clark	Hausman	Lien	Mullery	Sawatzky	
Davnie	Hilstrom	Lillie	Murphy, E.	Schoen	
Dill	Hornstein	Loeffler	Murphy, M.	Simonson	
Dorholt	Hortman	Mahoney	Nelson	Slocum	

The motion did not prevail and the amendment to the amendment was not adopted.

Anderson, S., moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 52, line 7, delete "and"

Page 52, line 12, delete the period and insert "; and"

Page 52, after line 12, insert:

"(22) to the extent included in federal taxable income. Social Security benefits."

Page 52, line 14, before the period, insert ". except the new clause (22) is effective for taxable years beginning after December 31, 2015"

Page 54, line 8, delete "and (21)" and insert "(21) and (22)"

Correct the internal references

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 58 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hackbarth	Kresha	Peppin	Swedzinski
Anderson, M.	Erickson, S.	Hamilton	Leidiger	Petersburg	Theis
Anderson, P.	Fabian	Hertaus	Lohmer	Pugh	Torkelson
Anderson, S.	FitzSimmons	Holberg	Loon	Quam	Uglen
Barrett	Franson	Hoppe	McNamara	Radinovich	Urdahl
Beard	Fritz	Howe	McNamara	Runbeck	Wills
Daudt	Garofalo	Johnson, B.	Myhra	Sanders	Woodard
Davids	Green	Kelly	Newberger	Savick	Zellers
Dean, M.	Gruenhagen	Kieffer	Nornes	Sawatzky	
Dettmer	Gunther	Kiel	O'Neill	Schomacker	

Those who voted in the negative were:

Allen	Dorholt	Hornstein	Lillie	Murphy, E.	Selcer
Anzelc	Erhardt	Hortman	Loeffler	Murphy, M.	Simonson
Atkins	Erickson, R.	Huntley	Mahoney	Nelson	Slocum
Benson, J.	Falk	Isaacson	Mariani	Newton	Sundin
Bernardy	Faust	Johnson, C.	Marquart	Norton	Wagenius
Bly	Fischer	Johnson, S.	Masin	Paymar	Ward, J.A.
Brynaert	Freiberg	Kahn	Melin	Pelowski	Ward, J.E.
Carlson	Halverson	Laine	Metsa	Persell	Winkler
Clark	Hansen	Lenczewski	Moran	Poppe	Yarusso
Davnie	Hausman	Liebling	Morgan	Rosenthal	Spk. Thissen
Dill	Hilstrom	Lien	Mullery	Schoen	

The motion did not prevail and the amendment to the amendment was not adopted.

Wills moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 53, after line 4, insert:

"Sec. 10. [290.0693] VETERANS JOBS TAX CREDIT.

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

(b)(1) "Qualified employee" means an employee as defined in section 290.92, subdivision 1, who meets the following criteria:

(i) the employee is a resident of Minnesota on the date of hire;

(ii) the employee is paid wages as defined in section 290.92, subdivision 1; and

(iii) the employee's wages are attributable to Minnesota under section 290.191, subdivision 12;

(2) "Qualified employee" does not include:

(i) any employee who bears any of the relationships to the employer described in subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code;

(ii) if the employer is a corporation, an employee who owns, directly or indirectly, more than 50 percent in value of the outstanding stock of the corporation, or if the employer is an entity other than a corporation, an employee who owns, directly or indirectly, more than 50 percent of the capital and profits interests in the entity, as determined with the application of section 267(c) of the Internal Revenue Code; or

(iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate or trust, or is an individual who bears any of the relationships described in subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary, or fiduciary of the estate or trust.

(c) "Qualified employer" means an employer that hired a disabled veteran, an unemployed veteran, or a veteran as a qualified employee.

(d) "Disabled veteran" is a veteran who has a service-connected disability rating as adjudicated by the United States Veterans Administration, or by the retirement board of one of the several branches of the armed forces.

(e) "Unemployed veteran" is a veteran who:

(1) received unemployment compensation under state or federal law at any time during the two-year period prior to the date of hire; and

(2) was unemployed on the date of hire.

(f) "Veteran" has the meaning given in section 197.447.

(g) "Date of hire" means the day that the qualified employee begins performing services as an employee of the qualified employer.

Subd. 2. Credit allowed. (a) A qualified employer is allowed a credit for each of the following individuals that the qualified employer hires as a qualified employee during the taxable year:

(1) a disabled veteran;

(2) an unemployed veteran; or

(3) a veteran.

(b) Subject to the requirements of this section, there is no limit to the number of credits that a qualified employer may claim under this section during a taxable year.

Subd. 3. **Credit amount for hiring certain veterans.** (a) A qualified employer who is required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit against the tax imposed by this chapter as determined under this subdivision.

(b) For hiring a disabled veteran as a qualified employee, the credit equals ten percent of the wages paid to the qualified employee during the taxable year, but the amount of the credit shall not exceed \$3,000.

(c) For hiring an unemployed veteran as a qualified employee, the credit equals ten percent of the wages paid to the qualified employee during the taxable year, but the amount of the credit shall not exceed \$1,500.

(d) For hiring a veteran as a qualified employee, the credit equals ten percent of the wages paid to the qualified employee during the taxable year, but the amount of the credit shall not exceed \$500.

(e) The credit is limited to the liability for tax under this chapter for the taxable year. If the credit for a taxable year exceeds the liability for tax under this chapter, the excess may not be carried over to a subsequent taxable year.

(f) A qualified employer may claim the credit available under paragraph (b), (c), or (d) either for the taxable year in which the qualified employee is hired or for the taxable year immediately following the year in which the qualified employee was hired, but the qualified employer may not claim the credit for both taxable years.

(g) A qualified employer is allowed only one of the credits authorized under paragraphs (b) to (d) upon hiring a disabled veteran, an unemployed veteran, or a veteran as a qualified employee.

(h) A qualified employer may not claim a credit under this subdivision for hiring a disabled veteran, an unemployed veteran, or a veteran as a qualified employee if the qualified employer currently employs or has previously employed the disabled veteran, unemployed veteran, or veteran.

Subd. 4. **Flow-through entities.** Credits granted to a partnership, limited liability company taxed as a partnership, S corporation, or multiple owners of a business are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents, as of the last day of the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment to the amendment was not adopted.

Anderson, P., moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 24, after line 2, insert:

"Sec. 9. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision to read:

Subd. 33. **Propane tanks.** Propane tanks with a propane capacity of at least 250 gallons, and any valves and regulators necessary for use of the propane tank, are exempt when purchased by the user of the tank. This exemption does not apply to the lease of a propane tank from a propane supplier or dealer.

EFFECTIVE DATE. This section is effective for sales and purchases made after July 1, 2014 and before January 1, 2017."

Page 24, line 12, delete "2014" and insert "2015"

Page 59, after line 28, insert:

"Sec. 3. Laws 2013, chapter 143, article 11, section 5, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective beginning for the 2014 2015 distribution.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 57 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hackbarth	Kiel	O'Driscoll	Theis
Anderson, M.	Erickson, S.	Hamilton	Kresha	O'Neill	Torkelson
Anderson, P.	Fabian	Hertaus	Leidiger	Peppin	Uglen
Anderson, S.	Faust	Holberg	Lohmer	Petersburg	Urdahl
Barrett	FitzSimmons	Hoppe	Loon	Pugh	Wills
Beard	Franson	Howe	Mack	Quam	Woodard
Daudt	Garofalo	Isaacson	McNamara	Runbeck	Zellers
Davids	Green	Johnson, B.	Myhra	Sanders	
Dean, M.	Gruenhagen	Kelly	Newberger	Schomacker	
Dettmer	Gunther	Kieffer	Nornes	Swedzinski	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Davnie	Erhardt	Fischer
Anzelc	Bernardy	Carlson	Dill	Erickson, R.	Freiberg
Atkins	Bly	Clark	Dorholt	Falk	Fritz

Halverson	Kahn	Marquart	Murphy, M.	Rosenthal	Ward, J.A.
Hansen	Laine	Masin	Nelson	Savick	Ward, J.E.
Hausman	Lenczewski	McNamar	Newton	Sawatzky	Winkler
Hilstrom	Liebling	Melin	Norton	Schoen	Yarusso
Hornstein	Lien	Metsa	Paymar	Selcer	Spk. Thissen
Hortman	Lillie	Moran	Pelowski	Simonson	
Huntley	Loeffler	Morgan	Persell	Slocum	
Johnson, C.	Mahoney	Mullery	Poppe	Sundin	
Johnson, S.	Mariani	Murphy, E.	Radinovich	Wagenius	

The motion did not prevail and the amendment to the amendment was not adopted.

Pugh moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 28, line 30, after "(d)" insert ", except for clause (7),"

Page 28, line 31, after the period, insert "Clause (7) of paragraph (d) is effective for sales and purchases made after December 31, 2013, however, for sales and purchases made under that clause between December 31, 2013 and before June 30, 2015, the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1 applied, and a refund applied for as provided in section 34."

Page 43, after line 11, insert:

"Sec. 34. **SALES TAX; TEMPORARY REFUND MECHANISM.**

Notwithstanding the requirements in Minnesota Statutes, section 289A.50, subdivision 2a, any local government that paid sales tax on items exempted under 297A.70, subdivision 2, paragraph (d), clause (7), may apply directly to the commissioner of revenue for a refund under this section. This provision applies only to sales made after December 31, 2013, and before July 1, 2015. The application must be made on forms prescribed by the commissioner and filed before January 1, 2016. The local government may make only one application for the entire period. Interest on the refund must be paid at the rate in Minnesota Statutes, section 270C.405, from 90 days after the refund claim is filed with the commissioner of revenue. The amount required to make the refunds is appropriated to the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 60 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Albright	Anderson, S.	Daudt	Dettmer	Fabian	Freiberg
Anderson, M.	Barrett	Dauids	Drazkowski	FitzSimmons	Garofalo
Anderson, P.	Beard	Dean, M.	Erickson, S.	Franson	Green

Gruenhagen	Howe	Lohmer	Newberger	Quam	Theis
Gunther	Johnson, B.	Loon	Nornes	Rosenthal	Torkelson
Hackbarth	Kelly	Mack	O'Driscoll	Runbeck	Uglen
Hamilton	Kieffer	McNamar	O'Neill	Sanders	Urdahl
Hertaus	Kiel	McNamara	Peppin	Schomacker	Wills
Holberg	Kresha	Metsa	Petersburg	Selcer	Woodard
Hoppe	Leidiger	Myhra	Pugh	Swedzinski	Zellers

Those who voted in the negative were:

Allen	Dorholt	Hornstein	Lillie	Murphy, M.	Schoen
Anzelc	Erhardt	Hortman	Loeffler	Nelson	Simonson
Atkins	Erickson, R.	Huntley	Mahoney	Newton	Slocum
Benson, J.	Falk	Isaacson	Mariani	Norton	Sundin
Bernardy	Faust	Johnson, C.	Marquart	Paymar	Wagenius
Bly	Fischer	Johnson, S.	Masin	Pelowski	Ward, J.A.
Brynaert	Fritz	Kahn	Melin	Persell	Ward, J.E.
Carlson	Halverson	Laine	Moran	Poppe	Winkler
Clark	Hansen	Lenczewski	Morgan	Radinovich	Yarusso
Davnie	Hausman	Liebling	Mullery	Savick	Spk. Thissen
Dill	Hilstrom	Lien	Murphy, E.	Sawatzky	

The motion did not prevail and the amendment to the amendment was not adopted.

The Speaker resumed the Chair.

Kresha moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 9, after line 33, insert:

"Sec. 14. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 477A.085, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment."

Page 53, after line 4, insert:

"Section 1. **[290.0684] STUDENT LOAN CREDIT.**

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

(b) "Eligible individual" means an individual who:

(i) is a Minnesota resident;

(ii) began a degree program at a postsecondary educational institution in August 2010 or later; and

(iii) is a first-generation college student.

(c) "First-generation college student" means an individual neither of whose parents completed a two- or four-year postsecondary degree.

(d) "Postsecondary educational institution" means a public postsecondary institution or a private, nonprofit, degree-granting institution.

(e) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred:

(1) through a federal subsidized Perkins or Stafford loan;

(2) on behalf of the taxpayer or taxpayer's spouse; and

(3) to pay tuition and fees for academic year 2010-2011 or later.

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit amount equals the lesser of:

(1) the amount the individual paid during the taxable year to pay principal and interest on qualified education loans; or

(2) \$500.

Subd. 3. **Credit refundable.** If the amount of credit which a taxpayer is eligible to receive under this section exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the excess to the taxpayer.

Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 5. **Delayed payment of tax year 2013 and 2014 credits.** For amounts paid in principal and interest on qualified education loans in taxable years beginning after December 31, 2012, and before January 1, 2015, the individual may claim the corresponding credits in the taxable year beginning after December 31, 2014, and before January 1, 2016, but not earlier. Credits claimed for taxable years beginning after December 31, 2012, and before January 1, 2015, are in addition to any credit allowed for the taxable year beginning after December 31, 2014, and before January 1, 2016.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment to the amendment was adopted.

Peppin moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 9, after line 33, insert:

"Sec. 14. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 477A.085, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment."

Page 10, after line 2, insert:

"Section 1. **[116J.882] 2015 PROPERTY TAX RELIEF GRANTS FOR FEMALE OWNED AND OPERATED SMALL BUSINESSES.**

Subdivision 1. **Qualified female owned business.** For purposes of this section a "qualified female owned business" means a business entity:

(1) that is at least 51 percent female owned, or in the case of a publicly traded business, at least 51 percent of the stock is female owned;

(2) whose management and daily operations are controlled by females;

(3) that is organized for profit;

(4) that employs fewer than 25 employees; and

(5) that pays its employees annual wages of at least 175 percent of the federal poverty guideline adjusted for a family size of four.

Subd. 2. **Application.** To qualify for a grant under this section, a qualified female owned business must apply to the commissioner with any information and in the form specified by the commissioner, necessary to determine that the applicant qualifies under subdivision 1. The application must also include information required by the commissioner regarding the amount of property taxes the business owes in 2015 either directly to the county, or indirectly as part of their lease agreement, in order for the commissioner to determine the amount of the allowed grant. Applications must be in no later than December 31, 2015.

Subd. 3. **Awarding of grants.** The commissioner must act on an application within 90 days of its filing. Grants shall be awarded in the order in which the applications are received, to each qualified female owned business in an amount equal to the amount of its property taxes that are payable in 2015, until either all qualified applicants have received a grant or the total amount available for the grants under subdivision 4 has been committed, whichever occurs first. No grant under this section may be paid until after July 1, 2015.

Subd. 4. **Available grant amounts.** \$3,700,000 is appropriated to the commissioner from the general fund in fiscal year 2016 to make grants under this section.

EFFECTIVE DATE. This section is effective the day after final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 101 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Albright	Dorholt	Hamilton	Leidiger	Newton	Sawatzky
Anderson, M.	Drazkowski	Hansen	Liebling	Nornes	Schomacker
Anderson, P.	Erhardt	Hertaus	Lillie	Norton	Selcer
Anderson, S.	Erickson, S.	Hilstrom	Lohmer	O'Driscoll	Slocum
Atkins	Fabian	Holberg	Loon	O'Neill	Swedzinski
Barrett	Falk	Hoppe	Mack	Pelowski	Theis
Beard	Faust	Hortman	Masin	Peppin	Torkelson
Benson, J.	FitzSimmons	Howe	McNamar	Persell	Uglem
Bernardy	Franson	Isaacson	McNamara	Petersburg	Urdahl
Bly	Freiberg	Johnson, B.	Melin	Poppe	Ward, J.A.
Brynaert	Fritz	Johnson, C.	Metsa	Pugh	Ward, J.E.
Carlson	Garofalo	Johnson, S.	Moran	Quam	Wills
Daudt	Green	Kelly	Morgan	Radinovich	Woodard
Davids	Gruenhagen	Kieffer	Murphy, E.	Rosenthal	Yarusso
Dean, M.	Gunther	Kiel	Murphy, M.	Runbeck	Zellers
Dettmer	Hackbarth	Kresha	Myhra	Sanders	Spk. Thissen
Dill	Halverson	Laine	Newberger	Savick	

Those who voted in the negative were:

Allen	Erickson, R.	Kahn	Mariani	Paymar	Wagenius
Anzelc	Fischer	Lien	Marquart	Schoen	Winkler
Clark	Hornstein	Loeffler	Mullery	Simonson	
Davnie	Huntley	Mahoney	Nelson	Sundin	

The motion prevailed and the amendment to the amendment was adopted.

