

## TWENTY-THIRD DAY

St. Paul, Minnesota, Monday, March 7, 2005

The Senate met at 11:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Chaplain Andrea Bowe.

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

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Koering	Neuville	Ruud
Bachmann	Gaither	Kubly	Nienow	Sams
Bakk	Gerlach	Langseth	Olson	Saxhaug
Belanger	Hann	Larson	Ortman	Scheid
Berglin	Higgins	LeClair	Ourada	Senjem
Betzold	Hottinger	Limmer	Pappas	Skoe
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Skoglund
Cohen	Johnson, D.J.	Marko	Pogemiller	Sparks
Day	Jungbauer	Marty	Ranum	Stumpf
Dibble	Kelley	McGinn	Reiter	Tomassoni
Dille	Kierlin	Metzen	Rest	Vickerman
Fischbach	Kiscaden	Michel	Robling	Wergin
Foley	Kleis	Moua	Rosen	Wiger

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

### MEMBERS EXCUSED

Senators Murphy and Solon were excused from the Session of today.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 2, 2005

The Honorable James P. Metzen  
President of the Senate

Dear Senator Metzen:

The Rules and Administration Committee met on Wednesday, February 23, 2005, and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 2004

138.763: St. Anthony Falls Heritage Board - Senators Higgins and Pogemiller, to serve at the pleasure of the appointing authority.

144E.01: Emergency Medical Services Regulatory Board - Senator Kubly, to serve at the pleasure of the appointing authority.

Sincerely,  
Dean Elton Johnson, Chair  
Rules and Administration  
Committee

March 2, 2005

The Honorable James P. Metzen  
President of the Senate

Dear Senator Metzen:

As the Senate Majority Leader, I hereby make the following appointments:

Pursuant to Minnesota Statutes 2004

3.303: Legislative Coordinating Commission - Senators Pogemiller and Cohen, to serve until a successor is named during a regular session.

124D.385: Minnesota Commission on National and Community Service - Senators Kubly and Marty, to serve at the pleasure of the appointing authority.

240A.02: Minnesota Amateur Sports Commission - Senator Rest, to serve a two-year term expiring the first Monday in January 2007.

298.22: Iron Range Resources and Rehabilitation Board - Mr. Joe Begich, to serve until the first Monday in January 2007.

299C.65: Criminal and Juvenile Justice Information Policy Task Force - Senator Foley, to serve at the pleasure of the appointing authority.

Pursuant to Executive Orders 01-01 and 03-04

Capitol 2005 Commission - Senators Rest and Larson, to serve at the pleasure of the appointing authority.

Sincerely,  
Dean Elton Johnson  
Majority Leader

March 2, 2005

The Honorable James P. Metzen  
President of the Senate

Dear Senator Metzen:

The Subcommittee on Committees of the Committee on Rules and Administration met on Tuesday, February 22, 2005 and noted that the following are serving by virtue of their position:

Pursuant to Minnesota Statutes 2004

3.30: Legislative Advisory Commission - Senator Johnson, D.E., as Majority Leader and Senator Cohen, as Chair of the Finance Committee.

3.303: Legislative Coordinating Commission - Senator Johnson, D.E., as Majority Leader, Senator Metzen, as President of the Senate, and Senator Day, as Minority Leader.

3.305, subd. 6: Legislative Coordinating Commission Salary and Budget Review Subcommittee - Senator Johnson, D.E., as Majority Leader, Senator Metzen, as President of the Senate, and Senator Day, as Minority Leader.

3.97: Legislative Audit Commission - Senator Cohen, as Chair of the Finance Committee and Senator Metzen, as President of the Senate.

116P.05: Legislative Commission on Minnesota Resources - Senator Sams, as Chair of the Environment, Agriculture, and Economic Development Budget Division.

243.93: Correctional Facility Site Selection Committee - Senator Foley, as chair; Senator Kleis, as ranking minority member of the Crime Prevention and Public Safety Committee; Senator Ranum, as chair, and Senator Neuville, as ranking minority member of the Public Safety Budget Division.

Sincerely,  
Dean Elton Johnson, Chair  
Subcommittee on Committees

March 2, 2005

The Honorable James P. Metzen  
President of the Senate

Dear Senator Metzen:

The Subcommittee on Committees of the Committee on Rules and Administration met on February 22, 2005, and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 2004

1.21-22: Great Lakes Commission - Senators Rest and Larson, to serve at the pleasure of the appointing authority.

3.305, subd. 6: Legislative Coordinating Commission Legislative Reference Library Subcommittee - Senators Frederickson and Higgins, to serve until January 1, 2007.

3.305, subd. 6: Legislative Coordinating Commission Revisor of Statutes Subcommittee - Senators Jungbauer and Rest, to serve until January 1, 2007.

3.305, subd. 6: Legislative Coordinating Commission Subcommittee on Rules - Senators Betzold and Pariseau, to serve until January 1, 2007.

3.855: Legislative Coordinating Commission Employee Relations Subcommittee - Senators Gaither, Kelley, Pappas, Scheid and Wergin, to serve until January 1, 2007.

3.8841: Legislative Commission on Metropolitan Government - Senators Dibble, Higgins, Moua and Wiger, to serve until the appointment of a successor after the opening of the 2007 legislative session.

3.885: Legislative Commission on Planning and Fiscal Policy - Senators Nienow, Cohen, Frederickson, Hottinger, Kierlin, Metzen, Pogemiller, Ranum and Rest, to serve at the pleasure of the appointing authority.

3.922: Indian Affairs Council - Senators Lourey, Vickerman and Ruud, to serve at the pleasure of the appointing authority.

3.9226: Council on Asian-Pacific Minnesotans - Senators Anderson and Senjem, to serve at the pleasure of the appointing authority.

16B.27: Governor's Residence Council - Senator Olson, to serve at the pleasure of the appointing authority.

62J.07: Legislative Commission on Health Care Access - Senators Berglin, Koering, Lourey, Rosen and Sams, to serve at the pleasure of the appointing authority.

84B.12: Citizens Council on Voyageurs National Park - Senators Saxhaug and Pariseau, to serve until the expiration of their legislative terms.

116P.05: Legislative Commission on Minnesota Resources - Senators Anderson, Frederickson, Pariseau, Ruud, Tomassoni, Vickerman and Wiger, to serve until a successor is named.

135A.21: Midwestern Higher Education Commission - Senator Pappas, to serve a two-year term expiring on the first Monday in January 2007.

161.1419: Mississippi River Parkway Commission - Senators Saxhaug and Senjem, to serve a term expiring at the close of the regular session in 2007.

216C.051: Legislative Electric Energy Task Force - Senators Marty, Scheid, Anderson, Dille, Gaither, Kubly, Metzen, Murphy, Ourada and Pariseau, to serve at the pleasure of the appointing authority.

218.75: Midwest Interstate Passenger Rail Compact Commission - Senator Marko, to serve a two-year term expiring on the first Monday in January 2007.

240A.02: Minnesota Amateur Sports Commission - Senators Larson and Metzen, to serve at the pleasure of the appointing authority.

290.173: Multistate Tax Compact Advisory Committee - Senators Belanger and Betzold, to serve at the pleasure of the appointing authority.

298.22: Iron Range Resources and Rehabilitation Board - Senators Bakk, Lourey, Saxhaug, Prettnner Solon and Tomassoni, to serve until the first Monday in January 2007.

299A.293: Chemical Abuse and Violence Prevention Council - Senator Skoglund, to serve at the pleasure of the appointing authority.

Pursuant to Laws 1996

Chapter 407, section 32, subdivision 4, as amended by Laws 1999, chapter 231, section 99, subdivision 1: Iron Range Off-Highway Vehicle Recreation Area Advisory Committee - Senator Saxhaug, to serve at the pleasure of the appointing authority.

Pursuant to Laws 1993

Chapter 172, section 34: Cuyuna Country State Recreation Area Advisory Committee - Senator Koering, to serve at the pleasure of the appointing authority.

Sincerely,  
Dean Elton Johnson, Chair  
Subcommittee on Committees

## REPORTS OF COMMITTEES

Senator Johnson, D.E. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

**Senator Higgins from the Committee on State and Local Government Operations, to which was referred**

**S.F. No. 467:** A bill for an act relating to local government; excluding certain facilities from the Big Marine Park Reserve; providing for planned unit development zoning classification for certain facilities.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 88.44, is amended by adding a subdivision to read:

Subd. 2a. [LIMITATION ON CONDEMNATION.] No county may acquire property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families, by condemnation pursuant to subdivision 2.

Sec. 2. Minnesota Statutes 2004, section 103B.331, is amended by adding a subdivision to read:

Subd. 3a. [LIMITATION ON CONDEMNATION.] No county may acquire property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families, by condemnation pursuant to subdivision 3.

Sec. 3. Minnesota Statutes 2004, section 272.02, is amended by adding a subdivision to read:

Subd. 68. [CERTAIN RECREATIONAL PROPERTY FOR DISABLED VETERANS.] Real and personal property is exempt if it is located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities for disabled veterans and their families.

Sec. 4. Minnesota Statutes 2004, section 375.18, is amended by adding a subdivision to read:

Subd. 9a. [LIMITATION ON CONDEMNATION.] No county may acquire property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families, by condemnation pursuant to subdivision 9.

Sec. 5. Minnesota Statutes 2004, section 376.55, is amended by adding a subdivision to read:

Subd. 2a. [LIMITATION ON CONDEMNATION.] No county may acquire property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families, by condemnation pursuant to subdivision 2.

Sec. 6. Minnesota Statutes 2004, section 394.25, is amended by adding a subdivision to read:

Subd. 3d. [NONPROFIT RECREATIONAL PROPERTY FOR USE BY DISABLED VETERANS.] Property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities for disabled veterans and their families is a planned unit development district and a legal conforming use for purposes of zoning controls.

Sec. 7. Minnesota Statutes 2004, section 398.32, is amended by adding a subdivision to read:

Subd. 1a. [LIMITATION ON CONDEMNATION.] No county may acquire property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families, by condemnation pursuant to subdivision 1.

Sec. 8. Minnesota Statutes 2004, section 462.357, is amended by adding a subdivision to read:

Subd. 1g. [NONPROFIT RECREATIONAL PROPERTY FOR USE BY DISABLED VETERANS.] Property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities for disabled veterans and their families is a planned unit development district and legal conforming use for purposes of zoning controls.

Sec. 9. Minnesota Statutes 2004, section 473.147, is amended by adding a subdivision to read:

Subd. 1a. [DISABLED VETERANS REST CAMP EXCLUDED FROM REGIONAL RECREATIONAL OPEN SPACE SYSTEM.] Property occupied by the Disabled Veterans Rest Camp on Big Marine Lake in Washington County is excluded from the regional recreational open space system.

Sec. 10. [RESTRICTIONS LIMITED.]

No county may take any action to encumber or restrict ingress or egress below levels permissible on January 1, 2005, to property located in a county in the metropolitan area with a population of less than 500,000, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities to disabled veterans and their families.

Sec. 11. [DISABLED VETERANS CAMP REQUIREMENTS.]

The Disabled Veterans Rest Camp on Big Marine Lake in Washington County ("The Camp") must continue to develop and promote camp features and amenities for veterans who are disabled or have limited physical capabilities. The Camp, by terms of separate agreement, must offer Washington County the right of first refusal to purchase the rest camp property if a sale is ever contemplated and provide an easement across the main Veterans Rest Camp Road in order to provide a connection of the north and south areas of the park. The Camp shall modify its operating policies and procedures to include provisions for the regular rotation of the use of campsites, cabins, and parking spots for travel trailers, limiting the time that any one veteran can use the cabin and campsites especially when there is a waiting list of veterans with service connected disabilities.

Sec. 12. [EFFECTIVE DATES.]

Section 3 is effective for assessment year 2005 and thereafter for taxes payable in 2006 and thereafter. Sections 1, 2, and 4 to 11, are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to local government; exempting certain property from condemnation proceedings; designating certain property as a conforming planned unit development for purposes of county zoning controls; providing tax-exempt status for certain real and personal property used for recreational purposes; excluding certain recreational property from the metropolitan regional open space system; prohibiting a county from restricting access to and from certain recreational property; requiring certain duties of the Disabled Veterans Rest Camp in Washington County; amending Minnesota Statutes 2004, sections 88.44, by adding a subdivision; 103B.331, by adding a subdivision; 272.02, by adding a subdivision; 375.18, by adding a subdivision; 376.55, by adding a subdivision; 394.25, by adding a subdivision; 398.32, by adding a subdivision; 462.357, by adding a subdivision; 473.147, by adding a subdivision."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 686:** A bill for an act relating to waters; providing for administrative penalty orders; providing civil penalties; requiring an implementation plan; providing a rulemaking exemption; proposing coding for new law in Minnesota Statutes, chapter 103G.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 23, delete everything after "order"

Page 4, delete line 24

Page 4, line 25, delete "fees incurred for the hearing"

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 956:** A bill for an act relating to natural resources; modifying limit on gifts to the public; modifying state park permit provisions; providing for disposition of certain fees; appropriating money; amending Minnesota Statutes 2004, sections 84.027, subdivision 12; 85.052, subdivision 4; 85.055, subdivision 2, by adding a subdivision; repealing Minnesota Statutes 2004, section 85.054, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 16, insert:

"Sec. 3. Minnesota Statutes 2004, section 85.054, subdivision 1, is amended to read:

Subdivision 1. [STATE PARK OPEN HOUSE DAY.] (a) A state park permit is not required for a motor vehicle to enter a state park, state monument, state recreation area, or state wayside, on one day each calendar year at each park, which the commissioner may designate as State Park Open House Day. The commissioner may designate two consecutive days as State Park Open House Day, if the open house is held in conjunction with a special pageant described in section 85.052, subdivision 2.

(b) The commissioner shall announce the date of each state park open house day at least 30 days in advance of the date it occurs.

(c) The state park open house day is to acquaint the public with state parks, recreation areas, and waysides."

Page 2, delete section 5

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "4;" insert "85.054, subdivision 1;" and delete the second semicolon and insert a period

Page 1, delete lines 8 and 9

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

**Senator Higgins from the Committee on State and Local Government Operations, to which was re-referred**

**S.F. No. 406:** A bill for an act relating to the state lottery; establishing a lottery board; amending Minnesota Statutes 2004, sections 349A.01, by adding a subdivision; 349A.08, subdivision 7; 349A.11; 349A.14; proposing coding for new law in Minnesota Statutes, chapter 349A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 7, delete everything after "(a)" and insert "The governor shall select the chair of the board before"

Page 2, line 8, delete everything before "the"

Page 2, lines 13 and 14, delete "lottery's security, information security," and insert "security of games offered by the lottery"

Page 2, line 15, after the period, insert "The board must comply with the conditions under section 13D.05."

Page 2, after line 32, insert:

"The board shall present summaries of its reviews to the legislature."

Page 4, line 20, delete "The governor"

Page 4, delete lines 21 and 22

Amend the title as follows:

Page 1, line 2, delete "state lottery" and insert "State Lottery"

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Betzold from the Committee on Judiciary, to which was referred**

**S.F. No. 1210:** A bill for an act relating to courts; clarifying the life span and interest rate of foreign judgments; providing for the docketing and payment in United States dollars of judgments on foreign-money claims; amending Minnesota Statutes 2004, sections 548.27; 548.46.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

**Senator Betzold from the Committee on Judiciary, to which was referred**

**S.F. No. 1231:** A bill for an act relating to real property; regulating sign and flag display; amending Minnesota Statutes 2004, sections 515.07; 515B.2-103; 515B.3-102; proposing coding for new law in Minnesota Statutes, chapter 500.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, delete everything after "(a)" and insert "Any provision of any deed restriction, subdivision regulation, restrictive covenant, local ordinance, contract, rental agreement or regulation, or homeowners association document that limits the right of an owner or tenant of residential property to display the flag of the United States and the flag of the State of Minnesota is void and unenforceable."

Page 1, delete lines 10 to 14

Page 1, line 25, delete "reasonable"

Page 2, line 3, delete "or"

Page 2, line 4, after "installation" insert "and display"

Page 2, line 6, after "use" insert "; or"

(3) illuminating the flag"

Page 2, line 11, delete "to rental property"

Page 2, line 14, delete "(a)"

Page 2, delete lines 18 and 19

Page 2, line 24, after the period, insert "If a flag is installed or displayed in violation of"



enforceable restrictions or limitations, the party enforcing the restrictions or limitations is entitled to recover, from the party displaying the flag, reasonable attorney fees and expenses if the enforcing party prevails in enforcing the restrictions or limitations."

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Betzold from the Committee on Judiciary, to which was re-referred**

**S.F. No. 423:** A bill for an act relating to public safety; further regulating while recodifying activities involving anhydrous ammonia; requiring courts to order restitution in certain situations involving controlled substances; imposing property restrictions in certain situations involving controlled substances; increasing the criminal penalties for possessing certain substances with the intent to manufacture methamphetamine and recodifying this crime; establishing new methamphetamine-related crimes; clarifying the definition of "narcotic drug"; expanding the definition of "violent crime" for mandatory sentencing purposes; requiring that vehicles and other property used to manufacture methamphetamine indicate this in the title or by an affidavit; requiring notice to schools when children are taken into protective custody after being found at a methamphetamine laboratory; establishing a methamphetamine laboratory cleanup revolving fund and authorizing loans to assist counties and cities in conducting methamphetamine cleanup; imposing criminal penalties; providing for ten new Bureau of Criminal Apprehension agents dedicated to methamphetamine enforcement; appropriating money; amending Minnesota Statutes 2004, sections 152.01, subdivision 10; 152.021, subdivisions 2a, 3; 168A.05, subdivision 3; 260C.171, by adding a subdivision; 609.1095, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 152; 446A; repealing Minnesota Statutes 2004, sections 18C.005, subdivisions 1a, 35a; 18C.201, subdivisions 6, 7; 18D.331, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 5, delete lines 23 to 26 and insert:

"(2) "property" means publicly or privately owned real property including buildings and other structures, motor vehicles as defined in section 609.487, subdivision 2a, public waters, and public rights-of-way."

Page 5, line 36, delete "all property" and insert "any property or portion of a property"

Page 6, line 5, delete ", rented, sold,"

Page 6, line 7, after the period, insert "The remediation shall be accomplished by a contractor who will make the verification required under paragraph (e)."

Page 6, line 20, after the period, insert "The contractor shall provide the verification to the property owner and the applicable authority within five days from the completion of the remediation."

Page 6, after line 21, insert:

"(f) If a contractor issues a verification and the property was not remediated according to the Department of Health's clandestine drug labs general cleanup guidelines or the levels of contamination were not reduced to levels set forth in the guidelines, the contractor is liable to the property owner for the additional costs relating to the proper remediation of the property according to the guidelines and reducing the levels of contamination to levels set in the guidelines and for reasonable attorney fees for collection of costs by the property owner. An action under this paragraph must be commenced within six years from the date on which the verification was issued by the contractor."

Page 6, line 22, delete "(f)" and insert "(g)"

Page 6, delete lines 33 to 36

Page 7, delete lines 1 to 28 and insert:

"(h) The applicable authority issuing an order under paragraph (c) shall record with the county recorder or registrar of titles of the county where the clandestine lab is located an affidavit containing the name of the owner, a legal description of the property where the clandestine lab was located, and a map drawn from available information showing the boundary of the property and the location of the contaminated area on the property that is prohibited from being occupied or used that discloses to any potential transferee:

(1) that the property, or a portion of the property, was the site of a clandestine lab;

(2) the location, condition, and circumstances of the clandestine lab, to the full extent known or reasonably ascertainable; and

(3) that the use of the property or some portion of it may be restricted as provided by paragraph (c).

If an inaccurate drawing or description is filed, the authority, on request of the owner or another interested person, shall file a supplemental affidavit with a corrected drawing or description.

If the authority vacates its order under paragraph (e), the authority shall record an affidavit that contains the recording information of the above affidavit and states that the order is vacated. Upon filing the affidavit vacating the order, the affidavit and the affidavit filed under this paragraph, together with the information set forth in the affidavits, cease to constitute either actual or constructive notice.