Anderson, S., moved to amend the Loon amendment to H. F. No. 3167, the second engrossment, as amended, as follows:

Page 9, after line 33, insert:

"Sec. 14. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 477A.085, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment."

Page 53, after line 4, insert:

"Sec. 10. Minnesota Statutes 2013 Supplement, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit for a taxable year beginning before January 1, 2010, and after December 31, 2012, ~~and before January 1, 2016,~~ shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the sum of the tax imposed under section 290.06, subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter, on all of the entities required to be included on the combined report of the unitary business. ~~If the amount of the credit allowed exceeds the liability for tax of the taxpayer, but is allowed as a result of the liability for tax of other members of the unitary group for the taxable year, the taxpayer must allocate the excess as a research credit to another member of the unitary group.~~

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a) including amounts allocated to other members of the unitary group, the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 11. Minnesota Statutes 2013 Supplement, section 290.068, subdivision 6a, is amended to read:

Subd. 6a. **Credit to be refundable.** If the amount of credit allowed in this section for qualified research expenses incurred in taxable years beginning after December 31, 2009, and before January 1, 2013, or after December 31, 2015, exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the excess amount. The credit allowed for qualified research expenses incurred in taxable years beginning after December 31, 2009, and before January 1, 2013, must be used before any research credit earned under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 77 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Albright	Erhardt	Hertaus	Lenczewski	Norton	Schomacker
Anderson, M.	Erickson, S.	Holberg	Liebling	O'Driscoll	Selcer
Anderson, P.	Fabian	Hoppe	Lohmer	O'Neill	Swedzinski
Anderson, S.	Fischer	Hortman	Loon	Pelowski	Theis
Atkins	FitzSimmons	Howe	Mack	Peppin	Torkelson
Barrett	Franson	Isaacson	Masin	Petersburg	Uglen
Beard	Fritz	Johnson, B.	McNamara	Poppe	Urdahl
Daudt	Garofalo	Kelly	Metsa	Pugh	Ward, J.A.
Davids	Green	Kieffer	Morgan	Quam	Wills
Dean, M.	Gruenhagen	Kiel	Myhra	Radinovich	Woodard
Dettmer	Gunther	Kresha	Newberger	Rosenthal	Yarusso
Dorholt	Hackbarth	Laine	Newton	Runbeck	Zellers
Drazkowski	Hamilton	Leidiger	Nornes	Sanders	

Those who voted in the negative were:

Allen	Davnie	Hausman	Lillie	Mullery	Schoen
Anzelc	Dill	Hilstrom	Loeffler	Murphy, E.	Simonson
Benson, J.	Erickson, R.	Hornstein	Mahoney	Murphy, M.	Slocum
Bernardy	Falk	Huntley	Mariani	Nelson	Sundin
Bly	Faust	Johnson, C.	Marquart	Paymar	Wagenius
Brynaert	Freiberg	Johnson, S.	McNamar	Persell	Ward, J.E.
Carlson	Halverson	Kahn	Melin	Savick	Winkler
Clark	Hansen	Lien	Moran	Sawatzky	Spk. Thissen

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Loon amendment, as amended, to H. F. No. 3167, the second engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 3167, A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; providing for and increasing credits; modifying local government aids; modifying exclusions, exemptions, and levy deadlines; imposing a tax on solar energy production; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; allowing for temporary sales and use tax amnesty; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; modifying certain county levy authority; allocating additional tax reductions for border cities; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring a report; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.032; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.068, subdivisions 3, 6a; 290.091,

subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 69; 116J; 168A; 272; 290; 383A; 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4; 477A.085; Laws 1993, chapter 375, article 9, section 47; Laws 2014, chapter 150, article 1, section 17; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Dorholt	Hausman	Liebling	Nelson	Schoen
Allen	Drazkowski	Hertaus	Lien	Newberger	Schomacker
Anderson, M.	Erhardt	Hilstrom	Lillie	Newton	Selcer
Anderson, P.	Erickson, R.	Holberg	Loeffler	Nornes	Simonson
Anderson, S.	Erickson, S.	Hoppe	Lohmer	Norton	Slocum
Anzelc	Fabian	Hornstein	Loon	O'Driscoll	Sundin
Atkins	Falk	Hortman	Mack	O'Neill	Swedzinski
Barrett	Faust	Howe	Mahoney	Paymar	Theis
Beard	Fischer	Huntley	Mariani	Pelowski	Torkelson
Benson, J.	FitzSimmons	Isaacson	Marquart	Peppin	Uglen
Bernardy	Franson	Johnson, B.	Masin	Persell	Urdahl
Bly	Freiberg	Johnson, C.	McNamar	Petersburg	Wagenius
Brynaert	Fritz	Johnson, S.	McNamara	Poppe	Ward, J.A.
Carlson	Garofalo	Kahn	Melin	Pugh	Ward, J.E.
Clark	Green	Kelly	Metsa	Quam	Wills
Daudt	Gruenhagen	Kieffer	Moran	Radinovich	Winkler
Davids	Gunther	Kiel	Morgan	Rosenthal	Woodard
Davnie	Hackbarth	Kresha	Mullery	Runbeck	Yarusso
Dean, M.	Halverson	Laine	Murphy, E.	Sanders	Zellers
Dettmer	Hamilton	Leidiger	Murphy, M.	Savick	Spk. Thissen
Dill	Hansen	Lenczewski	Myhra	Sawatzky	

The bill was passed, as amended, and its title agreed to.

Zellers was excused for the remainder of today's session.

H. F. No. 2701, A bill for an act relating to disaster relief; creating a disaster assistance contingency account; requiring transfer of unused disaster relief appropriations to the disaster assistance contingency account; establishing a disaster relief cost-share relationship between the state, local governments, and American Indian tribes and bands; authorizing state public disaster assistance in the absence of federal public disaster assistance; appropriating money; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 16A.28, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 12B.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Dorholt	Hausman	Liebling	Nelson	Schoen
Allen	Drazkowski	Hertaus	Lien	Newberger	Schomacker
Anderson, M.	Erhardt	Hilstrom	Lillie	Newton	Selcer
Anderson, P.	Erickson, R.	Holberg	Loeffler	Nornes	Simonson
Anderson, S.	Erickson, S.	Hoppe	Lohmer	Norton	Slocum
Anzelc	Fabian	Hornstein	Loon	O'Driscoll	Sundin
Atkins	Falk	Hortman	Mack	O'Neill	Swedzinski
Barrett	Faust	Howe	Mahoney	Paymar	Theis
Beard	Fischer	Huntley	Mariani	Pelowski	Torkelson
Benson, J.	FitzSimmons	Isaacson	Marquart	Peppin	Uglen
Bernardy	Franson	Johnson, B.	Masin	Persell	Urdahl
Bly	Freiberg	Johnson, C.	McNamar	Petersburg	Wagenius
Brynaert	Fritz	Johnson, S.	McNamara	Poppe	Ward, J.A.
Carlson	Garofalo	Kahn	Melin	Pugh	Ward, J.E.
Clark	Green	Kelly	Metsa	Quam	Wills
Daudt	Gruenhagen	Kieffer	Moran	Radinovich	Winkler
Davids	Gunther	Kiel	Morgan	Rosenthal	Woodard
Davnie	Hackbarth	Kresha	Mullery	Runbeck	Yarusso
Dean, M.	Halverson	Laine	Murphy, E.	Sanders	Spk. Thissen
Dettmer	Hamilton	Leidiger	Murphy, M.	Savick	
Dill	Hansen	Lenczewski	Myhra	Sawatzky	

The bill was passed and its title agreed to.

Davids was excused for the remainder of today's session.

Hilstrom was excused between the hours of 6:05 p.m. and 7:30 p.m.

H. F. No. 2397 was reported to the House.

Norton moved to amend H. F. No. 2397, the second engrossment, as follows:

Page 3, line 26, after "in" insert "listening," and delete "and" and insert a comma and after "reading" insert ", and writing"

Page 4, line 6, after "in" insert "listening," and delete "and" and insert a comma and after "reading" insert ", and writing"

The motion prevailed and the amendment was adopted.

Uglen moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 112, after line 31, insert:

"Sec. 54. **REVIEW; TOURNAMENT STRUCTURE AND ACTIVITIES.**

The Minnesota State High School League must review playoff and championship data for member schools and conferences throughout Minnesota to determine how to make its tournament structure and activities more competitive and submit the data and its findings to the legislature by February 15, 2015.

EFFECTIVE DATE. This section is effective the day following final enactment."

The motion prevailed and the amendment was adopted.

Mariani moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 86, lines 33 to 35, delete the new language

Page 87, lines 1 and 2, delete the new language

Page 87, line 3, delete "developmental courses"

Page 100, line 2, delete "a" and insert "Duluth" and after "township" insert "in St. Louis County"

Page 156, after line 5, insert:

"Sec. 3. **MILITARY-CONNECTED YOUTH IDENTIFIER.**

(a) When a school district updates its enrollment forms in the ordinary course of business, the district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces.

(b) Data collected under this section is private data, but summary data may be published by the Department of Education."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mariani moved to amend his amendment to H. F. No. 2397, the second engrossment, as amended, as follows:

Page 1, after line 7, insert:

"Page 155, line 22, delete "1."

Page 155, delete lines 24 and 25"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Holberg	Loeffler	Nornes	Simonson
Allen	Erhardt	Hoppe	Lohmer	Norton	Slocum
Anderson, M.	Erickson, R.	Hornstein	Loon	O'Driscoll	Sundin
Anderson, P.	Erickson, S.	Hortman	Mack	O'Neill	Swedzinski
Anderson, S.	Fabian	Howe	Mahoney	Paymar	Theis
Anzelc	Falk	Huntley	Mariani	Pelowski	Torkelson
Atkins	Faust	Isaacson	Marquart	Peppin	Uglem
Barrett	Fischer	Johnson, B.	Masin	Persell	Urdahl
Beard	FitzSimmons	Johnson, C.	McNamara	Petersburg	Wagenius
Benson, J.	Franson	Johnson, S.	McNamara	Poppe	Ward, J.A.
Bernardy	Freiberg	Kahn	Melin	Pugh	Ward, J.E.
Bly	Fritz	Kelly	Metsa	Quam	Wills
Brynaert	Green	Kieffer	Moran	Radinovich	Winkler
Carlson	Gruenhagen	Kiel	Morgan	Rosenthal	Woodard
Clark	Gunther	Kresha	Mullery	Runbeck	Yarusso
Daudt	Hackbarth	Laine	Murphy, E.	Sanders	Spk. Thissen
Davnie	Halverson	Leidiger	Murphy, M.	Savick	
Dean, M.	Hamilton	Lenczewski	Myhra	Sawatzky	
Dettmer	Hansen	Liebling	Nelson	Schoen	
Dill	Hausman	Lien	Newberger	Schomacker	
Dorholt	Hertaus	Lillie	Newton	Selcer	

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Mariani amendment, as amended, to H. F. No. 2397, the second engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Wills moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 156, after line 5, insert:

"Sec. 3. **PREVAILING LAW; EDUCATION RECORDS.**

Notwithstanding the provisions of this compact or other law to the contrary, where Minnesota Statute or rule governing access to student data or other education-related data conflicts with this compact, Minnesota law, including Minnesota Statutes, chapter 13, supersedes the provisions of this compact to the extent of the conflict."

The motion prevailed and the amendment was adopted.

Gunther was excused for the remainder of today's session.

Kieffer was excused between the hours of 6:45 p.m. and 7:45 p.m.

Mack was excused for the remainder of today's session.

Dettmer moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 108, delete section 48

Page 138, delete line 17 and insert "**MILITARY-CONNECTED STUDENTS**"

Page 138, delete section 1

Page 155, delete section 2 and insert:

"Section 1. Minnesota Statutes 2012, section 127A.05, is amended by adding a subdivision to read:

Subd. 5a. Facilitating school transfers for military-connected students. The commissioner, in collaboration with school districts, charter schools, and the Minnesota P-20 education partnership under section 127A.70, must facilitate and support successful educational transitions and outcomes for children of military families whose parents are in the uniformed military services, the United States Department of Defense, or the United States State Department and are deployed or relocated due to their public service. The commissioner must work with school districts and charter schools to ensure these children timely and appropriate school enrollment and student placement, timely transfer of student information including education records, and on-time high school graduation, among other education-related concerns affecting these children as they transfer schools.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 127A.70, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) A P-20 education partnership is established to create a seamless system of education that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the efficient use of financial and human resources. The partnership shall consist of major statewide educational groups or constituencies or noneducational statewide organizations with a stated interest in P-20 education including a representative appointed by the adjutant

general of the Minnesota National Guard, among other organizations. The initial membership of the partnership includes the members serving on the Minnesota P-16 Education Partnership and four legislators appointed as follows:

(1) one senator from the majority party and one senator from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(2) one member of the house of representatives appointed by the speaker of the house and one member appointed by the minority leader of the house of representatives.

(b) The chair of the P-16 education partnership must convene the first meeting of the P-20 partnership. Prospective members may be nominated by any partnership member and new members will be added with the approval of a two-thirds majority of the partnership. The partnership will also seek input from nonmember organizations whose expertise can help inform the partnership's work.

(c) Partnership members shall be represented by the chief executives, presidents, or other formally designated leaders of their respective organizations, or their designees. The partnership shall meet at least three times during each calendar year.

Sec. 3. Minnesota Statutes 2013 Supplement, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and successful transitions to, postsecondary education and work without need for remediation for all students including military veterans, among others; ~~and~~

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) facilitating and supporting successful educational transitions and outcomes for children of military families whose parents are in the uniformed military services, the United States Department of Defense, or the United States State Department and are deployed or relocated due to their public service.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes;

(2) evaluate the effectiveness of educational and workforce programs; and

(3) evaluate the relationship between education and workforce outcomes.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2012, section 127A.70, is amended by adding a subdivision to read:

Subd. 2a. Military-connected youth identifier. (a) When a school district updates its enrollment forms in the ordinary course of business, the district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces.

(b) Data collected under this section is private data, but summary data may be published by the Department of Education."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Dettmer amendment and the roll was called. There were 50 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hamilton	Leidiger	Peppin	Torkelson
Anderson, M.	Erickson, S.	Hertaus	Lohmer	Petersburg	Uglen
Anderson, P.	Fabian	Holberg	Loon	Pugh	Urdahl
Anderson, S.	FitzSimmons	Hoppe	McNamara	Quam	Wills
Barrett	Franson	Howe	Myhra	Runbeck	Woodard
Beard	Garofalo	Johnson, B.	Newberger	Sanders	
Daudt	Green	Kelly	Nornes	Schomacker	
Dean, M.	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Dettmer	Hackbarth	Kresha	O'Neill	Theis	

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Newton	Simonson
Anzelc	Erickson, R.	Isaacson	Marquart	Norton	Slocum
Atkins	Falk	Johnson, C.	Masin	Paymar	Sundin
Benson, J.	Faust	Johnson, S.	McNamar	Pelowski	Wagenius
Bernardy	Fischer	Kahn	Melin	Persell	Ward, J.A.
Bly	Freiberg	Laine	Metsa	Poppe	Ward, J.E.
Brynaert	Fritz	Lenczewski	Moran	Radinovich	Winkler
Carlson	Halverson	Liebling	Morgan	Rosenthal	Yarusso
Clark	Hansen	Lien	Mullery	Savick	Spk. Thissen
Davnie	Hausman	Lillie	Murphy, E.	Sawatzky	
Dill	Hornstein	Loeffler	Murphy, M.	Schoen	
Dorholt	Hortman	Mahoney	Nelson	Selcer	

The motion did not prevail and the amendment was not adopted.