(i) If proper removal and remediation has occurred on the property, an interested party may record an affidavit indicating that this has occurred. Upon filing the affidavit described in this paragraph, the affidavit and the affidavit filed under paragraph (h), together with the information set forth in the affidavits, cease to constitute either actual or constructive notice. Failure to record an affidavit under this section does not affect or prevent any transfer of ownership of the property."

Page 7, line 30, delete "(g), (h)," and insert "(h)"

Page 8, line 4, after "include" insert "the name of the owner,"

Page 8, after line 8, insert:

"(m) Before signing an agreement to sell or transfer real property, the seller or transferor must disclose in writing to the buyer or transferee if, to the seller's or transferor's knowledge, methamphetamine production has occurred on the property. If methamphetamine production has occurred on the property, the disclosure shall include a statement to the buyer or transferee informing the buyer or transferee:

(1) whether an order has been issued on the property as described in paragraph (c);

(2) whether any orders issued against the property under paragraph (c) have been vacated under paragraph (i); or

(3) if there was no order issued against the property and the seller or transferor is aware that methamphetamine production has occurred on the property, the status of removal and remediation on the property.

Unless the buyer or transferee and seller or transferor agree to the contrary in writing before the closing of the sale, a seller or transferor who fails to disclose, to the best of their knowledge, at the time of sale any of the facts required above, and who knew or had reason to know of methamphetamine production on the property, is liable to the buyer or transferee for:

(1) costs relating to remediation of the property according to the Department of Health's clandestine drug labs general cleanup guidelines and best practices so that contamination is reduced to levels set forth in the guidelines; and

(2) reasonable attorney fees for collection of costs from the seller or transferor.

An action under this paragraph must be commenced within six years after the date on which the buyer or transferee closed the purchase or transfer of the real property where the methamphetamine production occurred."

Page 8, line 9, delete "August 1, 2005" and insert "January 1, 2006"

Page 12, line 32, delete "(f)" and insert "(g)"

And when so amended the bill do pass and be re-referred to the Committee on Jobs, Energy and Community Development. Amendments adopted. Report adopted.

**Senator Vickerman from the Committee on Agriculture, Veterans and Gaming, to which was referred**

**S.F. No. 1268:** A bill for an act relating to veterans; eliminating a restriction on a veteran's preference provision; repealing Minnesota Statutes 2004, section 43A.11, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 7, delete "section" and insert "sections" and delete "is" and insert "and 197.455, subdivision 3, are"

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections" and before the period, insert "; 197.455, subdivision 3"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

**Senator Vickerman from the Committee on Agriculture, Veterans and Gaming, to which was referred**

**S.F. No. 1254:** A bill for an act relating to veterans; designating the month of May each year as "Hire a Veteran Month" in Minnesota; proposing coding for new law in Minnesota Statutes, chapter 10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, after "who" insert "as of January 1, 2005,"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

**Senator Vickerman from the Committee on Agriculture, Veterans and Gaming, to which was referred**

**S.F. No. 1250:** A bill for an act relating to agriculture; authorizing rulemaking concerning grain storage and general merchandise storage warehouse licensing; proposing coding for new law in Minnesota Statutes, chapters 231; 232.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 3. [TENDER FOR STORAGE.] At the time of or prior to tender of goods for storage by a depositor, a storage order must be signed in writing by the depositor or the depositor's duly

authorized representative and must show the name and address of the warehouse operator in whose custody the goods are to be deposited.

Sec. 2. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 4. [GOODS; LABELING.] A warehouse operator who receives a lot of goods must identify each article or lot by tag or lot number, as recorded on the operator's books and on the warehouse receipt or contract.

Sec. 3. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 5. [FIRE PROTECTION.] All warehouses must be protected against fire by an automatic device or fire extinguishers.

Sec. 4. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 6. [FLOOR LOAD.] A warehouse floor or part of floor must not at any time be loaded or stored with a greater weight of goods or materials per square foot than the floor will sustain with safety. If the department directs a warehouse operator to ascertain from a competent registered architect or engineer or from the proper municipal authorities what may be the safe load capacity in pounds per square foot of each floor of the operator's warehouse or warehouses, the operator must do so without unnecessary delay and must post signs in several conspicuous places on each floor stating the safe live load that floor will sustain.

Sec. 5. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 7. [STORAGE CONDITIONS.] (a) On each floor where there is open storage of goods, wares, or merchandise, there must be aisles wide enough to permit the free and unimpeded passage of goods, wares, or merchandise. All aisles must be kept free from obstructions, dust, and litter.

(b) Pieces of overstuffed furniture, mattresses, rugs, carpets, and other goods not stored in containers must be protected by wrapping before being placed in permanent storage.

Sec. 6. Minnesota Statutes 2004, section 231.09, is amended to read:

231.09 [OBLIGATION TO ISSUE UNIFORM RECEIPTS.]

Subdivision 1. [RECEIPTS.] A warehouse operator receiving goods in store shall issue for the goods a receipt embodying the terms of such receipts as authorized by article 7 of the Uniform Commercial Code. Receipts or records of storage in electronic form are acceptable.

Subd. 2. [COPY TO DEPARTMENT.] A copy of the form of receipt used by the warehouse operator must be furnished to the department with the application for license.

Subd. 3. [INSURANCE.] Receipts must show in conspicuous type whether or not the property for which the receipt has been issued is insured for the benefit of the depositor against fire or any other casualty.

Subd. 4. [LOT NUMBER.] The property of each depositor must be specifically designated under a lot number, which must appear on the receipt for the purpose of identification.

Subd. 5. [CORRECTNESS OF RECEIPT.] Unless notice is given by the depositor to the warehouse operator in writing within 30 days after the date of mailing or delivery to the depositor of the warehouse receipt stating that there are errors or omissions in the list of goods and specifying them, the operator is entitled to assume that the list of goods on the warehouse receipt is a complete and correct list of goods tendered to the operator for storage under the terms and conditions of the contract and that the depositor has accepted all terms and conditions of the contract.

Subd. 6. [STORING ADDITIONAL GOODS.] If the depositor, subsequent to the original storing, places other goods with the warehouse operator for storage, the additional goods may come in under the same terms and conditions as if they were part of the original lot.

Subd. 7. [NOTICES TO DEPOSITOR.] Notices by the warehouse operator to the depositor pertaining to the goods, wares, or merchandise must be sent to the depositor at the address given at the time of depositing the goods, wares, or merchandise with the operator, unless written notice of a change of address is received by the operator from the depositor. Notices mailed by the operator to the last address given by the depositor constitute effective notice for all purposes.

Subd. 8. [LIABILITY LIMITATIONS; OTHER THAN HOUSEHOLD GOODS.] Unless otherwise specified by the depositor in writing, it is agreed and is prima facie proof that no piece, package, or complete article with its contents enumerated in the list of goods in the warehouse receipt of contract exceeds the sum of \$50 in value. If the depositor declares in writing a higher valuation, the warehouse operator may charge a higher rate for storing the pieces, packages, or complete articles. Each operator must, upon the day of storage, clearly inform the depositor, in writing, that the depositor may declare a higher valuation.

Subd. 9. [LIABILITY LIMITATIONS; HOUSEHOLD GOODS.] (a) From and after the date of storage, the warehouse operator storing household goods must, on behalf of the depositor, cause the stored goods of the depositor to be insured at least in the amount of \$1.25 per pound per article against loss from any peril covered by standard fire and extended coverage policies. The depositor must pay to the operator the cost of the insurance in addition to other warehousing charges. Provided, however, that the depositor may declare in writing that the value of the stored goods does not exceed 60 cents per pound per article, in which case the depositor is limited to that amount in the recovery of any damages against the warehouse operator.

(b) Warehouse operators whose charges for storage are not based upon actual weight, and who may not have available an actual weight figure, may use a weight figure obtained by application of the constructive weight rule in effect in the operator's tariff.

(c) Each warehouse operator must, on the day of storage, clearly inform the depositor in writing of the substance of paragraph (a). If the depositor's goods are delivered to the operator for storage by another person, the operator must inform that person of the depositor's rights and obligations under paragraph (a).

(d) Nothing in this section imposes liability upon a warehouse operator for damages where the liability would not otherwise be imposed under the provisions of the Uniform Commercial Code, chapter 336, and specifically section 336.7-204.

Sec. 7. Minnesota Statutes 2004, section 231.11, is amended to read:

231.11 [SCHEDULE OF RATES; STORING HOUSEHOLD GOODS.]

Subdivision 1. [FILING; INSPECTION.] A household goods warehouse operator must file with the department and keep open for public inspection a printed schedule of rates and charges complying with subdivision 2. All tariffs of rates and charges must contain terms and conditions under which the rates and charges are assessed.

Subd. 2. [RATE-MAKING PROCEDURE.] In order to ensure nondiscriminatory rates and charges for all depositors of household goods, the commissioner shall establish a collective rate-making procedure which will ensure the publication and maintenance of just and reasonable rates and charges under uniform, reasonably related rate structures. These procedures must provide for the joint consideration, initiation, and establishment of rates and charges and ensure that the respective revenues and expenses of household goods warehouse operators are ascertained. Any participating household goods warehouse operator party to a collectively mandated rate or charge has the right to petition the commissioner for the establishment of a rate or charge which deviates from the collectively set rate. Upon receiving the commissioner's approval, that household goods warehouse operator may proceed to establish the requested rate or charge. All household goods warehouse operators subject to rate regulation under this chapter must comply with the commissioner's rate-making procedures. No household goods warehouse operator shall undertake to perform any service or store any household goods until a schedule of rates has been filed and published in accordance with this chapter. In case of emergency, however, a service or storage not specifically covered by the schedules filed, may be performed or furnished

at a reasonable rate, which must then be promptly filed, and which is subject to review in accordance with this chapter.

Sec. 8. Minnesota Statutes 2004, section 231.18, subdivision 3, is amended to read:

Subd. 3. [WHERE TO FILE.] All claims must be filed at with the following address: Minnesota Department of Agriculture, Grain Licensing and Auditing Division, 316 Grain Exchange Building, Minneapolis, Minnesota 55415 Section.

Sec. 9. Minnesota Statutes 2004, section 231.18, subdivision 5, is amended to read:

Subd. 5. [PUBLIC NOTICE OF A CLAIM.] Upon determining that a depositor has filed a valid claim, the department shall publish notice of the claim in the official county newspaper of the county in which the licensee's primary place of business is located.

The notice must state that a claim against the bond of a licensee has been filed with the department, the name and address of the licensee, that any additional claims should be filed with the department, the bond disbursement date by which claims must be filed, and where the claims should be filed.

The public notice of the claim must appear for three consecutive days in newspapers with a daily circulation and for two consecutive publications in newspapers published less than daily.

Sec. 10. [231.375] [OPENING OR ABANDONMENT OF WAREHOUSES.]

No building or structure may be used as a warehouse or branch warehouse until it has been inspected and approved for warehousing purposes by the department.

On ceasing to use a building or other structure, a warehouse operator must promptly notify the department.

Sec. 11. [REPEALER.]

Minnesota Rules, parts 1560.7700; 1560.7750; 1560.7800; 1560.7850; 1560.7900; 1560.8000; 1560.8100; 1560.8200; 1560.8300; 1560.8400; 1560.8500; 1560.8600; 1560.8700; and 1560.8800, are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; changing certain warehouse laws; amending Minnesota Statutes 2004, sections 231.08, by adding subdivisions; 231.09; 231.11; 231.18, subdivisions 3, 5; proposing coding for new law in Minnesota Statutes, chapter 231; repealing Minnesota Rules, parts 1560.7700; 1560.7750; 1560.7800; 1560.7850; 1560.7900; 1560.8000; 1560.8100; 1560.8200; 1560.8300; 1560.8400; 1560.8500; 1560.8600; 1560.8700; 1560.8800."

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Lourey from the Committee on Health and Family Security, to which was referred**

**S.F. No. 836:** A bill for an act relating to health; modifying hospital and clinic grant programs; eliminating community health center program; amending Minnesota Statutes 2004, sections 144.147, subdivision 2; 144.148, subdivision 1; 144.1483; 145.9268; repealing Minnesota Statutes 2004, section 144.1486.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 8, insert:

"Section 1. [62J.495] [HEALTH INFORMATION TECHNOLOGY AND INFRASTRUCTURE ADVISORY COMMITTEE.]

Subdivision 1. [ESTABLISHMENT; MEMBERS; DUTIES.] (a) The commissioner shall establish a Health Information Technology and Infrastructure Advisory Committee governed by section 15.059 to advise the commissioner on the following matters:

(1) assessment of the use of health information technology by the state, licensed health care providers and facilities, and local public health agencies;

(2) recommendations for implementing a statewide interoperable health information infrastructure, to include estimates of necessary resources, and for determining standards for administrative data exchange, clinical support programs, and maintenance of the security and confidentiality of individual patient data; and

(3) other related issues as requested by the commissioner.

(b) The members of the Health Information Technology and Infrastructure Advisory Committee shall include the commissioners, or commissioners' designees, of health, human services, and commerce and additional members to be appointed by the commissioner to include persons representing Minnesota's local public health agencies, licensed hospitals and other licensed facilities and providers, the medical and nursing professions, health insurers and health plans, the state quality improvement organization, academic and research institutions, consumer advisory organizations with an interest and expertise in health information technology, and other stakeholders as identified by the Health Information Technology and Infrastructure Advisory Committee.

Subd. 2. [ANNUAL REPORT.] The commissioner shall prepare and issue an annual report not later than January 30 of each year outlining progress to date in implementing a statewide health information infrastructure and recommending future projects.

Subd. 3. [EXPIRATION.] Notwithstanding section 15.059, this section expires June 30, 2009."

Page 2, line 19, after the period, insert "The commissioner shall give priority to grant applications for projects involving electronic health records systems."

Page 3, line 1, after the period, insert "The commissioner shall give priority to grant applications for projects involving electronic health records systems."

Page 7, line 10, after the stricken colon, insert "In addition, the commissioner shall give priority to grant applications for projects involving electronic health records systems."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "establishing the Health Information Technology and Infrastructure Advisory Committee;"

Page 1, line 6, after "145.9268;" insert "proposing coding for new law in Minnesota Statutes, chapter 62J;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

**Senator Lourey from the Committee on Health and Family Security, to which was referred**

**S.F. No. 538:** A bill for an act relating to health; providing for education of parents, primary caregivers, and child care providers on the dangers associated with shaking infants and young children; proposing coding for new law in Minnesota Statutes, chapters 144; 245A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, after the period, insert "The commissioner shall not require a hospital to use videos that would require the hospital to pay royalties for use of the video, restrict viewing in order to comply with public viewing or other restrictions, or be subject to other costs or restrictions associated with copyrights."

(c) A hospital shall, whenever possible, request both parents to view the video. The patient's chart shall indicate whether the parents are offered an opportunity to view the video.

(d) The showing or distribution of the video shall not subject any person or facility to any action for damages or other relief provided the person or facility acted in good faith."

Page 2, line 9, delete "and legal nonlicensed"

Page 2, line 10, after the period, insert "Legal nonlicensed child care providers may participate at their option in a video presentation session offered under this section."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

**Senator Lourey from the Committee on Health and Family Security, to which was referred**

**S.F. No. 724:** A bill for an act relating to human services; creating an exception to the intermediate care facility for persons with mental retardation and related conditions payment system; amending Minnesota Statutes 2004, section 256B.5012, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Lourey from the Committee on Health and Family Security, to which was referred**

**S.F. No. 999:** A bill for an act relating to health; reducing the nursing home license surcharge; increasing the cigarette tax; amending Minnesota Statutes 2004, sections 256.9657, subdivision 1; 256B.431, subdivision 38; 297F.05, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

**Senator Kelley from the Committee on Education, to which was referred**

**S.F. No. 1244:** A bill for an act relating to education; providing condition for the continued implementation of No Child Left Behind; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 127A.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Kelley from the Committee on Education, to which was re-referred**

**S.F. No. 397:** A bill for an act relating to taxation; conforming to federal law relating to educator expense deductions; allowing a subtraction from income; amending Minnesota Statutes 2004, section 290.01, subdivisions 19, 19b.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

**Senator Kelley from the Committee on Education, to which was referred**



**S.F. No. 1245:** A resolution memorializing the Congress of the United States to amend the No Child Left Behind Act according to the recommendations of the National Conference of State Legislatures' task force on No Child Left Behind.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

**Senator Kelley from the Committee on Education, to which was referred**

**S.F. No. 1153:** A bill for an act relating to education finance; authorizing a classroom contribution refund; appropriating money; amending Minnesota Statutes 2004, section 290.06, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

**Senator Kelley from the Committee on Education, to which was referred**

**S.F. No. 1092:** A resolution memorializing the Congress of the United States to refrain from expanding No Child Left Behind requirements to high schools.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

**Senator Pogemiller from the Committee on Taxes, to which was referred**

**S.F. No. 1209:** A bill for an act relating to taxes; regulating tax preparers; amending Minnesota Statutes 2004, sections 270.30, subdivisions 1, 5, 6, 8, by adding subdivisions; 289A.08, subdivision 16; 289A.60, subdivision 13; proposing coding for new law in Minnesota Statutes 2004, chapter 270.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2004, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations, and trusts must be paid on or before the date the return must be filed under section 289A.18, subdivision 2 a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds the amounts established for remitting federal withheld taxes pursuant to the regulations promulgated under section 6302(h) of the Internal Revenue Code, the employer must remit each required deposit for wages paid in the subsequent calendar year by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2005.

Sec. 2. Minnesota Statutes 2004, section 290.92, is amended by adding a subdivision to read:

Subd. 31. [PAYMENTS TO PERSONS WHO ARE NOT EMPLOYEES; WITHHOLDING.] Any person engaged in a trade or business who in the course of such trade or business makes payments to an individual, who is not an employee of the person, for work described in industry code numbers 23 through 238990 of the North American Industry Classification System, shall deduct from the payment and withhold two percent of the amount as Minnesota withholding tax when the amount paid to that individual by the same person during the calendar year exceeds \$600. For purposes of this section, a payment to any person that is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment that is subject to withholding under this subdivision shall furnish the contracting person with a statement, containing the name, address, and Social Security account number of the person receiving the payment.

**[EFFECTIVE DATE.]** This section is effective for payments made after July 31, 2005.

## ARTICLE 2

### FEDERAL UPDATE

Section 1. Minnesota Statutes 2004, section 290.01, subdivision 19, 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 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 provisions of sections 1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m) of the Small Business Job Protection Act, Public Law 104-188, the provisions of Public Law 104-117, the provisions of sections 313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1) of the Taxpayer Relief Act of 1997, Public Law 105-34, the provisions of section 6010 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law 105-206, the provisions of section 4003 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law 105-277, and the provisions of section 318 of the Consolidated Appropriation Act of 2001, Public Law 106-554, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1996, shall be in effect for taxable years beginning after December 31, 1996.

The provisions of sections 202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e) of the Taxpayer Relief Act of 1997, Public Law 105-34, the provisions of sections 6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law 105-206, the provisions of section 3001 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law 105-277, the provisions of section 3001 of the Miscellaneous Trade and Technical Corrections Act of 1999, Public Law 106-36, and the provisions of section 316 of the Consolidated Appropriation Act of 2001, Public Law 106-554, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law 105-277, the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law 105-369, the provisions of sections 532, 534, 536, 537, and 538 of the Ticket to Work and Work Incentives Improvement Act of 1999, Public Law 106-170, the provisions of the Installment Tax Correction Act of 2000, Public Law 106-573, and the provisions of section 309 of the Consolidated Appropriation Act of 2001, Public Law 106-554, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

The provisions of the FSC Repeal and Extraterritorial Income Exclusion Act of 2000, Public

Law 106-519, and the provision of section 412 of the Job Creation and Worker Assistance Act of 2002, Public Law 107-147, shall become effective at the time it became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1999, shall be in effect for taxable years beginning after December 31, 1999. The provisions of sections 306 and 401 of the Consolidated Appropriation Act of 2001, Public Law 106-554, and the provision of section 632(b)(2)(A) of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16, and provisions of sections 101 and 402 of the Job Creation and Worker Assistance Act of 2002, Public Law 107-147, shall become effective at the same time it became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 2000, shall be in effect for taxable years beginning after December 31, 2000. The provisions of sections 659a and 671 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16, the provisions of sections 104, 105, and 111 of the Victims of Terrorism Tax Relief Act of 2001, Public Law 107-134, and the provisions of sections 201, 403, 413, and 606 of the Job Creation and Worker Assistance Act of 2002, Public Law 107-147, shall become effective at the same time it became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through March 15, 2002, shall be in effect for taxable years beginning after December 31, 2001.