Kresha moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 54, lines 11, 14, 15, 17, 18, 20, 21, 23, 24, delete the new language

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Loon moved to amend the Kresha amendment to H. F. No. 2397, the second engrossment, as amended, as follows:

Page 1, after line 3, insert:

"Page 54, after line 31, insert:

"(h) When revising statewide academic standards under this subdivision in any paragraph (b) through (f), the commissioner must not adopt common core academic standards or benchmarks or statewide assessments aligned with the common core academic standards or benchmarks without specific legislative authority to do so.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revisions of standards, benchmarks, and statewide assessments after that date."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 50 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Albright	Anderson, S.	Daudt	Drazkowski	FitzSimmons	Green
Anderson, M.	Barrett	Dean, M.	Erickson, S.	Franson	Gruenhagen
Anderson, P.	Beard	Dettmer	Fabian	Garofalo	Hackbarth

Hamilton	Kelly	McNamara	Peppin	Schomacker	Wills
Hertaus	Kiel	Myhra	Petersburg	Swedzinski	Woodard
Holberg	Kresha	Newberger	Pugh	Theis	
Hoppe	Leidiger	Nornes	Quam	Torkelson	
Howe	Lohmer	O'Driscoll	Runbeck	Uglem	
Johnson, B.	Loon	O'Neill	Sanders	Urdahl	

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Newton	Simonson
Anzelc	Erickson, R.	Isaacson	Marquart	Norton	Slocum
Atkins	Falk	Johnson, C.	Masin	Paymar	Sundin
Benson, J.	Faust	Johnson, S.	McNamar	Pelowski	Wagenius
Bernardy	Fischer	Kahn	Melin	Persell	Ward, J.A.
Bly	Freiberg	Laine	Metsa	Poppe	Ward, J.E.
Brynaert	Fritz	Lenczewski	Moran	Radinovich	Winkler
Carlson	Halverson	Liebling	Morgan	Rosenthal	Yarusso
Clark	Hansen	Lien	Mullery	Savick	Spk. Thissen
Davnie	Hausman	Lillie	Murphy, E.	Sawatzky	
Dill	Hornstein	Loeffler	Murphy, M.	Schoen	
Dorholt	Hortman	Mahoney	Nelson	Selcer	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Kresha amendment and the roll was called. There were 49 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hertaus	Lohmer	Petersburg	Uglem
Anderson, M.	Erickson, S.	Holberg	Loon	Pugh	Urdahl
Anderson, P.	Fabian	Hoppe	McNamara	Quam	Wills
Anderson, S.	FitzSimmons	Howe	Myhra	Runbeck	Woodard
Barrett	Franson	Johnson, B.	Newberger	Sanders	
Beard	Green	Kelly	Nornes	Schomacker	
Daudt	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Dean, M.	Hackbarth	Kresha	O'Neill	Theis	
Dettmer	Hamilton	Leidiger	Peppin	Torkelson	

Those who voted in the negative were:

Allen	Erhardt	Hortman	Mahoney	Nelson	Selcer
Anzelc	Erickson, R.	Huntley	Mariani	Newton	Simonson
Atkins	Falk	Isaacson	Marquart	Norton	Slocum
Benson, J.	Faust	Johnson, C.	Masin	Paymar	Sundin
Bernardy	Fischer	Johnson, S.	McNamar	Pelowski	Wagenius
Bly	Freiberg	Kahn	Melin	Persell	Ward, J.A.
Brynaert	Fritz	Laine	Metsa	Poppe	Ward, J.E.
Carlson	Garofalo	Lenczewski	Moran	Radinovich	Winkler
Clark	Halverson	Liebling	Morgan	Rosenthal	Yarusso
Davnie	Hansen	Lien	Mullery	Savick	Spk. Thissen
Dill	Hausman	Lillie	Murphy, E.	Sawatzky	
Dorholt	Hornstein	Loeffler	Murphy, M.	Schoen	

The motion did not prevail and the amendment was not adopted.

Wills moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 108, line 6, after the period, insert "The rules must not restrict or otherwise affect students' eligibility to enroll in a school under section 124D.03 or section 124D.10, and must not otherwise apply to schools under section 124D.10."

A roll call was requested and properly seconded.

The question was taken on the Wills amendment and the roll was called. There were 50 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hamilton	Leidiger	Peppin	Torkelson
Anderson, M.	Erickson, S.	Hertaus	Lohmer	Petersburg	Uglen
Anderson, P.	Fabian	Holberg	Loon	Pugh	Urdahl
Anderson, S.	FitzSimmons	Hoppe	McNamara	Quam	Wills
Barrett	Franson	Howe	Myhra	Runbeck	Woodard
Beard	Garofalo	Johnson, B.	Newberger	Sanders	
Daudt	Green	Kelly	Nornes	Schomacker	
Dean, M.	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Dettmer	Hackbarth	Kresha	O'Neill	Theis	

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Newton	Simonson
Anzelc	Erickson, R.	Isaacson	Marquart	Norton	Slocum
Atkins	Falk	Johnson, C.	Masin	Paymar	Sundin
Benson, J.	Faust	Johnson, S.	McNamar	Pelowski	Wagenius
Bernardy	Fischer	Kahn	Melin	Persell	Ward, J.A.
Bly	Freiberg	Laine	Metsa	Poppe	Ward, J.E.
Brynaert	Fritz	Lenczewski	Moran	Radinovich	Winkler
Carlson	Halverson	Liebling	Morgan	Rosenthal	Yarusso
Clark	Hansen	Lien	Mullery	Savick	Spk. Thissen
Davnie	Hausman	Lillie	Murphy, E.	Sawatzky	
Dill	Hornstein	Loeffler	Murphy, M.	Schoen	
Dorholt	Hortman	Mahoney	Nelson	Selcer	

The motion did not prevail and the amendment was not adopted.

Erickson, S., moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 65, delete section 12

Page 68, delete section 13

Page 69, delete section 14 and insert:

"Sec. 12. Minnesota Statutes 2013 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to pass a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure, except that the board may issue up to two ~~additional~~ temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The requirement to pass a reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning.

(e) The board must adopt rules requiring candidates for initial licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century and formalizes mentoring and induction for newly licensed teachers that is provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

EFFECTIVE DATE. This section applies to persons applying to the Board of Teaching for their initial teaching license July 1, 2014, or later.

Sec. 13. Minnesota Statutes 2013 Supplement, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to two ~~additional~~ temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts may make available upon request similar,

appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the skills examination, ~~including those persons for whom English is a second language and persons under section 122A.23, subdivision 2, paragraph (h), who completed their teacher's education program outside the state of Minnesota,~~ and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing the skills examination in reading, writing, and mathematics consistent with paragraph (b) and section 122A.09, subdivision 4, paragraph (b). The requirement to pass a reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

EFFECTIVE DATE. This section applies to persons applying to the Board of Teaching for their initial teaching license July 1, 2014, or later.

Sec. 14. Minnesota Statutes 2013 Supplement, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than ~~one~~ two grade ~~level~~ levels less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules and paragraph (h), must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than ~~one~~ two grade ~~level~~ levels less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than ~~one~~ two grade ~~level levels~~ less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

(h) The Board of Teaching must require an applicant for a teaching license or a temporary teaching license under this subdivision to pass a skills examination in reading, writing, and mathematics before the board issues the license. Consistent with section 122A.18, subdivision 2, paragraph (b), and notwithstanding other provisions of this subdivision, the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified applicant who has not yet passed the skills exam.

EFFECTIVE DATE. This section is effective July 1, 2014."

A roll call was requested and properly seconded.

The question was taken on the Erickson, S., amendment and the roll was called. There were 49 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Albright	Daudt	FitzSimmons	Hamilton	Kiel	Myhra
Anderson, M.	Dean, M.	Franson	Holberg	Kresha	Newberger
Anderson, P.	Dettmer	Garofalo	Hoppe	Leidiger	Nornes
Anderson, S.	Drazkowski	Green	Howe	Lohmer	O'Driscoll
Barrett	Erickson, S.	Gruenhagen	Johnson, B.	Loon	O'Neill
Beard	Fabian	Hackbarth	Kelly	McNamara	Peppin

Petersburg	Runbeck	Swedzinski	Uglem	Woodard
Pugh	Sanders	Theis	Urdahl	
Quam	Schomacker	Torkelson	Wills	

Those who voted in the negative were:

Allen	Erhardt	Hortman	Mahoney	Nelson	Selcer
Anzelc	Erickson, R.	Huntley	Mariani	Newton	Simonson
Atkins	Falk	Isaacson	Marquart	Norton	Slocum
Benson, J.	Faust	Johnson, C.	Masin	Paymar	Sundin
Bernardy	Fischer	Johnson, S.	McNamar	Pelowski	Wagenius
Bly	Freiberg	Kahn	Melin	Persell	Ward, J.A.
Brynaert	Fritz	Laine	Metsa	Poppe	Ward, J.E.
Carlson	Halverson	Lenczewski	Moran	Radinovich	Winkler
Clark	Hansen	Liebling	Morgan	Rosenthal	Yarusso
Davnie	Hausman	Lien	Mullery	Savick	Spk. Thissen
Dill	Hilstrom	Lillie	Murphy, E.	Sawatzky	
Dorholt	Hornstein	Loeffler	Murphy, M.	Schoen	

The motion did not prevail and the amendment was not adopted.

Erickson, S., moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENGLISH LEARNERS AND WORLD LANGUAGE PROFICIENCY

Section 1. Minnesota Statutes 2013 Supplement, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language and persons under section 122A.23, subdivision 2, paragraph (h), who completed their teacher's education program outside the state of Minnesota, and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing the skills examination in reading, writing, and mathematics consistent with paragraph (b) and section 122A.09, subdivision 4, paragraph (b).

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. Among other requirements, teacher candidates must demonstrate the knowledge and skills needed to provide appropriate instruction to English learners to support and accelerate their academic literacy, including oral academic language, and achievement in content areas in a regular classroom setting. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to individuals entering a teacher preparation program after that date.

Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. **Reading strategies.** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas. Teacher candidates must be instructed in how to use students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. These colleges and universities also must prepare candidates for initial licenses to teach prekindergarten or elementary students for the assessment of reading instruction portion of the examination of licensure-specific teaching skills under section 122A.09, subdivision 4, paragraph (e).

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

(c) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to individuals entering a teacher preparation program after that date.

Sec. 3. Minnesota Statutes 2012, section 122A.19, subdivision 4, is amended to read:

Subd. 4. **Teacher preparation programs.** For the purpose of licensing bilingual and English as a second language teachers, the board may approve programs at colleges or universities designed for their training. These programs must provide instruction in implementing research-based practices designed specifically for English learners. The programs must focus on developing English learners' academic language proficiency in English, including oral academic language, giving English learners meaningful access to the full school curriculum.

developing culturally relevant teaching practices appropriate for immigrant students, and providing more intensive instruction and resources to English learners with lower levels of academic English proficiency and varied needs, consistent with section 124D.59, subdivisions 2 and 2a.

EFFECTIVE DATE. Subdivision 4 is effective August 1, 2015, and applies to an individual entering a teacher preparation program after that date.

Sec. 4. Minnesota Statutes 2012, section 124D.59, is amended by adding a subdivision to read:

Subd. 2a. English learner; interrupted formal education. Consistent with subdivision 2, an English learner includes an English learner with an interrupted formal education who:

(1) comes from a home where the language usually spoken is other than English, or usually speaks a language other than English;

(2) enters school in the United States after grade 6;

(3) has at least two years less schooling than the English learner's peers;

(4) functions at least two years below expected grade level in reading and mathematics; and

(5) may be preliterate in the English learner's native language.

EFFECTIVE DATE. This section is effective for the 2015-2016 school year and later.

Sec. 5. **REPEALER.**

Minnesota Statutes 2012, section 122A.19, subdivision 3, is repealed effective the day following final enactment.

ARTICLE 2 GENERAL EDUCATION

Section 1. Minnesota Statutes 2012, section 124D.08, is amended by adding a subdivision to read:

Subd. 2b. Continued enrollment for students placed in foster care. Notwithstanding subdivision 2, a pupil who has been enrolled in a district who is placed in foster care in another district may continue to enroll in the prior district without the approval of the board of the prior district. The approval of the board where the pupil's foster home is located is not required.

Sec. 2. Laws 2012, chapter 263, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2013-2014 through 2017-2018 school years.

Sec. 3. **REPEALER.**

Minnesota Statutes 2012, sections 123B.15; 123B.16; 123B.17; 123B.18; 123B.26; and 123B.27, are repealed.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 3
EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2012, section 13.32, subdivision 6, is amended to read:

Subd. 6. **Admissions forms; remedial instruction.** (a) Minnesota postsecondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution.

(b) A school district that receives information under subdivision 3, paragraph (h) from a postsecondary institution about an identifiable student shall maintain the data as educational data and use that data to conduct studies to improve instruction. Public postsecondary systems ~~annually shall provide summary data to the Department of Education indicating as part of their participation in the Statewide Longitudinal Education Data System shall provide data on~~ the extent and content of the remedial instruction received ~~in each system during the prior academic year~~ by individual students, and the results of assessment testing and the academic performance of, students who graduated from a Minnesota school district within two years before receiving the remedial instruction. ~~The department Office of Higher Education, in collaboration with the Department of Education,~~ shall evaluate the data and annually report its findings to the education committees of the legislature.

(c) This section supersedes any inconsistent provision of law.

Sec. 2. Minnesota Statutes 2013 Supplement, section 120A.22, subdivision 5, is amended to read:

Subd. 5. **Ages and terms.** (a) Every child between seven and 17 years of age must receive instruction unless the child has graduated. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction. Except as provided in subdivision 6, a parent may withdraw a child under the age of seven from enrollment at any time.

(b) A school district by annual board action may require children subject to this subdivision to receive instruction in summer school. A district that acts to require children to receive instruction in summer school shall establish at the time of its action the criteria for determining which children must receive instruction.

~~(c) A pupil 16 years of age or older who meets the criteria of section 124D.68, subdivision 2, may be assigned to an area learning center. Such assignment may be made only after consultation with the principal, area learning center director, and parent or guardian.~~

Sec. 3. Minnesota Statutes 2013 Supplement, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

(h) When revising statewide academic standards under this subdivision in any paragraph (b) through (f), the commissioner must not adopt common core academic standards or benchmarks or statewide assessments aligned with the common core academic standards or benchmarks without specific legislative authority to do so.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revisions of standards, benchmarks, and statewide assessments after that date.

Sec. 4. Minnesota Statutes 2013 Supplement, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enable a student to meet state and district academic standards and graduation requirements including applied and experiential learning.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness.

(c) "World's best workforce" means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

(d) "Experiential learning" means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

Sec. 5. Minnesota Statutes 2013 Supplement, section 120B.11, subdivision 1a, is amended to read:

Subd. 1a. **Performance measures.** Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

- (1) student performance on the National ~~Association~~ Assessment of Education Progress where applicable;
- (2) the size of the academic achievement gap by student subgroup;
- (3) student performance on the Minnesota Comprehensive Assessments;
- (4) high school graduation rates; and
- (5) career and college readiness under section 120B.30, subdivision 1.

Sec. 6. Minnesota Statutes 2013 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 7. Reading and mathematics assessments for all students in grade 8 must be aligned with the state's required reading and mathematics standards, be administered annually, and include multiple choice questions. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.

(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

- (1) mathematics;
- (i) grades 3 through 8 beginning in the 2010-2011 school year; and
- (ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) demonstrate understanding of required academic standards on a nationally normed college entrance exam;

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph (e) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under clause (2) must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(d) To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota's workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments for students in grades 8 and 10 must be predictive of a nationally normed assessment for career and college readiness. This nationally recognized assessment must be a college entrance exam and given to students in grade 11. This series of assessments must include a college placement diagnostic exam and contain career exploration elements. The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students to provide the students with diagnostic information about any targeted interventions they need so that they may seek postsecondary education or employment without need for postsecondary remediation.