The provisions of sections 101 and 102 of the Victims of Terrorism Tax Relief Act of 2001, Public Law 107-134, shall become effective at the same time it becomes effective for federal purposes.

The Internal Revenue Code of 1986, as amended through June 15, 2003, shall be in effect for taxable years beginning after December 31, 2002, provided that the provisions of the American Jobs Creation Act of 2004, Public Law 108-435, are effective at the same time they became effective for federal income tax purposes. The provisions of section 201 of the Jobs and Growth Tax Relief and Reconciliation Act of 2003, H.R. 2, if it is enacted into law, are effective at the same time it became effective for federal purposes.

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

Sec. 2. Minnesota Statutes 2004, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income or sales and use taxes paid or accrued within the taxable year under

this chapter and income or sales and use taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code of 1986, as amended through June 15, 2003, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction disallowed;

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10;

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code; and

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003; and

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code.

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2004, except the changes in clause (2) are effective for tax years beginning after December 31, 2003.

Sec. 3. Minnesota Statutes 2004, section 290.01, subdivision 19b, 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) 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. 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 included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, sections 12601 to 12604;

(7) to the extent not deducted 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 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code over \$500;

(8) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

(9) 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;

(10) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), 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), 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; ~~and~~

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

(12) 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 (17), 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 (17), 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.

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2004.

Sec. 4. Minnesota Statutes 2004, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) 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, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);

(12) the amount of any environmental tax paid under section 59(a) of the Internal Revenue Code;

(13) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(14) the amount of net income excluded under section 114 of the Internal Revenue Code;

(15) any increase 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 section 614 of Public Law 107-147; and

(16) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for

the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(17) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003; and

(18) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code.

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2004.

Sec. 5. Minnesota Statutes 2004, 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 federal jobs 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) 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) 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) 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 (11), 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) 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) 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 section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation;

(11) 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;

(12) the amount of handicap 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;

(13) 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;

(14) 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;

(15) the amount of any refund of environmental taxes paid under section 59A of the Internal Revenue Code;

(16) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

(17) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

(18) 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 section 614 of Public Law 107-147; and

(19) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), 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 (16). The resulting delayed depreciation cannot be less than zero; and

(20) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (17), an amount equal to one-fifth of the amount of the addition.

[EFFECTIVE DATE.] This section is effective for tax years beginning after December 31, 2004.

Sec. 6. Minnesota Statutes 2004, section 290.01, subdivision 31, 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 June 15, 2003, and as further amended by the American Jobs Creation Act of 2004, Public Law 108-435.

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

Sec. 7. Minnesota Statutes 2004, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$25,680, 5.35 percent;
- (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- (3) On all over \$102,030, 7.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$17,570, 5.35 percent;
- (2) On all over \$17,570, but not over \$57,710, 7.05 percent;
- (3) On all over \$57,710, 7.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$21,630, 5.35 percent;
- (2) On all over \$21,630, but not over \$86,910, 7.05 percent;
- (3) On all over \$86,910, 7.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the

commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), ~~and (6), (7), (8), and (9)~~, and reduced by the subtraction under section 290.01, subdivision 19b, clause (11), and the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under clauses (10), (11), and (12), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), ~~and (6), (7), (8), and (9)~~, and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1) ~~and (10)~~, (11), and (12).

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2004.

Sec. 8. Minnesota Statutes 2004, section 290.067, subdivision 2a, is amended to read:

Subd. 2a. [INCOME.] (a) For purposes of this section, "income" means the sum of the following:

- (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
  - (i) all nontaxable income;
  - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
  - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
  - (iv) cash public assistance and relief;
  - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
  - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
  - (vii) workers' compensation;
  - (viii) nontaxable strike benefits;
  - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
  - (x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants; and

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

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

(4) relief granted under chapter 290A;

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

(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2003.

Sec. 9. Minnesota Statutes 2004, section 290.091, subdivision 2, 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 to the extent that the deduction exceeds 1.0 percent of adjusted gross income, as defined in section 62 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, ~~clause~~ clauses (7), (8), and (9);

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; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (10) ~~and~~, (11), and (12).

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) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

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

**[EFFECTIVE DATE.]** This section is effective for tax years beginning after December 31, 2004.

Sec. 10. Minnesota Statutes 2004, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

- (iv) cash public assistance and relief;
- (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
- (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
- (vii) workers' compensation;
- (viii) nontaxable strike benefits;
- (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
- (x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;
- (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; ~~and~~
- (xii) nontaxable scholarship or fellowship grants; and
- (xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

- (2) "Income" does not include:
  - (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
  - (b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;
  - (c) surplus food or other relief in kind supplied by a governmental agency;
  - (d) relief granted under this chapter;
  - (e) child support payments received under a temporary or final decree of dissolution or legal separation; or
  - (f) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.
- (3) The sum of the following amounts may be subtracted from income:
  - (a) for the claimant's first dependent, the exemption amount multiplied by 1.4;
  - (b) for the claimant's second dependent, the exemption amount multiplied by 1.3;
  - (c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported.

**[EFFECTIVE DATE.]** This section is effective for property tax refunds based on household income for 2004 and thereafter.

Sec. 11. Minnesota Statutes 2004, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through June 15, 2003, and as further amended by the American Jobs Creation Act of 2004, Public Law 108-435.

**[EFFECTIVE DATE.]** This section is effective for property tax refunds based on property taxes payable on or after December 31, 2004, and rent paid on or after December 31, 2003.

### ARTICLE 3

#### SALES, USE, AND SPECIAL TAXES

Section 1. Minnesota Statutes 2004, section 16C.03, is amended by adding a subdivision to read:

Subd. 18. [CONTRACTS WITH FOREIGN VENDORS.] (a) The commissioner and other agencies to which this section applies and the legislative branch of government shall, subject to paragraph (d), cancel a contract for goods or services from a vendor or an affiliate of a vendor or suspend or debar a vendor or an affiliate of a vendor from future contracts upon notification from the commissioner of revenue that the vendor or an affiliate of the vendor has not registered to collect the sales and use tax imposed under chapter 297A on its sales in Minnesota or to a destination in Minnesota. This subdivision shall not apply to state colleges and universities, the courts, and any agency in the judicial branch of government. For purposes of this subdivision, the term "affiliate" means any person or entity that is controlled by, or is under common control of, a vendor through stock ownership or other affiliation.

(b) Beginning January 1, 2006, each vendor or affiliate of a vendor selling goods or services, subject to tax under chapter 297A, to an agency or the legislature must provide its Minnesota sales and use tax business identification number, upon request, to show that the vendor is registered to collect Minnesota sales or use tax.

(c) The commissioner of revenue shall periodically provide to the commissioner and the legislative branch a list of vendors who have not registered to collect Minnesota sales and use tax and who are subject to being suspended or debarred as vendors or having their contracts canceled.

(d) The provisions of this subdivision may be waived by the commissioner or the legislative branch when the vendor is the single source of such goods or services, in the event of an emergency, or when it is in the best interests of the state as determined by the commissioner in consultation with the commissioner of revenue. Such consultation is not a disclosure violation under chapter 270B.

**[EFFECTIVE DATE.]** This section is effective for all contracts entered into after December 31, 2005.

Sec. 2. [295.75] [LIQUOR GROSS RECEIPTS TAX.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of revenue.

(c) "Gross receipts" means the total amount received, in money or by barter or exchange, for all liquor sales at retail as measured by the sales price, but does not include any taxes imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(d) "Liquor" means:

(1) intoxicating liquor, as defined in section 340A.101, subdivision 14;

(2) beverage containing intoxicating liquor; and

(3) 3.2 percent malt liquor, as defined in section 340A.101, subdivision 19, when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

(e) "Liquor retailer" means a retailer that sells liquor.

(f) "Retail sale" has the meaning given in section 297A.61, subdivision 4.

Subd. 2. [GROSS RECEIPTS TAX IMPOSED.] A tax is imposed on each liquor retailer equal to 2.5 percent of gross receipts from retail sales in Minnesota of liquor.

Subd. 3. [USE TAX IMPOSED; CREDIT FOR TAXES PAID.] (a) A person that receives liquor for use or storage in Minnesota, other than from a liquor retailer that paid the tax under subdivision 2, is subject to tax at the rate imposed under subdivision 2. Liability for the tax is incurred when the person has possession of the liquor in Minnesota. The tax must be remitted to the commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

(b) A person that has paid taxes to another jurisdiction on the same transaction and is subject to tax under this section is entitled to a credit for the tax legally due and paid to another jurisdiction to the extent of the lesser of (1) the tax actually paid to the other jurisdiction, or (2) the amount of tax imposed by Minnesota on the transaction subject to tax in the other jurisdiction.

Subd. 4. [TAX COLLECTION REQUIRED.] A liquor retailer with nexus in Minnesota, who is not subject to tax under subdivision 2, is required to collect the tax imposed under subdivision 3 from the purchaser of the liquor and give the purchaser a receipt for the tax paid. The tax collected must be remitted to the commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

Subd. 5. [TAXES PAID TO ANOTHER JURISDICTION; CREDIT.] A liquor retailer that has paid taxes to another jurisdiction measured by gross receipts and is subject to tax under this section on the same gross receipts is entitled to a credit for the tax legally due and paid to another jurisdiction to the extent of the lesser of (1) the tax actually paid to the other jurisdiction, or (2) the amount of tax imposed by Minnesota on the gross receipts subject to tax in the other taxing jurisdictions.

Subd. 6. [EXEMPTIONS.] All of the exemptions applicable to the taxes imposed under chapter 297A are applicable to the taxes imposed under this section.

Subd. 7. [SOURCING OF SALES.] All of the provisions of section 297A.668 apply to the taxes imposed by this section.

Subd. 8. [PAYMENT; REPORTING.] A liquor retailer shall report the tax on a return prescribed by the commissioner of revenue, and shall remit the tax with the return. The return and the tax must be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 297A.

Subd. 9. [ADMINISTRATION.] Unless specifically provided otherwise by this section, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270 and 289A that are applicable to taxes imposed under chapter 297A apply to taxes imposed under this section.



Subd. 10. [INTEREST ON OVERPAYMENTS.] Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the tax, whichever is later.

Subd. 11. [DEPOSIT OF REVENUES.] The commissioner shall deposit all revenues, including penalties and interest, derived from the tax imposed by this section in the general fund.

[EFFECTIVE DATE.] This section is effective for sales and purchases occurring on or after January 1, 2006.

Sec. 3. Minnesota Statutes 2004, section 297A.68, subdivision 2, is amended to read:

Subd. 2. [MATERIALS CONSUMED IN INDUSTRIAL PRODUCTION.] (a) Materials stored, used, or consumed in industrial production of personal property intended to be sold ultimately at retail are exempt, whether or not the item so used becomes an ingredient or constituent part of the property produced. Materials that qualify for this exemption include, but are not limited to, the following:

(1) chemicals, including chemicals used for cleaning food processing machinery and equipment;

(2) materials, including chemicals, fuels, and electricity purchased by persons engaged in industrial production to treat waste generated as a result of the production process;

(3) fuels, electricity, gas, and steam used or consumed in the production process, except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt if (i) it is in excess of the average climate control or lighting for the production area, and (ii) it is necessary to produce that particular product;

(4) petroleum products and lubricants;

(5) packaging materials, including returnable containers used in packaging food and beverage products;

(6) accessory tools, equipment, and other items that are separate detachable units with an ordinary useful life of less than 12 months used in producing a direct effect upon the product; and

(7) the following materials, tools, and equipment used in metalcasting: crucibles, thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal filters and filter boxes, degassing lances, and base blocks.

(b) This exemption does not include:

(1) machinery, equipment, implements, tools, accessories, appliances, contrivances and furniture and fixtures, except those listed in paragraph (a), clause (6); and

(2) petroleum and special fuels used in producing or generating power for propelling ready-mixed concrete trucks on the public highways of this state.

(c) Industrial production includes, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products (whether vegetable or animal), commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity, the production of road building materials, and the research, development, design, or production of computer software. Industrial production does not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Industrial production does not include the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. For purposes of this paragraph, "transportation, transmission, or distribution" does not include blending of petroleum or biodiesel fuel as defined in section 239.77.

**[EFFECTIVE DATE.]** This section is effective for sales and purchases made after June 30, 2005.

Sec. 4. Minnesota Statutes 2004, section 297A.68, subdivision 5, is amended to read:

Subd. 5. [CAPITAL EQUIPMENT.] (a) Capital equipment is exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used to electronically transmit results retrieved by a customer of an on-line computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

- (1) machinery and equipment used to operate, control, or regulate the production equipment;
- (2) machinery and equipment used for research and development, design, quality control, and testing activities;
- (3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;
- (4) materials and supplies used to construct and install machinery or equipment;
- (5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;
- (6) materials used for foundations that support machinery or equipment;
- (7) materials used to construct and install special purpose buildings used in the production process;
- (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis and leases of ready-mixed concrete trucks; and
- (9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

- (1) motor vehicles taxed under chapter 297B;
- (2) machinery or equipment used to receive or store raw materials;
- (3) building materials, except for materials included in paragraph (b), clauses (6) and (7);
- (4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;
- (5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;
- (6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property; ~~or~~
- (7) machinery or equipment used in the transportation, transmission, or distribution of

petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

(8) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Integrated production process" means a process or series of operations through which tangible personal property is manufactured, fabricated, mined, or refined. For purposes of this clause, (i) manufacturing begins with the removal of raw materials from inventory and ends when the last process prior to loading for shipment has been completed; (ii) fabricating begins with the removal from storage or inventory of the property to be assembled, processed, altered, or modified and ends with the creation or production of the new or changed product; (iii) mining begins with the removal of overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and ends when the last process before stockpiling is completed; and (iv) refining begins with the removal from inventory or storage of a natural resource and ends with the conversion of the item to its completed form.

(4) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(5) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(7) "Mining" means the extraction of minerals, ores, stone, or peat.

(8) "On-line data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

**[EFFECTIVE DATE.]** This section is effective for sales and purchases made after June 30, 2005.

Sec. 5. Minnesota Statutes 2004, section 297I.01, is amended by adding a subdivision to read:

Subd. 6a. **[DIRECT BUSINESS.]** (a) "Direct business" means all insurance provided by an insurance company or its agents, and specifically includes stop-loss insurance purchased in

connection with a self-insurance plan for employee health benefits or for other purposes, but excludes:

(1) reinsurance in which an insurance company assumes the liability of another insurance company; and

(2) self-insurance.

(b) For purposes of this subdivision, an insurance company includes a nonprofit health service corporation, health maintenance organization, and community integrated service network.

**[EFFECTIVE DATE.]** This section is effective for insurance premiums received after December 31, 2005.

Sec. 6. Laws 2001, First Special Session chapter 5, article 12, section 95, is amended to read:

Sec. 95. [REPEALER.]

(a) Minnesota Statutes 2000, sections 297A.61, subdivision 16; 297A.68, subdivision 21; and 297A.71, subdivisions 2 and 16, are repealed effective for sales and purchases occurring after June 30, 2001, except that the repeal of section 297A.61, subdivision 16, paragraph (d), is effective for sales and purchases occurring after July 31, 2001.

(b) Minnesota Statutes 2000, ~~sections section~~ 297A.62, subdivision 2, ~~and 297A.64, subdivision 1,~~ are is repealed effective for sales and purchases made after December 31, 2005.

(c) Minnesota Statutes 2000, section 297A.71, subdivision 15, is repealed effective for sales and purchases made after June 30, 2002.

(d) Minnesota Statutes 2000, section 289A.60, subdivision 15, is repealed effective for liabilities after January 1, 2003.

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

#### ARTICLE 4

#### MISCELLANEOUS

Section 1. Minnesota Statutes 2004, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. [RESIDENTIAL HOMESTEAD MARKET VALUE CREDIT.] Each county auditor shall determine a homestead credit for each class 1a, 1b, 1c, and 2a homestead property within the county equal to 0.4 percent of the first \$76,000 of market value of the property. ~~The amount of homestead credit for a homestead may not exceed \$304 and is reduced by minus .09 percent of the market value in excess of \$76,000. The credit amount may not be less than zero.~~ In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property which is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, ~~but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, or solely because both spouses do not occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership or prorated to one-half if both spouses do not occupy the property.~~

**[EFFECTIVE DATE.]** This section is effective for taxes payable in 2006 and thereafter.

Sec. 2. [APPROPRIATION TO DEPARTMENT OF REVENUE FOR COMPLIANCE ACTIVITIES.]

(a) \$5,786,000 is appropriated from the general fund to the commissioner of revenue for fiscal year 2006 and \$7,510,000 is appropriated from the general fund to the commissioner of revenue for fiscal year 2007.

(b) \$5,096,000 the first year and \$6,190,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$42,800,000 for the biennium ending June 30, 2007.

(c) The department must report to the chairs of the house Ways and Means and senate Finance Committees by March 1, 2006, and January 15, 2007, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amount of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The report must also identify base level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2004. The information must be provided at the budget activity level.

(d) Of the amounts appropriated under paragraph (a), \$690,000 the first year and \$1,320,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general revenues of \$25,200,000 for the biennium ending June 30, 2007.

### Sec. 3. [CITY AID PAYMENTS.]

In 2005 and subsequent years, market value credit reimbursements for each city payable under Minnesota Statutes, section 273.1384, are reduced by the dollar amount of the 2003 reduction in market value credit reimbursements for that city due to Laws 2003, First Special Session chapter 21, article 5, section 12. No city's market value credit reimbursements are reduced to less than zero under this section. To the extent sufficient information is available on each payment date, the commissioner shall pay the annual 2005 and subsequent year market value credit reimbursement amounts, after reduction under this section, to cities in equal installments on the dates specified in Minnesota Statutes, section 273.1384.

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

Delete the title and insert:

"A bill for an act relating to taxation; requiring withholding; conforming with certain federal income tax changes; prohibiting state contracts with certain vendors; providing for taxation of liquor and rented vehicles; modifying certain sales tax exemptions; defining "direct business" for purposes of insurance taxes; modifying the homestead market value credit; appropriating money; amending Minnesota Statutes 2004, sections 16C.03, by adding a subdivision; 273.1384, subdivision 1; 289A.20, subdivision 2; 290.01, subdivisions 19, 19a, 19b, 19c, 19d, 31; 290.06, subdivision 2c; 290.067, subdivision 2a; 290.091, subdivision 2; 290.92, by adding a subdivision; 290A.03, subdivisions 3, 15; 297A.68, subdivisions 2, 5; 297I.01, by adding a subdivision; Laws 2001, First Special Session chapter 5, article 12, section 95; proposing coding for new law in Minnesota Statutes, chapter 295."

And when so amended the bill do pass. Amendments adopted. Report adopted.

**Senator Marty from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 762:** A bill for an act relating to the environment; creating the Clean Water Legacy Act; providing authority, direction, and funding to achieve and maintain water quality standards for Minnesota's surface waters in accordance with section 303(d) of the federal Clean Water Act;

appropriating money; proposing coding for new law in Minnesota Statutes chapter 446A; proposing coding for new law as Minnesota Statutes, chapter 114D.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [114D.05] [CITATION.]

This chapter may be cited as the "Clean Water Legacy Act."

Sec. 2. [114D.10] [LEGISLATIVE PURPOSE AND FINDINGS.]

Subdivision 1. [PURPOSE.] The purpose of the Clean Water Legacy Act is to protect, restore, and preserve the quality of Minnesota's surface waters by providing authority, direction, and resources to achieve and maintain water quality standards for surface waters as required by section 303(d) of the federal Clean Water Act, United States Code, title 42, section 1313(d), and applicable federal regulations.

Subd. 2. [FINDINGS.] The legislature finds that:

(1) there is a close link between protecting, restoring, and preserving the quality of Minnesota's surface waters and the ability to develop the state's economy, enhance its quality of life, and protect its human and natural resources;

(2) achieving the state's water quality goals will require long-term commitment and cooperation by all state and local agencies, and other public and private organizations and individuals, with responsibility and authority for water management, planning, and protection; and

(3) all persons and organizations whose activities affect the quality of waters, including point and nonpoint sources of pollution, have a responsibility to participate in and support efforts to achieve the state's water quality goals.