(1) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional

labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(2) Students in grade 10 or 11 not yet academically ready for a career or college based on their growth in academic achievement between grades 8 and 10 must take the college placement diagnostic exam before taking the college entrance exam under clause (3). Students, their families, the school, and the district can then use the results of the college placement diagnostic exam for targeted instruction, intervention, or remediation and improve students' knowledge and skills in core subjects sufficient for a student to graduate and have a reasonable chance to succeed in a career or college without remediation.

(3) All students except those eligible for alternative assessments must be given the college entrance part of these assessments in grade 11. A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(4) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.

(e) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(f) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(g) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(h) The 3rd through 7th grade computer-adaptive assessment results and grade 8 and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments, grade 8, and high school test results upon receiving those results.

(i) The grades 3 through 7 computer-adaptive assessments and grade 8 and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(j) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 7 and testing at the grade 8 and high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(k) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

Sec. 7. Minnesota Statutes 2012, section 120B.31, is amended by adding a subdivision to read:

Subd. 5. **Parent information.** To ensure the effective involvement of parents and to support a partnership between the school and parents, each district shall provide parents a timely written summary, in an electronic or other format, of their student's current and longitudinal performance and progress on the state's academic content standards as measured by state assessments. Providing parents with a summary prepared by the Department of Education fulfills the requirements of this subdivision.

Sec. 8. Minnesota Statutes 2012, section 120B.35, subdivision 4, is amended to read:

Subd. 4. **Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must annually report to the public and the legislature ~~the organizational and curricular~~ best practices implemented in those schools that demonstrate ~~medium and~~ high growth compared to the state growth target.

Sec. 9. Minnesota Statutes 2013 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to pass a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure, except that the board may issue up to two ~~additional~~ temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for

whom English is a second language. The requirement to pass a reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning.

(e) The board must adopt rules requiring candidates for initial licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century and formalizes mentoring and induction for newly licensed teachers that is provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

EFFECTIVE DATE. This section applies to persons applying to the Board of Teaching for their initial teaching license July 1, 2014, or later.

Sec. 10. Minnesota Statutes 2013 Supplement, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to two ~~additional~~ temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the skills examination, ~~including those persons for whom English is a second language and persons under section 122A.23, subdivision 2, paragraph (h), who completed their teacher's education program outside the state of Minnesota,~~ and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing the skills examination in reading, writing, and mathematics consistent with paragraph (b) and section 122A.09, subdivision 4, paragraph (b). The requirement to pass a reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

EFFECTIVE DATE. This section applies to persons applying to the Board of Teaching for their initial teaching license July 1, 2014, or later.

Sec. 11. Minnesota Statutes 2013 Supplement, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than ~~one~~ two grade ~~level~~ levels less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules and paragraph (h), must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than ~~one~~ two grade ~~level~~ levels less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than ~~one~~ two grade ~~level~~ levels less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

(h) The Board of Teaching must require an applicant for a teaching license or a temporary teaching license under this subdivision to pass a skills examination in reading, writing, and mathematics before the board issues the license. Consistent with section 122A.18, subdivision 2, paragraph (b), and notwithstanding other provisions of this subdivision, the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified applicant who has not yet passed the skills exam.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 12. Minnesota Statutes 2012, section 122A.40, subdivision 5, is amended to read:

Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period that is consistent with subdivision 8. Evaluation must occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(e) A probationary teacher must complete at least 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 13. Minnesota Statutes 2012, section 122A.41, subdivision 2, is amended to read:

Subd. 2. **Probationary period; discharge or demotion.** (a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivisions 3 and 5. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(c) A probationary teacher whose first three years of consecutive employment are interrupted for maternity, paternity, or medical leave and who resumes teaching within 12 months of when the leave began is considered to have a consecutive teaching experience for purposes of paragraph (a) if the probationary teacher completes a combined total of three years of teaching service immediately before and after the leave.

(d) A probationary teacher must complete at least 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 14. Minnesota Statutes 2013 Supplement, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan for evaluation and review developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, ~~the opportunity to participate in a professional learning community under paragraph (a)~~, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs;

~~(7)~~ (8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

~~(8)~~ (9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

~~(9)~~ (10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

~~(10)~~ (11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

~~(11)~~ (12) must give teachers not meeting professional teaching standards under clauses (3) through ~~(10)~~ (11) support to improve through a teacher improvement process that includes established goals and timelines; and

~~(12)~~ (13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause ~~(11)~~ (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for the 2014-2015 school year and later.

Sec. 15. Minnesota Statutes 2012, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, ~~and~~ base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student achievement growth that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, clause (9), or 122A.41, subdivision 5, clause (9) ; and

(iii) an objective evaluation program that includes: under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2)

~~(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and~~

~~(B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning;~~

(4) provide ~~integrated ongoing site based professional development activities~~ for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

Sec. 16. Minnesota Statutes 2012, section 122A.48, subdivision 3, is amended to read:

Subd. 3. **Employment as substitute exemptions for retired teachers.** Notwithstanding the provisions of subdivision 2, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher, behind-the-wheel instructor, or coach after retirement.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2012, section 124D.03, subdivision 3, is amended to read:

Subd. 3. **Pupil application procedures.** In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. ~~Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district.~~ The pupil's application must identify ~~the~~ a reason for enrolling in the nonresident district. The parent or guardian of a pupil must submit ~~an~~ a signed application by January 15 for initial enrollment beginning the following school year. The application must be on a form provided by the Department of Education. A particular school or program may be requested by the parent. Once enrolled in a nonresident district, the pupil may remain enrolled and is not required to submit annual or periodic applications. If the student moves to a new resident district, the student retains the seat in the nonresident district, but must submit a new enrollment options form to update the student's information. To return to the resident district or to transfer to a different nonresident district, the parent or guardian of the pupil must provide notice to the resident district or apply to a different nonresident district by January 15 for enrollment beginning the following school year.

Sec. 18. Minnesota Statutes 2012, section 124D.03, subdivision 6, is amended to read:

Subd. 6. **Basis for decisions.** The board must adopt, by resolution, specific standards for acceptance and rejection of applications. Standards may include the capacity of a program, excluding special education services; class; or school building. The school board may not reject applications for enrollment in a particular grade level if the nonresident enrollment at that grade level does not exceed the limit set by the board under subdivision 2. Standards may not include previous academic achievement, athletic or other extracurricular ability, disabling conditions, proficiency in the English language, previous disciplinary proceedings, or the student's district of residence.

Sec. 19. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 1, is amended to read:

Subdivision 1. **Purposes.** (a) The primary purpose of this section is to improve all pupil learning and all student achievement. Additional purposes include to:

(1) increase learning opportunities for all pupils;

(2) encourage the use of different and innovative teaching methods;

(3) measure learning outcomes and create different and innovative forms of measuring outcomes;

(4) establish new forms of accountability for schools; or

(5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Sec. 20. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) single-purpose authorizers ~~that are formed as~~ formed charitable, nonsectarian organizations ~~formed~~ under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members ~~whose or under section 322B.975 as a nonprofit limited liability company for the sole purpose is to charter or chartering~~ schools. Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve charter school applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

(1) capacity and infrastructure;

(2) application criteria and process;

(3) contracting process;

(4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

(d) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph (j);

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(e) A disapproved applicant under this section may resubmit an application during a future application period.

(f) If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. The commissioner may approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

(g) The authorizer must participate in department-approved training.

(h) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

(i) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides the commissioner a legally sufficient reason to take corrective action against an authorizer.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit by May 1 to be able to charter a new school in the next school year after the commissioner approves the authorizer's affidavit. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of final approval or disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who

are not related parties. Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

(e) A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication; (2) directory information for members of the board of directors and committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public. Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend annual training throughout the member's term on the board. All new board members shall attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within six months after being seated and complete that training within 12 months of being seated on the board is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays, breaks, or vacations. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed as a teacher at the school or providing instruction under contract between the charter school and a cooperative; (ii) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) at least one interested community member who resides in Minnesota and is not employed by the charter school and does not have a child enrolled in the school. The board may include a majority of teachers described in this paragraph or parents or community members, or it may have no clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members. No charter school employees shall serve on the board other than teachers under item (i). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school. Board bylaws shall outline the process and procedures for changing the board's governance structure, consistent with chapter 317A. A board may change its governance structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance structure must conform with the composition of the board established under this paragraph.

(h) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

~~(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must document that:~~

~~(1) the proposed expansion plan demonstrates need and projected enrollment;~~

~~(2) the expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;~~

~~(3) the charter school is financially sound and the financing it needs to implement the proposed expansion exists; and~~

~~(4) the charter school has the governance structure and management capacity to carry out its expansion.~~

(j) A charter school may apply to the authorizer to amend the school charter to expand the operation of the school to additional grades or sites that would be students' primary enrollment site beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplementary affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplement affidavit by October 1 to be eligible to expand in the next school year. The supplementary affidavit must document that the school has demonstrated to the satisfaction of the authorizer the following:

(1) the need for the expansion with supporting long-range enrollment projections;

(2) a longitudinal record of demonstrated student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;

(3) a history of sound school finances and a finance plan to implement the expansion in a manner to promote the school's financial sustainability; and

(4) board capacity and an administrative and management plan to implement its expansion.

(k) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The commissioner must notify the authorizer of final approval or disapproval with 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 22. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 6, is amended to read:

Subd. 6. **Charter contract.** The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a declaration that the charter school will carry out the primary purpose in subdivision 1 and how the school will report its implementation of the primary purpose;

(2) a declaration of the additional purpose or purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

(3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(4) a statement of admission policies and procedures;

(5) a governance, management, and administration plan for the school;

(6) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(7) the criteria, processes, and procedures that the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance consistent with subdivision 15, paragraphs (a) and (b);

(8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 15;

(9) types and amounts of insurance liability coverage to be obtained by the charter school, consistent with subdivision 8, paragraph (k);

(10) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school, and the commissioner and department officers, agents, and employees notwithstanding section 3.736;

(11) the term of the initial contract, which may be up to five years plus an additional preoperational planning year, and up to five years for a renewed contract or a contract with a new authorizer after a transfer of authorizers, if warranted by the school's academic, financial, and operational performance;

(12) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

(13) the specific conditions for contract renewal that identify performance of all students under the primary purpose of subdivision 1 as the most important factor in determining contract renewal;

(14) the additional purposes under subdivision 1, paragraph (a), and related performance obligations under clause (7) contained in the charter contract as additional factors in determining contract renewal; and

(15) the plan for an orderly closing of the school under chapter 317A, whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, information and assistance sufficient to enable the student to re-enroll in another school, the transfer of student records under subdivision 8, paragraph (p), and procedures for closing financial operations.

Sec. 23. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 6a, is amended to read:

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of ~~all charter school agreements for corporate management services, including parent company or other administrative, financial, and staffing services~~ management agreements with a charter management organization or an educational management organization and service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

(d) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

Sec. 24. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people ~~younger than five years and older than 18 years of age.~~ A charter school may offer a free preschool or prekindergarten that meets high quality early learning instructional program standards that are aligned with Minnesota's early learning standards for children.

- (g) A charter school may not charge tuition.
- (h) A charter school is subject to and must comply with chapter 363A and section 121A.04.
- (i) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56. A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.
- (j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.
- (k) A charter school is a district for the purposes of tort liability under chapter 466.
- (l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.
- (m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.
- (n) A charter school offering online courses or programs must comply with section 124D.095.
- (o) A charter school and charter school board of directors are subject to chapter 181.
- (p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.
- (q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.
- (r) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.
- (s) A charter school is subject to and must comply with continuing truant notification under section 260A.03.
- (t) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (12). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.
- (u) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.
- (v) A charter school must comply with all pupil transportation requirements in section 123B.88, subdivision 1. A charter school must not require parents to surrender their rights to pupil transportation under section 123B.88, subdivision 2.

Sec. 25. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 17a, is amended to read:

Subd. 17a. **Affiliated nonprofit building corporation.** (a) ~~Before~~ A charter school may organize an affiliated nonprofit building corporation ~~(i) (1) to renovate or purchase, expand, or renovate an existing facility to serve as a school or (ii) (2) to expand an existing building or construct a new school facility, an authorizer must submit an affidavit to the commissioner for approval in the form and manner the commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).~~ if the charter school:

(i) has been in operation for at least six consecutive years;

(ii) as of June 30 has a net positive unreserved general fund balance in the preceding three fiscal years;

(iii) has long-range strategic and financial plans that include enrollment projections for at least five years;

(iv) completes a feasibility study of facility options that outlines the benefits and costs of the options; and

(v) has a plan for purchase, renovation, or new construction which describes project parameters and budget.

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school Web site the name, mailing address, bylaws, minutes of board meetings, and the names of the current board of directors of the affiliated nonprofit building corporation;

~~(3) (4) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit by December 31 of each year; and~~

~~(4) (5) comply with government data practices law under chapter 13.~~

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

~~(e) A charter school may organize an affiliated nonprofit building corporation to renovate or purchase an existing facility to serve as a school if the charter school:~~

~~(1) has been operating for at least five consecutive school years;~~

~~(2) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;~~

~~(3) has a long range strategic and financial plan;~~

~~(4) completes a feasibility study of available buildings;~~

~~(5) documents enrollment projections and the need to use an affiliated building corporation to renovate or purchase an existing facility to serve as a school; and~~

~~(6) has a plan for the renovation or purchase, which describes the parameters and budget for the project.~~

~~(d) A charter school may organize an affiliated nonprofit building corporation to expand an existing school facility or construct a new school facility if the charter school:~~

~~(1) demonstrates the lack of facilities available to serve as a school;~~

~~(2) has been operating for at least eight consecutive school years;~~

~~(3) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;~~

~~(4) completes a feasibility study of facility options;~~

~~(5) has a long range strategic and financial plan that includes enrollment projections and demonstrates the need for constructing a new school facility; and~~

~~(6) has a plan for the expansion or new school facility, which describes the parameters and budget for the project.~~

(d) Once an affiliated nonprofit building corporation is incorporated under this subdivision, the authorizer of the school must oversee the efforts of the school's board of directors to ensure the affiliated nonprofit building corporation complies with all legal requirements governing the affiliated nonprofit building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must factor the failure into the authorizer's evaluation of the school.

Sec. 26. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 17b, is amended to read:

Subd. 17b. **Positive review and comment.** A charter school or an affiliated nonprofit building corporation organized by a charter school must not initiate an installment contract for purchase, or a lease agreement, or solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$1,400,000, unless it meets the criteria in subdivision 17a, paragraph (b) and paragraph (c) or (d), as applicable, and receives a positive review and comment from the commissioner under section 123B.71. A charter school or its affiliated nonprofit building corporation must receive a positive review and comment from the commissioner before initiating any purchase agreement or construction contract that requires an expenditure in excess of the threshold specified in section 123B.71, subdivision 8, for school districts that do not have a capital loan outstanding. A purchase agreement or construction contract finalized before a positive review and comment is null and void.

Sec. 27. Minnesota Statutes 2013 Supplement, section 124D.11, subdivision 4, is amended to read:

Subd. 4. Building lease aid. (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

(1) the reasonableness of the price based on current market values;

(2) the extent to which the lease conforms to applicable state laws and rules; and

(3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school. The commissioner must approve aid only for a facility lease that has (i) a sum certain annual cost and (ii) ~~an escape clause the charter school may exercise if its charter contract is terminated or not renewed~~ a closure

clause that relieves the school from its lease obligations if the charter contract is terminated or not renewed. Nothing in this clause exempts the charter school from any lease obligations before the effective date on which the charter contract is terminated or not renewed.

A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs.

(b) The amount of annual building lease aid for a charter school shall not exceed the lesser of (1) 90 percent of the approved cost or (2) the product of the pupil units served for the current school year times \$1,314.

Sec. 28. Minnesota Statutes 2013 Supplement, section 124D.4531, subdivision 1, is amended to read:

Subdivision 1. **Career and technical revenue.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified is eligible for career and technical revenue equal to 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs, excluding salaries reimbursed by another school district under clause (2);

(2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under ~~subdivision 7~~ chapter 123A or 136D;

(4) necessary travel between instructional sites by licensed career and technical education personnel;

(5) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(6) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(7) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(8) specialized vocational instructional supplies.

~~(b) Up to ten percent of a district's career and technical revenue may be spent on equipment purchases. Districts using the career and technical revenue for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.~~

~~(e)~~ (b) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

~~(d)~~ (c) The amount of the revenue calculated under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and \$20,657,000 for taxes payable in 2014.

~~(e)~~ (d) If the estimated revenue exceeds the amount in paragraph ~~(d)~~ (c), the commissioner must reduce the percentage in paragraph (a) until the estimated revenue no longer exceeds the limit in paragraph ~~(d)~~ (c).

Sec. 29. Minnesota Statutes 2013 Supplement, section 124D.4531, subdivision 3, is amended to read:

Subd. 3. **Revenue guarantee.** Notwithstanding subdivision 1, paragraph (a), the career and technical education revenue for a district is not less than the lesser of:

- (1) the district's career and technical education revenue for the previous fiscal year; or
- (2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

Sec. 30. Minnesota Statutes 2013 Supplement, section 124D.4531, subdivision 3a, is amended to read:

Subd. 3a. **Revenue adjustments.** Notwithstanding subdivisions 1, 1a, and 3, for taxes payable in 2012 to 2014 only, the department must calculate the career and technical revenue for each district according to Minnesota Statutes 2010, section 124D.4531, and adjust the revenue for each district proportionately to meet the statewide revenue target under subdivision 1, paragraph ~~(d)~~ (c). For purposes of calculating the revenue guarantee under subdivision 3, the career and technical education revenue for the previous fiscal year is the revenue according to Minnesota Statutes 2010, section 124D.4531, before adjustments to meet the statewide revenue target.

Sec. 31. Minnesota Statutes 2013 Supplement, section 124D.52, subdivision 8, is amended to read:

Subd. 8. **Standard high school diploma for adults.** (a) Consistent with subdivision 9, the commissioner shall ~~adopt rules for providing~~ provide for a standard adult high school diploma to persons who:

- (1) are not eligible for kindergarten through grade 12 services;
- (2) do not have a high school diploma; and
- (3) successfully complete an adult basic education program of instruction approved by the commissioner of education necessary to earn an adult high school diploma.

(b) Persons participating in an approved adult basic education program of instruction must demonstrate the competencies, knowledge, and skills sufficient to ensure that postsecondary programs and institutions and potential employers regard persons with a standard high school diploma and persons with a standard adult high school diploma as equally well prepared and qualified graduates. Approved adult basic education programs of instruction under this subdivision must issue a standard adult high school diploma to persons who successfully demonstrate the competencies, knowledge, and skills required by the program.

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 32. Minnesota Statutes 2012, section 124D.52, is amended by adding a subdivision to read:

Subd. 9. **Standard adult high school diploma requirements.** (a) The commissioner must establish criteria and requirements for eligible adult basic education consortia under section 124D.518, subdivision 2, to effectively operate and provide instruction under this subdivision.

(b) An eligible and interested adult basic education consortium must apply to the commissioner, in the form and manner determined by the commissioner, for approval to provide an adult high school diploma program to eligible students under subdivision 8, paragraph (a). An approved consortium annually must submit to the commissioner the

longitudinal and evaluative data, identified in the consortium's application, to demonstrate its compliance with applicable federal and state law and its approved application and the efficacy of its adult high school diploma program. The commissioner must use the data to evaluate whether or not to reapprove an eligible consortium every fifth year. The commissioner, at the commissioner's discretion, may reevaluate the compliance or efficacy of a program provider sooner than every fifth year. The commissioner may limit the number or size of adult high school diploma programs based on identified community needs, available funding, other available resources, or other relevant criteria identified by the commissioner.

(c) At the time a student applies for admission to an adult high school diploma program, the program provider must work with the student applicant to:

(1) identify the student's learning goals, skills and experiences, required competencies already completed, and goals and options for viable career pathways;

(2) assess the student's instructional needs; and

(3) develop an individualized learning plan to guide the student in completing adult high school diploma requirements and realizing career goals identified in the plan.

To fully implement the learning plan, the provider must provide the student with ongoing advising, monitor the student's progress toward completing program requirements and receiving a diploma, and provide the student with additional academic support services when needed. At the time a student satisfactorily completes all program requirements and is eligible to receive a diploma, the provider must conduct a final student interview to examine both student and program outcomes related to the student's ability to demonstrate required competencies and complete program requirements and to assist the student with the student's transition to training, a career, or postsecondary education.

(d) Competencies and other program requirements must be rigorous, uniform throughout the state, and align to Minnesota academic high school standards applicable to adult learners and their career and college needs. The commissioner must establish competencies, skills, and knowledge requirements in the following areas, consistent with this paragraph:

(1) language arts, including reading, writing, speaking, and listening;

(2) mathematics;

(3) career development and employment-related skills;

(4) social studies; and

(5) science.

(e) Consistent with criteria established by the commissioner, students may demonstrate satisfactory completion of program requirements through verification of the student's:

(1) prior experiences, including kindergarten through grade 12 courses and programs, postsecondary courses and programs, adult basic education instruction, and other approved experiences aligned with the Minnesota academic high school standards applicable to adult learners and their career and college needs;

(2) knowledge and skills as measured or demonstrated by valid and reliable high school assessments, secondary credentials, adult basic education programs, and postsecondary entrance exams;

(3) adult basic education instruction and course completion; and

(4) applied and experiential learning acquired via contextualized projects and other approved learning opportunities.

(f) Program providers must transmit a student's record of work to another approved consortium for any student who transfers between approved programs under this subdivision. The commissioner must establish a uniform format and transcript to record a student's record of work and also the manner under which approved consortia maintain permanent student records and transmit transferred student records. At a student's request, a program provider must transmit the student's record of work to other entities such as a postsecondary institution or employer.

(g) The commissioner may issue a standard adult high school diploma and transmit the transcript and record of work of the student who receives the diploma. Alternatively, a school district that is a member of an approved consortium providing a program under this subdivision may issue a district diploma to a student who satisfactorily completes the requirements for a standard adult high school diploma under this subdivision.

(h) The commissioner must identify best practices for adult basic education programs and develop adult basic education recommendations consistent with this subdivision to assist approved consortia in providing an adult high school diploma program. The commissioner must provide assistance to consortia providing an approved adult high school diploma program.

(i) The commissioner must consult with practitioners from throughout Minnesota, including educators, school board members, and school administrators, among others, who are familiar with adult basic education students and programs, on establishing the standards, requirements, and other criteria needed to ensure, consistent with subdivision 8, that persons with a standard adult high school diploma are as equally well prepared and qualified graduates as persons with a standard high school diploma. The commissioner, in consultation with the practitioners, shall regularly review program requirements and diploma standards.

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 33. Minnesota Statutes 2012, section 124D.896, is amended to read:

124D.896 DESEGREGATION/INTEGRATION AND INCLUSIVE EDUCATION RULES.

(a) ~~By January 10, 1999,~~ The commissioner shall propose rules relating to desegregation/integration and inclusive education, consistent with sections 124D.861 and 124D.862. The rules must not restrict or otherwise affect students' eligibility to enroll in a school under section 124D.03 or 124D.10 and must not otherwise apply to schools under section 124D.10.

(b) In adopting a rule related to school desegregation/integration, the commissioner shall address the need for equal educational opportunities for all students and racial balance as defined by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. Minnesota Statutes 2012, section 127A.05, is amended by adding a subdivision to read:

Subd. 5a. **Facilitating school transfers for military-connected students.** The commissioner, in collaboration with school districts, charter schools, and the Minnesota P-20 education partnership under section 127A.70, must facilitate and support successful educational transitions and outcomes for children of military families whose parents are in the uniformed military services, the United States Department of Defense, or the United States State Department and are deployed or relocated due to their public service. The commissioner must work with school

districts and charter schools to ensure these children timely and appropriate school enrollment and student placement, timely transfer of student information including education records, and on-time high school graduation, among other education-related concerns affecting these children as they transfer schools.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 35. Minnesota Statutes 2012, section 127A.70, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) A P-20 education partnership is established to create a seamless system of education that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the efficient use of financial and human resources. The partnership shall consist of major statewide educational groups or constituencies or noneducational statewide organizations with a stated interest in P-20 education including a representative appointed by the adjutant general of the Minnesota National Guard, among other organizations. The initial membership of the partnership includes the members serving on the Minnesota P-16 Education Partnership and four legislators appointed as follows:

(1) one senator from the majority party and one senator from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(2) one member of the house of representatives appointed by the speaker of the house and one member appointed by the minority leader of the house of representatives.

(b) The chair of the P-16 education partnership must convene the first meeting of the P-20 partnership. Prospective members may be nominated by any partnership member and new members will be added with the approval of a two-thirds majority of the partnership. The partnership will also seek input from nonmember organizations whose expertise can help inform the partnership's work.

(c) Partnership members shall be represented by the chief executives, presidents, or other formally designated leaders of their respective organizations, or their designees. The partnership shall meet at least three times during each calendar year.

Sec. 36. Minnesota Statutes 2013 Supplement, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and successful transitions to, postsecondary education and work without need for remediation for all students including military veterans, among others; ~~and~~

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) facilitating and supporting successful educational transitions and outcomes for children of military families whose parents are in the uniformed military services, the United States Department of Defense, or the United States State Department and are deployed or relocated due to their public service.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

- (1) expand reporting on students' educational outcomes;
- (2) evaluate the effectiveness of educational and workforce programs; and
- (3) evaluate the relationship between education and workforce outcomes.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 37. Minnesota Statutes 2012, section 127A.70, is amended by adding a subdivision to read:

Subd. 2a. Military-connected youth identifier. (a) When a school district updates its enrollment forms in the ordinary course of business, the district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces.

(b) Data collected under this section is private data, but summary data may be published by the Department of Education.

Sec. 38. Minnesota Statutes 2012, section 127A.70, is amended by adding a subdivision to read:

Subd. 2b. Career pathways and technical education; key elements; stakeholder collaboration. (a) The partnership must work with representatives of the Department of Education, the Department of Employment and Economic Development, the Department of Labor, the Board of Teaching, the Board of School Administrators, trade associations, local and regional employers, local school boards, adult basic education program providers, postsecondary institutions, parents, other interested and affected education stakeholders, and other major statewide educational groups and constituencies to recommend to the legislature ways to identify specific policy, administrative, and statutory changes needed under sections 120B.11, 120B.125, 122A.09, 122A.14, 122A.18, and

122A.60, among other statutory provisions, to effect and, if appropriate, revise a comprehensive, effective, and publicly accountable P-20 education system premised on developing, implementing, and realizing students' individual career and college readiness plans and goals. In developing its recommendations, the partnership must consider how best to:

(1) provide students regular and frequent access to multiple qualified individuals within the school and local and regional community who have access to reliable and accurate information, resources, and technology the students need to successfully pursue career and technical education, other postsecondary education, or work-based training options;

(2) regularly engage students in planning and continually reviewing their own career and college readiness plans and goals and in pursuing academic and applied and experiential learning that helps them realize their goals; and

(3) identify and apply valid and reliable measures of student progress and program efficacy that, among other requirements, can accommodate students' prior education-related experiences and applied and experiential learning that students acquire via contextualized projects and other recognized learning opportunities.

(b) The partnership must recommend to the commissioner of education and representatives of secondary and postsecondary institutions and programs how to organize and implement a framework of the foundational knowledge and skills and career fields, clusters, and pathways for students enrolled in a secondary school, postsecondary institution, or work-based program. The key elements of these programs of study for students pursuing postsecondary workforce training or other education must include:

(1) competency-based curricula aligned with industry expectations and skill standards;

(2) sequential course offerings that gradually build students' skills, enabling students to graduate from high school and complete postsecondary programs;

(3) flexible and segmented course and program formats to accommodate students' interests and needs;

(4) course portability to allow students to seamlessly progress in the students' education and career; and

(5) effective and sufficiently strong P-20 connections to facilitate students' uninterrupted skill building, provide students with career opportunities, and align academic credentials with opportunities for advancement in high-skill, high-wage, and high-demand occupations.

(c) Stakeholders under this paragraph must examine possibilities for redesigning teacher and school administrator licensure requirements, and make recommendations to the Board of Teaching and the Board of School Administrators, respectively, to create specialized licenses, credentials, and other endorsement forms to increase students' participation in language immersion programs, world language instruction, career development opportunities, work-based learning, early college courses and careers, career and technical education programs, Montessori schools, and project and place-based learning, among other career and college-ready opportunities. Consistent with the possibilities for redesigning educators' licenses, the stakeholders also must examine how to restructure staff development and training opportunities under sections 120B.125 and 122A.60 to realize the goals of this subdivision.

(d) The partnership must recommend to the Department of Education, the Department of Employment and Economic Development, and postsecondary institutions and systems how best to create a mobile, Web-based hub for students and their families that centralizes existing resources on careers and employment trends and the educational pathways required to attain such careers and employment.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 39. Minnesota Statutes 2012, section 128C.02, subdivision 5, is amended to read:

Subd. 5. **Rules for open enrollees.** (a) The league shall adopt league rules and regulations governing the athletic participation of pupils attending school in a nonresident district under section 124D.03.

(b) Notwithstanding other law or league rule or regulation to the contrary, when a student enrolls in or is readmitted to a recovery-focused high school after successfully completing a licensed program for treatment of alcohol or substance abuse, mental illness, or emotional disturbance, the student is immediately eligible to participate on the same basis as other district students in the league-sponsored activities of the student's resident school district. Nothing in this paragraph prohibits the league or school district from enforcing a league or district penalty resulting from the student violating a league or district rule.

(c) The league shall adopt league rules making a student with an individualized education program or a 504 plan who transfers from one public school to another public school as a reasonable accommodation to reduce barriers to educational access immediately eligible to participate in league-sponsored varsity competition on the same basis as other students in the school to which the student transfers.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all transfers initiated after that date.

Sec. 40. Laws 2011, First Special Session chapter 11, article 2, section 12, the effective date, is amended to read:

EFFECTIVE DATE. This section applies to all collective bargaining agreements ratified after July 1, 2013.

Sec. 41. **CHASKA SCHOOL START DATE FOR THE 2016-2017 SCHOOL YEAR ONLY.**

Notwithstanding Minnesota Statutes, section 120A.40, or other law to the contrary, for the 2016-2017 school year only, Independent School District No. 112, Chaska, may begin the school year before Labor Day.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year only.

Sec. 42. **SCHOOL YEAR-LONG STUDENT TEACHING PILOT PROGRAM.**

Subdivision 1. **Establishment; planning; eligibility.** (a) A school year-long student teaching pilot program for the 2015-2016 through 2018-2019 school years is established to provide teacher candidates with intensified and authentic classroom learning and experience so that newly licensed teachers, equipped with the best research and best practices available, can immediately begin work to increase student growth and achievement.

(b) An approved teacher preparation program, interested in participating in a school year-long student teaching pilot program in partnership with one or more school districts or charter schools, is eligible to participate in this pilot program if, during the 2014-2015 school year, the interested teacher preparation program identifies needed changes to its program curriculum, develops an implementation plan, and receives Board of Teaching approval to modify its board application for this pilot program, and meets the criteria under subdivision 2.

Subd. 2. **Application and selection process.** (a) An approved teacher preparation program in partnership with one or more school districts or charter schools may apply to the Board of Teaching, in the form and manner determined by the board, to participate in the pilot program under this section. Consistent with subdivision 1, paragraph (b), the application must demonstrate the applicant's interest and ability to offer teacher candidates a school year-long student teaching program that combines clinical opportunities with academic course work and in-depth student teaching experiences. A student teacher under this pilot program must have: ongoing access to a team

of teacher mentors to demonstrate to the student teacher various teaching methods, philosophies, and classroom environments; ongoing coaching and assessment; assistance in preparing an individual professional development plan that includes goals, activities, and assessment methodologies; structured learning experiences provided by the teacher preparation institution or program in collaboration with local or regional education professionals or other community experts; and receive payment for student teaching time.