Sec. 3. [114D.15] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions provided in this section apply to the terms used in this chapter.

Subd. 2. [CITIZEN MONITORING.] "Citizen monitoring" means monitoring of surface water quality by individuals and nongovernmental organizations that is consistent with Pollution Control Agency guidance on monitoring procedures, quality assurance protocols, and data management.

Subd. 3. [CLEAN WATER COUNCIL.] "Clean Water Council" or "council" means the Clean Water Council created pursuant to section 114D.30, subdivision 1.

Subd. 4. [FEDERAL TMDL REQUIREMENTS.] "Federal TMDL requirements" means the requirements of section 303(d) of the Clean Water Act, United States Code, title 42, section 1313(d), and associated regulations and guidance.

Subd. 5. [IMPAIRED WATER.] "Impaired water" means surface water that does not meet applicable water quality standards.

Subd. 6. [PUBLIC AGENCIES.] "Public agencies" means all state agencies, political subdivisions, joint powers organizations, and special purpose units of government with authority, responsibility, or expertise in protecting, restoring, or preserving the quality of surface waters, managing or planning for surface waters and related lands, or financing waters-related projects. "Public agencies" also includes the University of Minnesota and other public education institutions.

Subd. 7. [RESTORATION.] "Restoration" means actions, including effectiveness monitoring, that are taken to achieve and maintain water quality standards for impaired waters in accordance with a TMDL that has been approved by the United States Environmental Protection Agency under federal TMDL requirements.

Subd. 8. [SURFACE WATERS.] "Surface waters" means waters of the state as defined in section 115.01, subdivision 22, excluding groundwater as defined in section 115.01, subdivision 6.

Subd. 9. [THIRD-PARTY TMDL.] "Third-party TMDL" means a TMDL that is developed by a qualified public agency other than the Pollution Control Agency consistent with the goals, policies, and priorities in section 114D.20.

Subd. 10. [TOTAL MAXIMUM DAILY LOAD OR TMDL.] "Total maximum daily load" or "TMDL" means a calculation of the maximum amount of a pollutant that may be introduced into a surface water and still ensure that applicable water quality standards for that water are achieved and maintained. A TMDL is the sum of the pollutant load allocations for all sources of the pollutant, including a load allocation for point sources, a load allocation for nonpoint sources and natural background, a load allocation for future growth of point and nonpoint sources, and a margin of safety to account for uncertainty about the relationship between pollutant loads and the quality of the receiving surface water. "Natural background" means characteristics of the water body resulting from the multiplicity of factors in nature, including climate and ecosystem dynamics, that affect the physical, chemical, or biological conditions in a water body, but does not include measurable and distinguishable pollution that is attributable to human activity or influence. A TMDL must take into account seasonal variations.

Subd. 11. [WATER QUALITY STANDARDS.] "Water quality standards" for Minnesota surface waters are found in Minnesota Rules, chapters 7050 and 7052.

Sec. 4. [114D.20] [IMPLEMENTATION; COORDINATION; GOALS; POLICIES; AND PRIORITIES.]

Subdivision 1. [COORDINATION AND COOPERATION.] In implementing this chapter, public agencies shall take into consideration the relevant provisions of local and other applicable water management, conservation, land use, land management, and development plans and programs. Public agencies with authority for local water management, conservation, land use, land management, and development plans shall take into consideration the manner in which their plans affect the implementation of this chapter. Public agencies shall identify opportunities to participate and assist in the successful implementation of this chapter, including the funding or technical assistance needs, if any, that may be necessary. In implementing this chapter, public agencies shall endeavor to engage the cooperation of organizations and individuals whose activities affect the quality of surface waters, including point and nonpoint sources of pollution, and who have authority and responsibility for water management, planning, and protection. To the extent practicable, public agencies shall endeavor to enter into formal and informal agreements and arrangements with federal agencies and departments to jointly utilize staff and resources to deliver programs or conduct activities to achieve the intent of this chapter, including efforts under the federal Clean Water Act and other federal farm and soil and water conservation programs.

Subd. 2. [GOALS FOR IMPLEMENTATION.] The following goals must guide the implementation of this chapter:

(1) to identify impaired waters in accordance with federal TMDL requirements within ten years after the effective date of this section and thereafter to ensure continuing evaluation of surface waters for impairments;

(2) to submit TMDL's to the United States Environmental Protection Agency for all impaired waters in a timely manner in accordance with federal TMDL requirements;

(3) to set a reasonable time for implementing restoration of each identified impaired water;

(4) to provide assistance and incentives to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but do not have an approved TMDL addressing the impairment; and

(5) to promptly seek the delisting of waters from the impaired waters list when those waters are shown to achieve the designated uses applicable to the waters.

Subd. 3. [IMPLEMENTATION POLICIES.] The following policies must guide the implementation of this chapter:

(1) develop regional and watershed TMDL's, and TMDL's for multiple pollutants, where reasonable and feasible;

(2) maximize use of available organizational, technical, and financial resources to perform sampling, monitoring, and other activities to identify impaired waters, including use of citizen monitoring;

(3) maximize opportunities for restoration of impaired waters, by prioritizing and targeting of available programmatic, financial, and technical resources and by providing additional state resources to complement and leverage available resources;

(4) use existing regulatory authorities to achieve restoration for point and nonpoint sources of pollution where applicable, and promote the development and use of effective nonregulatory measures to address pollution sources for which regulations are not applicable;

(5) use restoration methods that have a demonstrated effectiveness in reducing impairments and provide the greatest long-term positive impact on water quality protection and improvement and related conservation benefits while incorporating innovative approaches on a case-by-case basis;

(6) identify for the legislature any innovative approaches that may strengthen or complement existing programs; and

(7) identify and encourage implementation of measures to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment using the best available data and technology, and establish and report outcome-based performance measures that monitor the progress and effectiveness of protection and restoration measures.

Subd. 4. [PRIORITIES FOR IDENTIFYING IMPAIRED WATERS.] The Pollution Control Agency, in accordance with federal TMDL requirements, shall set priorities for identifying impaired waters, giving consideration to:

(1) waters where impairments would pose the greatest potential risk to human or aquatic health; and

(2) waters where data developed through public agency or citizen monitoring or other means provides evidence that an impaired condition exists.

Subd. 5. [PRIORITIES FOR PREPARATION OF TMDL'S.] The Clean Water Council shall recommend priorities for scheduling and preparing TMDL's taking into account the severity of the impairment, the designated uses of those waters, and other applicable federal TMDL requirements. In recommending priorities, the council shall also give consideration to waters and watersheds:

(1) with impairments that pose the greatest potential risk to human health;

(2) with impairments that pose the greatest potential risk to threatened or endangered species;

(3) with impairments that pose the greatest potential risk to aquatic health;

(4) where other public agencies and participating organizations and individuals, especially local, basinwide, or regional agencies or organizations, have demonstrated readiness to assist in carrying out the responsibilities, including availability and organization of human, technical, and financial resources necessary to undertake the work; and

(5) where there is demonstrated coordination and cooperation among cities, counties, watershed districts, and soil and water conservation districts in planning and implementation of activities that will assist in carrying out the responsibilities.

Subd. 6. [PRIORITIES FOR RESTORATION OF IMPAIRED WATERS.] In implementing



restoration of impaired waters, in addition to the priority considerations in subdivision 5 the Clean Water Council shall give priority in its recommendations for restoration funding from the clean water legacy account to restoration projects that:

- (1) coordinate with and utilize existing local authorities and infrastructure for implementation;
- (2) can be implemented in whole or in part by providing support for existing or ongoing restoration efforts;
- (3) most effectively leverage other sources of restoration funding, including federal, state, local, and private sources of funds;
- (4) show a high potential for early restoration and delisting based upon data developed through public agency or citizen monitoring or other means; and
- (5) show a high potential for long-term water quality and related conservation benefits.

Subd. 7. [PRIORITIES FOR FUNDING PREVENTION ACTIONS.] The Clean Water Council shall apply the priorities applicable under subdivision 6, as far as practicable, when recommending priorities for funding actions to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but do not have an approved TMDL.

Sec. 5. [114D.25] [ADMINISTRATION; POLLUTION CONTROL AGENCY.]

Subdivision 1. [GENERAL DUTIES AND AUTHORITIES.] (a) The Pollution Control Agency, in accordance with federal TMDL requirements, shall: identify impaired waters and propose a list of the waters for review and approval by the United States Environmental Protection Agency; develop and approve TMDL's for listed impaired waters and submit the approved TMDL's to the United States Environmental Protection Agency for final approval; and propose to delist waters from the United States Environmental Protection Agency impaired waters list.

(b) A TMDL must include a statement of the facts and scientific data supporting the TMDL and a list of potential implementation options, including:

- (1) a range of estimates of the cost of implementation of the TMDL; and
- (2) for point sources, the individual wasteload data and the estimated cost of compliance addressed by the TMDL.

The implementation information does not need to be sent to the United States Environmental Protection Agency for review.

Subd. 2. [ADMINISTRATIVE PROCEDURES FOR TMDL APPROVAL.] Before approving a TMDL, the agency shall give written notice to the public of the proposed TMDL and provide a 30-day opportunity for submission of written comments. The agency shall distribute the notice in the same manner as a notice of a proposed permit is distributed under agency rules. The approval of a TMDL by the Pollution Control Agency is a final decision of the agency under section 115.05, subdivision 11, clause (1), and is subject to the contested case procedures of sections 14.57 to 14.62 in accordance with agency procedural rules. The agency shall not submit an approved TMDL to the United States Environmental Protection Agency until the time for commencing judicial review has run or the judicial review process has been completed. A TMDL is not subject to the rulemaking requirements of chapter 14, including section 14.386.

Subd. 3. [THIRD-PARTY TMDL DEVELOPMENT.] The Pollution Control Agency may enter agreements with any qualified public agency setting forth the terms and conditions under which that entity is authorized to develop a third-party TMDL. In determining whether the public agency is qualified to develop a third-party TMDL, the Pollution Control Agency shall consider the technical and administrative qualifications of the public agency and shall avoid any potential organizational conflict of interest, as defined in section 16C.02, subdivision 10a, of the public agency with respect to the development of the third-party TMDL. A third-party TMDL is subject to modification and approval by the Pollution Control Agency, and must be approved by the

Pollution Control Agency before it is submitted to the United States Environmental Protection Agency. The Pollution Control Agency shall consider authorizing the development of third-party TMDL's consistent with the goals, policies, and priorities determined under section 116.384.