(b) The board must make an effort to select qualified and diverse applicants from throughout the state.

Subd. 3. **Annual report; evaluation.** The board annually must transmit to the education policy and finance committees of the legislature no later than February 1 a data-based report showing the efforts and progress program participants made in preparing successful newly licensed teachers.

EFFECTIVE DATE. This section is effective for the 2014-2015 through 2018-2019 school years.

ARTICLE 4 SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2012, section 121A.582, subdivision 1, is amended to read:

Subdivision 1. **Reasonable force standard.** (a) A teacher or school principal, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under ~~sections 121A.58 and 121A.67~~ section 125A.0942.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 125A.023, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

- (1) a health plan under section 62Q.01, subdivision 3;
- (2) a county-based purchasing plan under section 256B.692;
- (3) a self-insured health plan established by a local government under section 471.617; or
- (4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

~~(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.~~

~~(d)~~ (c) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages birth through 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act;

(ii) the Minnesota children with special health needs program under sections 144.05 and 144.07;

(iii) the Individuals with Disabilities Education Act, Part B, section 619, and Part C as amended;

(iv) medical assistance under title 42, chapter 7, of the Social Security Act;

(v) developmental disabilities services under chapter 256B;

(vi) the Head Start Act under title 42, chapter 105, of the Social Security Act;

(vii) vocational rehabilitation services provided under chapters 248 and 268A and the Rehabilitation Act of 1973;

(viii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(ix) Minnesota Comprehensive Children's Mental Health Act under section 245.487;

(x) the community health services grants under sections 145.88 to 145.9266;

(xi) the Local Public Health Act under chapter 145A; and

(xii) the Vulnerable Children and Adults Act, sections 256M.60 to 256M.80;

(2) service provision and funding that can be coordinated through:

(i) the children's mental health collaborative under section 245.493;

(ii) the family services collaborative under section 124D.23;

(iii) the community transition interagency committees under section 125A.22; and

(iv) the interagency early intervention committees under section 125A.259;

(3) financial and other funding programs to be coordinated including medical assistance under title 42, chapter 7, of the Social Security Act, the MinnesotaCare program under chapter 256L, Supplemental Social Security Income, Developmental Disabilities Assistance, and any other employment-related activities associated with the Social Security Administration; and services provided under a health plan in conformity with an individual family service plan or an individualized education program or an individual interagency intervention plan; and

(4) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

~~(e)~~ (d) "Children with disabilities" has the meaning given in section 125A.02.

~~(f)~~ (e) A "standardized written plan" means those individual services or programs, with accompanying funding sources, available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individualized education program or the child's individual family service plan.

Sec. 3. Minnesota Statutes 2012, section 125A.023, subdivision 4, is amended to read:

Subd. 4. **State Interagency Committee.** (a) The commissioner of education, on behalf of the governor, shall convene ~~a 19 member~~ an interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 21 with disabilities. The commissioners of commerce, education, health, human rights, human services, employment and economic development, and corrections shall each appoint two committee members from their departments; ~~the Association of Minnesota Counties shall appoint two county representatives, one of whom must be an elected official, as committee members;~~ and the Association of Minnesota Counties, Minnesota School Boards Association, the Minnesota Administrators of Special Education, and the School Nurse Association of Minnesota shall each appoint one committee member. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 21; including:

~~(4)~~ (i) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

~~(5)~~ (ii) identify how current systems for dispute resolution can be coordinated ~~and develop guidelines for that coordination;~~

~~(6)~~ (iii) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 21; and

~~(7)~~ (iv) develop guidelines to assist the governing boards of the interagency early intervention committees in carrying out the duties assigned in section 125A.027, subdivision 1, paragraph (b); and

~~(8)~~ (4) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an ongoing basis with the state Special Education Advisory Committee for Special Education Panel and the governor's Interagency Coordinating Council in carrying out its duties under this section, including assisting the governing boards of the interagency early intervention committees.

Sec. 4. Minnesota Statutes 2012, section 125A.027, subdivision 1, is amended to read:

Subdivision 1. **Additional duties.** (a) The governing boards of the interagency early intervention committees are responsible for developing and implementing interagency policies and procedures to coordinate services at the local level for children with disabilities ages three to 21 under guidelines established by the state interagency committee under section 125A.023, subdivision 4. Consistent with the requirements in this section and section 125A.023, the governing boards of the interagency early intervention committees ~~shall~~ may organize as a joint powers board under section 471.59 or enter into an interagency agreement that establishes a governance structure.

(b) The governing board of each interagency early intervention committee as defined in section 125A.30, paragraph (a), which may include a juvenile justice professional, shall:

(1) identify ~~and assist in removing~~ state and federal barriers to local coordination of services provided to children with disabilities;

(2) ~~identify adequate, equitable, and flexible use of funding by local agencies for these services;~~

(~~3~~) implement policies that ensure a comprehensive and coordinated system of all state and local agency services, including practices on multidisciplinary assessment practices, standardized written plans, dispute resolution, and system evaluation for children with disabilities ages three to 21;

(4) ~~use a standardized written plan for providing services to a child with disabilities developed under section 125A.023;~~

(5) ~~access the coordinated dispute resolution system and incorporate the guidelines for coordinating services at the local level, consistent with section 125A.023;~~

(6) ~~use the evaluation process to measure the success of the local interagency effort in improving the quality and coordination of services to children with disabilities ages three to 21 consistent with section 125A.023;~~

(7) ~~develop a transitional plan for children moving from the interagency early childhood intervention system under sections 125A.259 to 125A.48 into the interagency intervention service system under this section;~~

(~~8~~) (3) coordinate services and facilitate payment for services from public and private institutions, agencies, and health plan companies; and

(~~9~~) (4) share needed information consistent with state and federal data practices requirements.

Sec. 5. Minnesota Statutes 2012, section 125A.027, subdivision 4, is amended to read:

Subd. 4. **Responsibilities of school and county boards.** (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate service for children eligible under section 125A.02 and receiving service from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and other education, medical health, and human services providers. The services provided must be in conformity with ~~an Individual Interagency Intervention Plan (IIP)~~ a standardized written plan for each eligible child ages 3 to 21.

(b) Appropriate services include those services listed on a child's IIP standardized written plan. These services are those that are required to be documented on a plan under federal and state law or rule.

(c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages 3 to 21, ~~shall may~~ be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements ~~shall may~~ be developed to establish agency responsibility that assures that coordinated interagency services are coordinated, provided, and paid for, and that payment is facilitated from public and private sources. School boards must provide, pay for, and facilitate payment for special education services as required under sections 125A.03 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph ~~(d)~~ (c), clause (1).

Sec. 6. Minnesota Statutes 2012, section 125A.03, is amended to read:

125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities ~~and includes special education and related services defined in the Individuals with Disabilities Education Act, subpart A, section 300.24.~~ "Free appropriate public education" means special education and related services that:

(1) are provided at public expense, under public supervision and direction, and without charge;

(2) meet the standards of the state, including the requirements of the Individuals with Disabilities Education Act, Part B or C;

(3) include an appropriate preschool, elementary school, or secondary school education; and

(4) are provided to children ages three through 21 in conformity with an individualized education program that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 300.320 to 300.324, and provided to infants and toddlers in conformity with an individualized family service plan that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 303.300 to 303.346.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

Sec. 7. Minnesota Statutes 2012, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial ~~assessment or reassessment~~ evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 8. Minnesota Statutes 2012, section 125A.22, is amended to read:

125A.22 COMMUNITY TRANSITION INTERAGENCY COMMITTEE.

A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, ~~must~~ may establish a community transition interagency committee for youth with disabilities, beginning at grade 9 or age equivalent, and their families. Members of the committee ~~must consist of~~ may include representatives from special education, vocational and regular education, community education, postsecondary education and training institutions, mental health, adults with disabilities who have received transition services if such persons are available, parents of youth with disabilities, local business or industry, rehabilitation services, county social services, health agencies, and additional public or private adult service providers as appropriate. ~~The committee must elect a chair and must meet regularly.~~ The committee ~~must~~ may:

(1) identify current services, programs, and funding sources provided within the community for secondary and postsecondary aged youth with disabilities and their families that prepare them for further education; employment, including integrated competitive employment; and independent living;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individualized education programs;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of individuals with disabilities are met;

(4) recommend changes or improvements in the community system of transition services; and

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; ~~and~~

~~(6) following procedures determined by the commissioner, prepare a yearly summary assessing the progress of transition services in the community including follow up of individuals with disabilities who were provided transition services to determine postschool outcomes. The summary must be disseminated to all adult services agencies involved in the planning and to the commissioner by October 1 of each year.~~

Sec. 9. Minnesota Statutes 2013 Supplement, section 125A.30, is amended to read:

125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.

(a) A ~~school district,~~ group of school districts, or special education ~~cooperative~~ cooperatives, in cooperation with the health and human service agencies located in the county or counties in which the ~~district~~ districts or ~~cooperative~~ cooperatives are located, must establish an Interagency Early Intervention Committee for children with disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 125A.023 and 125A.027. Committees must include representatives of local health, education, and county human service agencies, ~~county boards, school boards,~~ early childhood family education

programs, Head Start, parents of young children with disabilities under age 12, child care resource and referral agencies, school readiness programs, current service providers, and agencies that serve families experiencing homelessness, and may also include representatives from other private or public agencies and school nurses. The committee must elect a chair from among its members and must meet at least quarterly.

(b) The committee must develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) develop public awareness systems designed to inform potential recipient families, especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, of available programs and services;

(2) to reduce families' need for future services, and especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities, including a child under the age of three who: (i) is the subject of a substantiated case of abuse or neglect or (ii) is identified as directly affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure;

~~(3) establish and evaluate the identification, referral, screening, evaluation, child and family directed assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;~~

~~(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individualized education programs and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies;~~

~~(5)~~ (3) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

~~(6) facilitate the development of a transition plan in the individual family service plan by the time a child is two years and nine months old;~~

(7) (4) identify the current services and funding being provided within the community for children with disabilities under age five and their families; and

~~(8)~~ (5) develop a plan for the allocation and expenditure of federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part C, Public Law 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313); and.

~~(9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.~~

(c) The local committee shall also participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families.

Sec. 10. Minnesota Statutes 2012, section 127A.065, is amended to read:

127A.065 CROSS-SUBSIDY REPORT.

By ~~January 10~~ March 30, the commissioner of education shall submit an annual report to the legislative committees having jurisdiction over kindergarten through grade 12 education on the amount each district is cross-subsidizing special education costs with general education revenue.

Sec. 11. Minnesota Statutes 2012, section 260D.06, subdivision 2, is amended to read:

Subd. 2. **Agency report to court; court review.** The agency shall obtain judicial review by reporting to the court according to the following procedures:

(a) A written report shall be forwarded to the court within 165 days of the date of the voluntary placement agreement. The written report shall contain or have attached:

- (1) a statement of facts that necessitate the child's foster care placement;
- (2) the child's name, date of birth, race, gender, and current address;
- (3) the names, race, date of birth, residence, and post office addresses of the child's parents or legal custodian;
- (4) a statement regarding the child's eligibility for membership or enrollment in an Indian tribe and the agency's compliance with applicable provisions of sections 260.751 to 260.835;
- (5) the names and addresses of the foster parents or chief administrator of the facility in which the child is placed, if the child is not in a family foster home or group home;
- (6) a copy of the out-of-home placement plan required under section 260C.212, subdivision 1;
- (7) a written summary of the proceedings of any administrative review required under section 260C.203; and
- (8) any other information the agency, parent or legal custodian, the child or the foster parent, or other residential facility wants the court to consider.

(b) In the case of a child in placement due to emotional disturbance, the written report shall include as an attachment, the child's individual treatment plan developed by the child's treatment professional, as provided in section 245.4871, subdivision 21, or the child's ~~individual interagency intervention~~ standard written plan, as provided in section 125A.023, subdivision 3, paragraph ~~(e)~~ (e).

(c) In the case of a child in placement due to developmental disability or a related condition, the written report shall include as an attachment, the child's individual service plan, as provided in section 256B.092, subdivision 1b; the child's individual program plan, as provided in Minnesota Rules, part 9525.0004, subpart 11; the child's waiver care plan; or the child's ~~individual interagency intervention~~ standard written plan, as provided in section 125A.023, subdivision 3, paragraph ~~(e)~~ (e).

(d) The agency must inform the child, age 12 or older, the child's parent, and the foster parent or foster care facility of the reporting and court review requirements of this section and of their right to submit information to the court:

(1) if the child or the child's parent or the foster care provider wants to send information to the court, the agency shall advise those persons of the reporting date and the date by which the agency must receive the information they want forwarded to the court so the agency is timely able submit it with the agency's report required under this subdivision;

(2) the agency must also inform the child, age 12 or older, the child's parent, and the foster care facility that they have the right to be heard in person by the court and how to exercise that right;

(3) the agency must also inform the child, age 12 or older, the child's parent, and the foster care provider that an in-court hearing will be held if requested by the child, the parent, or the foster care provider; and

(4) if, at the time required for the report under this section, a child, age 12 or older, disagrees about the foster care facility or services provided under the out-of-home placement plan required under section 260C.212, subdivision 1, the agency shall include information regarding the child's disagreement, and to the extent possible, the basis for the child's disagreement in the report required under this section.

(e) After receiving the required report, the court has jurisdiction to make the following determinations and must do so within ten days of receiving the forwarded report, whether a hearing is requested:

(1) whether the voluntary foster care arrangement is in the child's best interests;

(2) whether the parent and agency are appropriately planning for the child; and

(3) in the case of a child age 12 or older, who disagrees with the foster care facility or services provided under the out-of-home placement plan, whether it is appropriate to appoint counsel and a guardian ad litem for the child using standards and procedures under section 260C.163.

(f) Unless requested by a parent, representative of the foster care facility, or the child, no in-court hearing is required in order for the court to make findings and issue an order as required in paragraph (e).

(g) If the court finds the voluntary foster care arrangement is in the child's best interests and that the agency and parent are appropriately planning for the child, the court shall issue an order containing explicit, individualized findings to support its determination. The individualized findings shall be based on the agency's written report and other materials submitted to the court. The court may make this determination notwithstanding the child's disagreement, if any, reported under paragraph (d).

(h) The court shall send a copy of the order to the county attorney, the agency, parent, child, age 12 or older, and the foster parent or foster care facility.

(i) The court shall also send the parent, the child, age 12 or older, the foster parent, or representative of the foster care facility notice of the permanency review hearing required under section 260D.07, paragraph (e).

(j) If the court finds continuing the voluntary foster care arrangement is not in the child's best interests or that the agency or the parent are not appropriately planning for the child, the court shall notify the agency, the parent, the foster parent or foster care facility, the child, age 12 or older, and the county attorney of the court's determinations and the basis for the court's determinations. In this case, the court shall set the matter for hearing and appoint a guardian ad litem for the child under section 260C.163, subdivision 5.

Sec. 12. Minnesota Statutes 2013 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(b) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve substantial child endangerment, and for reports of maltreatment

in facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10; or in a nonlicensed personal care provider association as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(c) "Substantial child endangerment" means a person responsible for a child's care, and in the case of sexual abuse includes a person who has a significant relationship to the child as defined in section 609.341, or a person in a position of authority as defined in section 609.341, who by act or omission commits or attempts to commit an act against a child under their care that constitutes any of the following:

- (1) egregious harm as defined in section 260C.007, subdivision 14;
- (2) sexual abuse as defined in paragraph (d);
- (3) abandonment under section 260C.301, subdivision 2;
- (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
- (5) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (6) manslaughter in the first or second degree under section 609.20 or 609.205;
- (7) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (8) solicitation, inducement, and promotion of prostitution under section 609.322;
- (9) criminal sexual conduct under sections 609.342 to 609.3451;
- (10) solicitation of children to engage in sexual conduct under section 609.352;
- (11) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
- (12) use of a minor in sexual performance under section 617.246; or
- (13) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(d) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(e) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the

child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(f) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(g) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section ~~121A.67~~ 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(10) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(h) "Report" means any report received by the local welfare agency, police department, county sheriff, or agency responsible for assessing or investigating maltreatment pursuant to this section.