Sec. 6. [114D.30] [CLEAN WATER COUNCIL.]

Subdivision 1. [CREATION; DUTIES.] A Clean Water Council is created to advise on the administration and implementation of this chapter, and foster coordination and cooperation as described in section 114D.20, subdivision 1. The council may also advise on the development of appropriate processes for expert scientific review as described in section 114D.35, subdivision 2. The Pollution Control Agency shall provide administrative support for the council with the support of other member agencies. The members of the council shall elect a chair from the nonagency members of the council.

Subd. 2. [MEMBERSHIP; APPOINTMENT.] The commissioners of natural resources, agriculture, and the Pollution Control Agency, and the executive director of the Board of Water and Soil Resources are the appointing authorities for the council. Each appointing authority shall appoint one person from their respective agency to serve as a member of the council. The appointing authorities, acting jointly, shall appoint 13 additional nonagency members of the council as follows:

- (1) two members representing statewide farm organizations;
- (2) two members representing business organizations;
- (3) two members representing environmental organizations;
- (4) one member representing soil and water conservation districts;
- (5) one member representing watershed districts;
- (6) one member representing organizations focused on improvement of Minnesota lakes or streams;
- (7) one member representing an organization of county governments;
- (8) two members representing organizations of city governments; and
- (9) one member representing the Metropolitan Council established under section 473.123.

Subd. 3. [TERMS; COMPENSATION; REMOVAL.] The initial terms of members representing state agencies and the Metropolitan Council expire on the first Monday in January, 2007. Thereafter, the terms of members representing the state agencies and the Metropolitan Council are four years and are coterminous with the governor. The terms of other members of the council shall be as provided in section 15.059, subdivision 2. Members may serve until their successors are appointed and qualify. Compensation and removal of council members is as provided in section 15.059, subdivisions 3 and 4. A vacancy on the council may be filled by the appointing authorities, as provided in subdivision 1, for the remainder of the unexpired term.

Subd. 4. [IMPLEMENTATION PLAN.] The Clean Water Council shall prepare a plan for implementation of this chapter. The plan shall address general procedures and time frames for implementing this chapter, and shall include a more specific implementation work plan for the next fiscal biennium and a framework for setting priorities to address impaired waters consistent with section 114D.20, subdivisions 2 to 7. The council shall issue the first implementation plan under this subdivision by December 1, 2005, and shall issue a revised work plan by December 1 of each even-numbered year thereafter.

Subd. 5. [RECOMMENDATIONS ON APPROPRIATION OF FUNDS.] The Clean Water Council shall recommend to the governor the manner in which money from the clean water legacy account should be appropriated for the purposes identified in section 114D.45, subdivision 3. The council's recommendations must be consistent with the purposes, policies, goals, and priorities in

sections 114D.05 to 114D.35, and shall allocate adequate support and resources to identify impaired waters, develop TMDL's, implement restoration of impaired waters, and provide assistance and incentives to prevent waters from becoming impaired and improve the quality of waters which are listed as impaired but have no approved TMDL.

Subd. 6. [BIENNIAL REPORT TO LEGISLATURE.] By December 1 of each even-numbered year, the council shall submit a report to the legislature on the activities for which money from the clean water legacy account has been or will be spent for the current biennium, the activities for which money from the account is recommended to be spent in the next biennium, and the impact on economic development of the implementation of the impaired waters program. The report due on December 1, 2014, must include an evaluation of the progress made through June 30, 2014, in implementing this chapter, the need for funding of future implementation of those sections, and recommendations for the sources of funding.

Sec. 7. [114D.35] [PUBLIC AND STAKEHOLDER PARTICIPATION; SCIENTIFIC REVIEW; EDUCATION.]

Subdivision 1. [PUBLIC AND STAKEHOLDER PARTICIPATION.] Public agencies involved in the implementation of this chapter shall encourage participation by the public and stakeholders, including local citizens, landowners and managers, and public and private organizations, in the identification of impaired waters, in developing TMDL's, and in planning and implementing restoration of impaired waters. In particular, the Pollution Control Agency shall make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency. The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a TMDL, including the scientific models, methods, and approaches to be used in TMDL development, and to implement restoration pursuant to section 114D.15, subdivision 7.

Subd. 2. [EXPERT SCIENTIFIC ADVICE.] The Clean Water Council and public agencies shall make use of available expertise from educational, research, and technical organizations, including the University of Minnesota and other higher education institutions, to provide appropriate independent expert advice on models, methods, and approaches used in identifying impaired waters, developing TMDL's, and implementing prevention and restoration.

Subd. 3. [EDUCATION.] The Clean Water Council shall develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding the identification of impaired waters, development of TMDL's, and development and implementation of restoration for impaired waters. Public agencies shall be responsible for implementing the strategies.

Sec. 8. [114D.40] [CLEAN WATER FEES.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to the terms used in this section.

(b) "Average daily discharge or application limitation" means the highest allowable average of daily discharge or land application during a calendar day or any 24-hour period that reasonably represents the discharge during the calendar day for the purposes of sampling, calculated as the sum of all daily discharges or land applications measured during a day, divided by the number of daily discharges or land applications during that day.

(c) "Effluent flow" means the flow of domestic wastewater from a residential dwelling or nonresidential establishment. The rate of water usage by a residential dwelling or nonresidential establishment must be substituted for the effluent flow if effluent flow from the residential dwelling or nonresidential establishment is not measured.

(d) "Fee collection authority" means a county, the Pollution Control Agency, or a public agency with authority to collect fees and charges for sewer services provided by a publicly owned treatment works.

(e) "Individual sewage treatment system" means a sewage treatment system, or part thereof,

that is regulated by the state or its political subdivisions, and which serves a residential dwelling, or nonresidential establishment, or group thereof, using sewage tanks followed by soil treatment and disposal or using advanced treatment devices that discharge below final grade. "Individual sewage treatment system" also includes sewage holding tanks and privies.

(f) "Nonresidential establishment" means a structure or portion of a structure that is not a residential dwelling.

(g) "Publicly owned treatment works" means a device or system used in the treatment, recycling, or reclamation of municipal sewage or liquid industrial waste that is owned by the state, a political subdivision, sanitary district, or other public organization established under state law and which relies primarily on wastewater treatment systems other than individual sewage treatment systems.

(h) "Residential dwelling" means a room or group of rooms used by an individual, family, or other group as living quarters which includes facilities for sleeping, eating, cooking, and sanitation. "Residential dwelling" includes apartments, condominiums, cooperatives, attached and detached dwellings, mobile homes, seasonal or recreational dwellings, or a dwelling in which a resident of that dwelling engages in a business or employment. A farm that includes buildings is treated as a residential dwelling. "Residential dwelling" does not include:

(1) hotels, motels, resorts, boarding houses, clubs, hospitals, nursing homes, dormitories, schools, colleges, or similar institutional or transient facilities; or

(2) any structure containing not more than two residential dwelling units that receives a single bill for sewer services that is combined with one or more nonresidential establishments.

Subd. 2. [ASSESSMENT OF CLEAN WATER FEES.] A clean water fee is imposed as provided in subdivision 3 on all discharges of domestic and industrial wastewater to sanitary sewer systems; wastewater treatment plants, facilities, or systems; individual sewage treatment systems; and other systems.

Subd. 3. [FEE AMOUNTS.] (a) Beginning January 1, 2006, the amounts of the clean water fees imposed under this section are as provided in this subdivision.

(b) For discharges to sanitary sewer systems served by a publicly owned treatment works, the clean water fees are as follows:

(1) for each residential dwelling that receives a separate bill for service and contains not more than two residential dwelling units, \$36 per year;

(2) for a structure that contains more than two residential dwelling units that do not receive separate bills for service, clean water fees must be calculated as follows:

(i) \$36 per year for each residential dwelling unit in the structure; and

(ii) any nonresidential establishment which is billed together with the residential dwelling units is subject to a clean water fee on that portion of the effluent flow for the structure that is attributable to that nonresidential establishment, and the fee must be calculated based on effluent flows as provided in clause (3); and

(3) for each nonresidential establishment that receives a separate bill for service, the annual fee is as follows:

(i) if average effluent flow is less than 10,000 gallons per day, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter;

(ii) if average effluent flow is 10,000 gallons per day or greater, but less than 100,000 gallons per day, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter; and

(iii) if average effluent flow is 100,000 gallons per day or greater, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter.

(c) Except as provided in paragraph (d), for discharges from wastewater treatment facilities, other than publicly owned treatment works, that are required to obtain a national pollution discharge elimination system or state disposal system permit, the annual fee is as follows:

(1) for permits authorizing an average daily discharge or land application limitation of less than 10,000 gallons on an annualized basis, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter;

(2) for permits authorizing an average daily discharge or land application limitation of 10,000 gallons per day or greater, but less than 100,000 gallons per day, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter; and

(3) for permits authorizing an average daily discharge or land application limitation of 100,000 gallons per day or greater, \$..... in 2006, \$..... in 2007, \$..... in 2008, and \$..... in 2009 and thereafter.

(d) A clean water fee must not be imposed under paragraph (c), on discharges from a facility that operates under a general permit issued by the agency.

(e) For discharges to domestic wastewater treatment systems permitted by the Pollution Control Agency, excluding publicly owned treatment works, the fee is \$36 per year for each residential dwelling and nonresidential establishment that discharges to the systems. No single residential unit or nonresidential establishment may be required to pay more than one clean water fee under this paragraph.

(f) For individual sewage treatment systems not permitted by the Pollution Control Agency, the fee is \$36 per year for each residential dwelling and nonresidential establishment served by the system. No single residential unit or nonresidential establishment may be required to pay more than one clean water fee under this paragraph.

(g) For any wastewater system not described in paragraphs (b) to (f), that accepts and discharges untreated or partially treated wastewater, the fee is \$36 per year for each residential dwelling and nonresidential establishment that discharges to the system.

(h) Any single