(i) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245D;

(2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or

(3) a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(j) "Operator" means an operator or agency as defined in section 245A.02.

(k) "Commissioner" means the commissioner of human services.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(n) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (e), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (o) from the Department of Human Services.

(o) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (n), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(p) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

(q) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(r) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. **REPEALER.**

Minnesota Statutes 2012, section 125A.027, subdivision 3, is repealed.

ARTICLE 5 NUTRITION

Section 1. Minnesota Statutes 2012, section 124D.111, subdivision 3, is amended to read:

Subd. 3. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.

(d) Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless the ~~unreserved~~ restricted balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased.

(e) If the condition set out in paragraph (d) applies, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Sec. 2. **[124D.1191] DONATIONS TO FOOD SHELF PROGRAMS.**

Schools and community organizations participating in any federal child nutrition meal program may donate food to food shelf programs, provided that the food shelf:

(1) is a nonprofit corporation or is affiliated with a nonprofit corporation, as defined in section 501(c)(3) of the Internal Revenue Code of 1986;

(2) distributes food without charge to needy individuals;

(3) does not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need; and

(4) has a stable address and directly serves individuals.

ARTICLE 6

EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2012, section 123A.06, subdivision 2, is amended to read:

Subd. 2. **People to be served.** A state-approved alternative program shall provide programs for secondary pupils ~~and adults~~. A center may also provide programs and services for elementary and secondary pupils who are not attending the state-approved alternative program to assist them in being successful in school. A center shall use research-based best practices for serving English learners and their parents. An individualized education program team may identify a state-approved alternative program as an appropriate placement to the extent a state-approved alternative program can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those who qualify under the graduation incentives program in section 124D.68, subdivision 2, those enrolled under section 124D.02, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Sec. 2. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** There is established within the Office of Early Learning an early learning scholarships program in order to increase access to high-quality early childhood programs for children ages three to five.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The ~~commissioner~~ director shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The ~~commissioner~~ director may prioritize applications on factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) ~~Scholarships may be awarded up to \$5,000 for each eligible child per year. The director annually must establish average scholarship amounts based on current available market surveys of child care provider prices or other useful information. Average scholarship amounts must be proportionate across regions or counties and the director may adjust individual scholarship amounts to account for other assistance programs available to a child or the child's family. The director may increase by up to 15 percent the scholarship amount for children enrolled in a three-star Parent Aware rated program and may increase by up to 20 percent the scholarship amount for children enrolled in a four-star Parent Aware rated program so long as any increase added to the average scholarship amount does not exceed the actual program rate or tuition.~~

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the ~~commissioner~~ director, in the form and manner prescribed by the ~~commissioner~~ director, each year of the program's desire to enhance program services or to serve more children than current funding provides. The ~~commissioner~~ director may designate a predetermined number of scholarship slots for that program and notify the program of that number.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early childhood education scholarship, a program must:

(1) participate in the quality rating and improvement system under section 124D.142; and

(2) ~~beginning before July 1, 2016, have a three- or four-star rating~~ satisfy the director of its ongoing commitment to participate in the quality rating and improvement system.

(b) After July 1, 2016, the director may determine that a program not participating in the quality rating and improvement system is eligible to participate if:

(1) the program provider cites a hardship or special circumstance to indicate why the program is not yet rated; or

(2) the director determines through a separate evaluation or review that the program is eligible to participate.

(c) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

ARTICLE 7 LIBRARIES

Section 1. Minnesota Statutes 2012, section 134.355, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** A regional public library system may apply for regional library telecommunications aid. The aid must be used for data and video access maintenance, equipment, or installation of telecommunication lines. To be eligible, a regional public library system must be officially designated by the commissioner of education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week. Exceptions to the minimum open hours requirement may be granted by the Department of Education on request of the regional public library system for the following circumstances: short-term closing for emergency maintenance and repairs following a natural disaster; in response to exceptional economic circumstances; building repair or maintenance that requires public services areas to be closed; or to adjust hours of public service to respond to documented seasonal use patterns.

Sec. 2. **CONSULTATION; LIBRARIES AND SERVICE DELIVERY.**

The commissioner of education must consult with people knowledgeable about state libraries and service delivery, including representatives of the Department of Education, regional public library systems, multicounty multitype library systems, public libraries located in the metropolitan area and greater Minnesota other than regional public library systems, Minitex, public school library media specialists, the Office of Higher Education, the Association of Minnesota Counties, and the League of Minnesota Cities on increasing service delivery and collaboration between library governance systems, options for changing current library procedures and library governance systems to increase collaboration between library systems, and ensuring equitable and cost-effective access to library services statewide. In addition to addressing physical library services, the commissioner also must consider how to increase access to emerging electronic services. The commissioner must report by February 1, 2015, to the education policy and finance committees of the legislature on how to structure library systems to ensure that all Minnesota residents have equitable and cost-effective access to state-supported library services.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 8 UNSESSION CHANGES

Section 1. Minnesota Statutes 2012, section 121A.36, is amended to read:

121A.36 MOTORCYCLE SAFETY EDUCATION PROGRAM.

Subdivision 1. **Established; administration; rules.** A motorcycle safety education program is established. The program shall be administered by the commissioners of public safety ~~and education~~. The program shall include but is not limited to training and coordination of motorcycle safety instructors, motorcycle safety promotion and public information, and reimbursement for the cost of approved courses offered by schools and organizations.

Subd. 2. **Reimbursements.** The commissioner of ~~education~~ public safety, to the extent that funds are available, may reimburse schools and other approved organizations offering approved motorcycle safety education courses for up to 50 percent of the actual cost of the courses. If sufficient funds are not available, reimbursements shall be prorated. The commissioner may conduct audits and otherwise examine the records and accounts of schools and approved organizations offering the courses to insure the accuracy of the costs.

Subd. 3. **Appropriation.** (a) All funds in the motorcycle safety fund created by section 171.06, subdivision 2a, are hereby annually appropriated to the commissioner of public safety to carry out the purposes of subdivisions 1 and 2. ~~The commissioner of public safety may make grants from the fund to the commissioner of education at such times and in such amounts as the commissioner deems necessary to carry out the purposes of subdivisions 1 and 2.~~

(b) Of the money appropriated under paragraph (a):

(1) not more than five percent shall be expended to defray the administrative costs of carrying out the purposes of subdivisions 1 and 2; and

(2) not more than 65 percent shall be expended for the combined purpose of training and coordinating the activities of motorcycle safety instructors and making reimbursements to schools and other approved organizations.

Sec. 2. Minnesota Statutes 2012, section 124D.141, subdivision 3, is amended to read:

Subd. 3. **Administration.** ~~An amount up to \$12,500 from federal child care and development fund administrative funds and up to \$12,500 from prekindergarten exploratory project funds appropriated under Laws 2007, chapter 147, article 19, section 3, may be used to reimburse the parents on the council and for technical assistance and administrative support of the State Advisory Council on Early Childhood Education and Care. This funding stream is for fiscal year 2009. The council may pursue additional funds from state, federal, and private sources. If additional operational funds are received, the council must reduce the amount of prekindergarten exploratory project funds used in an equal amount.~~

Sec. 3. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 121A.36, as section 171.335. The revisor of statutes shall also make cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering.

Sec. 4. **REPEALER.**

Minnesota Statutes 2012, sections 119A.04, subdivision 3; 119A.08; 120A.30; 120B.19; 120B.24; 121A.17, subdivision 9; 122A.52; 122A.53; 122A.61, subdivision 2; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; and 124D.31, are repealed.

ARTICLE 9 CONFORMING CHANGES

Section 1. Minnesota Statutes 2012, section 120A.22, subdivision 2, is amended to read:

Subd. 2. **Applicability.** This section and sections 120A.24; 120A.26; ~~120A.30~~; 120A.32; and 120A.34 apply only to a child required to receive instruction according to subdivision 5 and to instruction that is intended to fulfill that requirement.

Sec. 2. Minnesota Statutes 2012, section 120A.32, is amended to read:

120A.32 OFFICERS, TEACHERS; NEGLECT OF DUTY; PENALTY.

Any school officer, truant officer, public or nonpublic school teacher, principal, district superintendent, or person providing instruction other than a parent refusing, willfully failing, or neglecting to perform any duty imposed by sections 120A.22 to ~~120A.30~~, 120A.26, 120A.35, 120A.41, and 123B.03 is guilty of a misdemeanor. All persons found guilty shall be punished for each offense by a fine of not more than \$10 or by imprisonment for not more than ten days. All fines, when collected, shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 3. Minnesota Statutes 2012, section 122A.09, subdivision 7, is amended to read:

Subd. 7. **Commissioner's assistance; board money.** The commissioner shall provide all necessary materials and assistance for the transaction of the business of the Board of Teaching and all moneys received by the Board of Teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 122A.01, 122A.05 to 122A.09, 122A.15, 122A.16, 122A.17, 122A.18, 122A.20, 122A.21, 122A.22, 122A.23, 122A.26, 122A.30, 122A.40, 122A.41, 122A.42, 122A.45, 122A.49, ~~122A.52, 122A.53~~, 122A.54, 122A.55, 122A.56, 122A.57, and 122A.58 which are incurred by the Board of Teaching shall be paid for from appropriations made to the Board of Teaching.

Sec. 4. Minnesota Statutes 2012, section 127A.41, subdivision 7, is amended to read:

Subd. 7. **Schedule adjustments.** (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by districts. Districts are encouraged to consider both cost and energy saving measures.

(b) Any district operating a program pursuant to sections 124D.12 to 124D.127, or 124D.128, ~~or 124D.25 to 124D.29~~, or operating a commissioner-designated area learning center program under section 123A.09, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Erickson, S., amendment and the roll was called. There were 50 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hamilton	Leidiger	Peppin	Torkelson
Anderson, M.	Erickson, S.	Hertaus	Lohmer	Petersburg	Uglen
Anderson, P.	Fabian	Holberg	Loon	Pugh	Urdahl
Anderson, S.	FitzSimmons	Howe	McNamara	Quam	Wills
Barrett	Franson	Johnson, B.	Myhra	Runbeck	Woodard
Beard	Garofalo	Kelly	Newberger	Sanders	
Daudt	Green	Kieffer	Nornes	Schomacker	
Dean, M.	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Dettmer	Hackbarth	Kresha	O'Neill	Theis	

Those who voted in the negative were:

Allen	Erhardt	Hornstein	Loeffler	Murphy, M.	Schoen
Anzelc	Erickson, R.	Hortman	Mahoney	Nelson	Selcer
Atkins	Falk	Huntley	Mariani	Newton	Simonson
Benson, J.	Faust	Isaacson	Marquart	Norton	Slocum
Bernardy	Fischer	Johnson, C.	Masin	Paymar	Sundin
Bly	Freiberg	Johnson, S.	McNamar	Pelowski	Wagenius
Brynaert	Fritz	Kahn	Melin	Persell	Ward, J.A.
Carlson	Halverson	Laine	Metsa	Poppe	Ward, J.E.
Clark	Hansen	Lenczewski	Moran	Radinovich	Winkler
Davnie	Hausman	Liebling	Morgan	Rosenthal	Yarusso
Dill	Hilstrom	Lien	Mullery	Savick	Spk. Thissen
Dorholt	Hoppe	Lillie	Murphy, E.	Sawatzky	

The motion did not prevail and the amendment was not adopted.

Gruenhagen moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 111, after line 17, insert:

"Sec. 51. Minnesota Statutes 2012, section 617.295, is amended to read:

617.295 EXEMPTIONS.

The following are exempt from criminal or other action hereunder:

(1) ~~recognized and established schools, churches, museums, medical clinics and physicians, hospitals, and public libraries, governmental agencies or quasi-governmental sponsored organizations, and persons acting in their capacity as employees or agents of such organization.~~ For the purpose of this section "recognized and established" shall mean ~~an organization or agency having a full time faculty and diversified curriculum in the case of a school;~~ a church affiliated with a national or regional denomination; a licensed physician or psychiatrist or clinic of licensed physicians or psychiatrists; ~~and in all other exempt organizations shall refer only to income tax exempted organizations which are supported in whole or in part by tax funds or which receive at least one third of their support from publicly donated funds;~~

(2) individuals in a parental relationship with the minor; and

(3) motion picture machine operators, stagehands, or other theatre employees such as cashiers, doorkeepers, ushers, and concession employees, if such person or persons have no financial interest in the entertainment presented other than the salary or wage, or in any theatre or place where such employee has no financial interest when the employee's services are obtained solely for salary or wage; provided, that such employee is under the direct supervision of a theatre manager who is a resident of this state and who is not exempt from action under sections 617.291 to 617.297.

Schools and governmental institutions' use of material that is obscene or otherwise harmful to minors under a purported educational purposes rationale shall be held to the "contemporary community standards" standard set forth in section 617.295, and parents shall have standing for enforcement of this provision via injunctive relief, presumed monetary damages of \$1,000 per violation per student, and shall be entitled to their reasonable attorneys fees."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Loon moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 57, after line 31, insert:

"(c) To ensure the efficacy of this student planning, school districts must immediately notify the parent of a student who is subject to dismissal as defined in section 121A.41, subdivision 2, other sanctions including removal from class under sections 121A.60 and 121A.61, or otherwise subject to discipline by a school administrator for violating a school discipline policy or rule."

A roll call was requested and properly seconded.

The question was taken on the Loon amendment and the roll was called. There were 52 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hamilton	Kresha	O'Driscoll	Swedzinski
Anderson, M.	Erickson, S.	Hertaus	Leidiger	O'Neill	Theis
Anderson, P.	Fabian	Holberg	Lohmer	Peppin	Torkelson
Anderson, S.	FitzSimmons	Hoppe	Loon	Petersburg	Uglem
Barrett	Franson	Howe	McNamara	Pugh	Urdahl
Beard	Garofalo	Johnson, B.	Moran	Quam	Wills
Daudt	Green	Kelly	Myhra	Runbeck	Woodard
Dean, M.	Gruenhagen	Kieffer	Newberger	Sanders	
Dettmer	Hackbarth	Kiel	Nornes	Schomacker	

Those who voted in the negative were:

Allen	Erhardt	Hortman	Mahoney	Newton	Simonson
Anzelc	Erickson, R.	Huntley	Mariani	Norton	Slocum
Atkins	Falk	Isaacson	Marquart	Paymar	Sundin
Benson, J.	Faust	Johnson, C.	Masin	Pelowski	Wagenius
Bernardy	Fischer	Johnson, S.	McNamar	Persell	Ward, J.A.
Bly	Freisberg	Kahn	Melin	Poppe	Ward, J.E.
Brynaert	Fritz	Laine	Metsa	Radinovich	Winkler
Carlson	Halverson	Lenczewski	Morgan	Rosenthal	Yarusso
Clark	Hansen	Liebling	Mullery	Savick	Spk. Thissen
Davnie	Hausman	Lien	Murphy, E.	Sawatzky	
Dill	Hilstrom	Lillie	Murphy, M.	Schoen	
Dorholt	Hornstein	Loeffler	Nelson	Selcer	

The motion did not prevail and the amendment was not adopted.

Metsa moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 112, after line 31, insert:

"Sec. 54. **INDEPENDENT SCHOOL DISTRICT NO. 2142, ST. LOUIS COUNTY; MEETINGS.**

The school board of Independent School District No. 2142, St. Louis County, may hold its meetings at the district's administrative office in Virginia, Minnesota, or at a location outside the boundaries of the school district, if the location is convenient to a majority of the school board members and residents of the district and notice of the location is provided as required in Minnesota Statutes, chapter 13D.

EFFECTIVE DATE. This section is effective July 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Myhra moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 54, after line 31, insert:

"Sec. 4. Minnesota Statutes 2013 Supplement, section 120B.024, subdivision 2, is amended to read:

Subd. 2. **Credit equivalencies.** (a) A one-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science or career and technical education credit may fulfill the credit in chemistry or physics or the elective science credit required under subdivision 1, clause (4), if the credit meets the state chemistry or physics, or district biology academic standards or a combination of these academic standards as approved by the district. A student must satisfy either all of the chemistry academic standards or all of the physics academic standards prior to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit under subdivision 1, clause (4).

(c) A career and technical education credit may fulfill a mathematics or arts credit requirement under subdivision 1, clause (2) or (6).

(d) An agriculture education teacher is not required to meet the requirements of Minnesota Rules, part 3505.1150, subpart 1, item B, to meet the credit equivalency requirements of paragraph (b) above.

(e) An advanced placement computer science course may fulfill a mathematics credit requirement under subdivision 1, clause (2) or (4).

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Gruenhagen moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 57, after line 31, insert:

"(c) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns."

The motion prevailed and the amendment was adopted.

MOTION FOR RECONSIDERATION

Lillie moved that the vote whereby the first Gruenhagen amendment to H. F. No. 2397, the second engrossment, as amended, which was not adopted earlier today be now reconsidered. The motion did not prevail.

Woodard moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 86, line 31, strike "on educational and programmatic grounds only"

The motion prevailed and the amendment was adopted.

Erickson, S., moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 74, after line 25, insert:

"Sec. 17. Minnesota Statutes 2012, section 122A.40, subdivision 10, is amended to read:

Subd. 10. **Negotiated unrequested leave of absence.** The school board and the exclusive bargaining representative of the teachers ~~may~~ **must** negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. ~~Failing to successfully negotiate such a plan, the provisions of subdivision 11 shall apply.~~ The negotiated plan must not include provisions which would result in the exercise of seniority by a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 11, paragraph (c), or the reinstatement of a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 11, paragraph (e). The provisions of section 179A.16 do not apply for the purposes of this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2015, and later."

Page 77, after line 25, insert:

"Sec. 19. Minnesota Statutes 2012, section 122A.41, subdivision 14, is amended to read:

Subd. 14. **Services terminated by discontinuance or lack of pupils; preference given.** (a) ~~A teacher whose services are terminated on account of discontinuance of position or lack of pupils must receive first consideration for other positions in the district for which that teacher is qualified. In the event it becomes necessary to discontinue~~

~~one or more positions, in making such discontinuance, teachers must be discontinued in any department in the inverse order in which they were employed, unless A board and the exclusive representative of teachers in the district must negotiate a plan providing otherwise for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes.~~

(b) Notwithstanding the provisions of ~~clause paragraph~~ (a), a teacher is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the Board of Teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this ~~clause paragraph~~ do not apply to vocational education licenses.

(c) Notwithstanding the provisions of ~~clause paragraph~~ (a), a teacher must not be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.

EFFECTIVE DATE. This section is effective July 1, 2015, and later."

Page 112, after line 31, insert:

"Sec. 54. **REPEALER.**

Minnesota Statutes 2012, section 122A.40, subdivision 11, is repealed effective July 1, 2015, and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Erickson, S., amendment and the roll was called. There were 51 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Hamilton	Kresha	O'Neill	Theis
Anderson, M.	Erickson, S.	Hertaus	Leidiger	Peppin	Torkelson
Anderson, P.	Fabian	Holberg	Lohmer	Petersburg	Uglen
Anderson, S.	FitzSimmons	Hoppe	Loon	Pugh	Urdahl
Barrett	Franson	Howe	McNamara	Quam	Wills
Beard	Garfalo	Johnson, B.	Myhra	Runbeck	Woodard
Daudt	Green	Kelly	Newberger	Sanders	
Dean, M.	Gruenhagen	Kieffer	Nornes	Schomacker	
Dettmer	Hackbarth	Kiel	O'Driscoll	Swedzinski	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Davnie	Erhardt	Faust
Anzelc	Bernardy	Carlson	Dill	Erickson, R.	Fischer
Atkins	Bly	Clark	Dorholt	Falk	Freiberg

Fritz	Johnson, C.	Mahoney	Mullery	Poppe	Sundin
Halverson	Johnson, S.	Mariani	Murphy, E.	Radinovich	Wagenius
Hansen	Kahn	Marquart	Murphy, M.	Rosenthal	Ward, J.A.
Hausman	Laine	Masin	Nelson	Savick	Ward, J.E.
Hilstrom	Lenczewski	McNamar	Newton	Sawatzky	Winkler
Hornstein	Liebling	Melin	Norton	Schoen	Yarusso
Hortman	Lien	Metsa	Paymar	Selcer	Spk. Thissen
Huntley	Lillie	Moran	Pelowski	Simonson	
Isaacson	Loeffler	Morgan	Persell	Slocum	

The motion did not prevail and the amendment was not adopted.

Erickson, S., moved to amend H. F. No. 2397, the second engrossment, as amended, as follows:

Page 80, after line 35, insert:

"Sec. 24. Minnesota Statutes 2012, section 122A.69, is amended to read:

122A.69 PRACTICE OR STUDENT TEACHERS.

The board of teaching may, by agreements with teacher ~~preparing~~ preparation institutions, arrange for classroom experience in the district for practice or student teachers who have completed ~~not less than at least~~ two years of an approved teacher ~~education~~ preparation program. Such practice and student teachers must be ~~provided with appropriate supervision~~ appropriately supervised by a fully qualified teacher under rules promulgated by the board. A practice or student teacher must be placed with a cooperating licensed teacher who has at least three years of teaching experience and does not fall into the lowest evaluation category under the most recent summative evaluation conducted under section 122A.40, subdivision 8, paragraph (b), clause (2), or section 122A.41, subdivision 5, paragraph (b), clause (2). Practice and student teachers are ~~deemed~~ employees of the school district in which they are rendering services for purposes of workers' compensation; liability insurance, if provided for other district employees ~~in accordance with~~ under section 123B.23; and legal counsel ~~in accordance with~~ under the provisions of section 123B.25.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Erickson, S., amendment and the roll was called. There were 54 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Albright	Barrett	Dettmer	Faust	Green	Hertaus
Anderson, M.	Beard	Drazkowski	FitzSimmons	Gruenhagen	Holberg
Anderson, P.	Daudt	Erickson, S.	Franson	Hackbarth	Hoppe
Anderson, S.	Dean, M.	Fabian	Garofalo	Hamilton	Howe

Johnson, B.	Leidiger	Newberger	Petersburg	Sanders	Torkelson
Kelly	Lohmer	Nornes	Pugh	Schomacker	Uglen
Kieffer	Loon	O'Driscoll	Quam	Selcer	Urdahl
Kiel	McNamara	O'Neill	Rosenthal	Swedzinski	Wills
Kresha	Myhra	Peppin	Runbeck	Theis	Woodard

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Newton	Sundin
Anzelc	Erickson, R.	Isaacson	Marquart	Norton	Wagenius
Atkins	Falk	Johnson, C.	Masin	Paymar	Ward, J.A.
Benson, J.	Fischer	Johnson, S.	McNamar	Pelowski	Ward, J.E.
Bernardy	Freiberg	Kahn	Melin	Persell	Winkler
Bly	Fritz	Laine	Metsa	Poppe	Yarusso
Brynaert	Halverson	Lenczewski	Moran	Radinovich	Spk. Thissen
Carlson	Hansen	Liebling	Morgan	Savick	
Clark	Hausman	Lien	Mullery	Sawatzky	
Davnie	Hilstrom	Lillie	Murphy, E.	Schoen	
Dill	Hornstein	Loeffler	Murphy, M.	Simonson	
Dorholt	Hortman	Mahoney	Nelson	Slocum	

The motion did not prevail and the amendment was not adopted.

H. F. No. 2397, A bill for an act relating to education; providing for policy and technical modifications in early childhood and family, kindergarten through grade 12, and adult education including general education, education excellence, English learners and language proficiency, special programs, nutrition, libraries, unsession and conforming changes, and an interstate compact; amending Minnesota Statutes 2012, sections 13.32, subdivision 6; 119A.535; 120A.22, subdivision 2; 120A.32; 120B.022; 120B.12; 120B.31, by adding a subdivision; 120B.35, subdivision 4; 121A.36; 121A.582, subdivision 1; 122A.06, subdivision 4; 122A.09, subdivision 7; 122A.14, subdivisions 2, 3; 122A.18, subdivisions 2a, 4; 122A.19; 122A.40, subdivision 5; 122A.41, subdivision 2; 122A.413, subdivision 2; 122A.414, subdivision 2; 122A.48, subdivision 3; 122A.60, subdivisions 1a, 2, 3; 122A.68, subdivision 3; 122A.74; 123A.06, subdivision 2; 123B.04, subdivision 4; 123B.147, subdivision 3; 124D.03, subdivisions 3, 4, 5, 6, by adding a subdivision; 124D.08, by adding a subdivision; 124D.09, subdivision 9; 124D.111, subdivision 3; 124D.13, subdivision 2; 124D.141, subdivision 3; 124D.15, subdivision 3; 124D.49, subdivision 3; 124D.52, as amended; 124D.522; 124D.59, subdivision 2, by adding a subdivision; 124D.895; 124D.8955; 124D.896; 125A.023, subdivisions 3, 4; 125A.027, subdivisions 1, 4; 125A.03; 125A.08; 125A.22; 127A.065; 127A.41, subdivision 7; 127A.70, subdivision 1, by adding a subdivision; 128C.02, subdivision 5; 134.355, subdivision 8; 260D.06, subdivision 2; Minnesota Statutes 2013 Supplement, sections 120A.22, subdivision 5; 120B.021, subdivision 4; 120B.11; 120B.115; 120B.125; 120B.30, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2; 122A.40, subdivision 8; 122A.41, subdivision 5; 124D.10, subdivisions 1, 3, 4, 6, 6a, 8, 9, 17a, 17b; 124D.11, subdivision 4; 124D.165, subdivisions 2, 4; 124D.4531, subdivisions 1, 3, 3a; 124D.52, subdivision 8; 124D.861, subdivision 3; 125A.30; 127A.70, subdivision 2; 626.556, subdivision 2; Laws 2011, First Special Session chapter 11, article 2, section 12; Laws 2012, chapter 263, section 1; proposing coding for new law in Minnesota Statutes, chapters 123A; 124D; 127A; repealing Minnesota Statutes 2012, sections 119A.04, subdivision 3; 119A.08; 120A.30; 120B.19; 120B.24; 121A.17, subdivision 9; 122A.19, subdivision 3; 122A.52; 122A.53; 122A.61, subdivision 2; 123B.15; 123B.16; 123B.17; 123B.18; 123B.26; 123B.27; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.31; 125A.027, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 82 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Allen	Dorholt	Hoppe	Lillie	Murphy, M.	Schoen
Anderson, P.	Erhardt	Hornstein	Loeffler	Nelson	Selcer
Anzelc	Erickson, R.	Hortman	Mahoney	Newton	Simonson
Atkins	Falk	Huntley	Mariani	Nornes	Slocum
Barrett	Faust	Isaacson	Marquart	Norton	Sundin
Benson, J.	Fischer	Johnson, C.	Masin	Paymar	Urdahl
Bernardy	FitzSimmons	Johnson, S.	McNamar	Pelowski	Wagenius
Bly	Freiberg	Kahn	McNamara	Persell	Ward, J.A.
Brynaert	Fritz	Kiel	Melin	Petersburg	Ward, J.E.
Carlson	Halverson	Kresha	Metsa	Poppe	Winkler
Clark	Hamilton	Laine	Moran	Radinovich	Yarusso
Davnie	Hansen	Lenczewski	Morgan	Rosenthal	Spk. Thissen
Dettmer	Hausman	Liebling	Mullery	Savick	
Dill	Hilstrom	Lien	Murphy, E.	Sawatzky	

Those who voted in the negative were:

Albright	Erickson, S.	Hertaus	Lohmer	Pugh	Torkelson
Anderson, M.	Fabian	Holberg	Loon	Quam	Uglen
Anderson, S.	Franson	Howe	Myhra	Runbeck	Wills
Beard	Garofalo	Johnson, B.	Newberger	Sanders	Woodard
Daudt	Green	Kelly	O'Driscoll	Schomacker	
Dean, M.	Gruenhagen	Kieffer	O'Neill	Swedzinski	
Drazkowski	Hackbarth	Leidiger	Peppin	Theis	

The bill was passed, as amended, and its title agreed to.

S. F. No. 2004, A bill for an act relating to human services; modifying appropriations to the commissioner of human services for grant programs; amending Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Benson, J.	Dettmer	Faust	Hackbarth	Hortman
Allen	Bernardy	Dill	Fischer	Halverson	Howe
Anderson, M.	Bly	Dorholt	FitzSimmons	Hansen	Huntley
Anderson, P.	Brynaert	Drazkowski	Franson	Hausman	Isaacson
Anderson, S.	Carlson	Erhardt	Freiberg	Hertaus	Johnson, B.
Anzelc	Clark	Erickson, R.	Fritz	Hilstrom	Johnson, C.
Atkins	Daudt	Erickson, S.	Garofalo	Holberg	Johnson, S.
Barrett	Davnie	Fabian	Green	Hoppe	Kahn
Beard	Dean, M.	Falk	Gruenhagen	Hornstein	Kelly

Kieffer	Mahoney	Murphy, E.	Peppin	Sawatzky	Ward, J.A.
Kiel	Mariani	Murphy, M.	Persell	Schoen	Ward, J.E.
Kresha	Marquart	Myhra	Petersburg	Schomacker	Wills
Leidiger	Masin	Nelson	Poppe	Selcer	Winkler
Lenczewski	McNamar	Newberger	Pugh	Simonson	Woodard
Liebling	McNamara	Newton	Quam	Slocum	Yarusso
Lien	Melin	Nornes	Radinovich	Sundin	Spk. Thissen
Lillie	Metsa	Norton	Rosenthal	Swedzinski	
Loeffler	Moran	O'Driscoll	Runbeck	Theis	
Lohmer	Morgan	O'Neill	Sanders	Uglen	
Loon	Mullery	Pelowski	Savick	Wagenius	

The bill was passed and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Murphy, E., from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Tuesday, April 8, 2014 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 2746, 1874, 1926, 2733, 2096 and 2668; S. F. No. 2569; H. F. Nos. 2953, 3017, 2576 and 2217; S. F. No. 2060; and H. F. No. 2840.

MOTIONS AND RESOLUTIONS

Hausman moved that the names of Carlson and Ward, J.E., be added as authors on H. F. No. 1068. The motion prevailed.

Pelowski moved that the name of Davids be added as an author on H. F. No. 1633. The motion prevailed.

Lillie moved that the name of Schoen be added as an author on H. F. No. 1979. The motion prevailed.

Rosenthal moved that the name of Schoen be added as an author on H. F. No. 2147. The motion prevailed.

Persell moved that the name of Bernardy be added as an author on H. F. No. 2261. The motion prevailed.

Woodard moved that the name of Bly be added as an author on H. F. No. 2434. The motion prevailed.

Metsa moved that the name of Hilstrom be added as an author on H. F. No. 2460. The motion prevailed.

Hausman moved that the name of Ward, J.E., be added as an author on H. F. No. 2490. The motion prevailed.

Norton moved that the names of McNamar, Schoen and Hornstein be added as authors on H. F. No. 2672. The motion prevailed.

Hamilton moved that the name of Benson, M., be added as an author on H. F. No. 2904. The motion prevailed.

Erhardt moved that the name of Rosenthal be added as an author on H. F. No. 3219. The motion prevailed.

ADJOURNMENT

Murphy, E., moved that when the House adjourns today it adjourn until 12:00 noon, Monday, April 7, 2014. The motion prevailed.

Murphy, E., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, April 7, 2014.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives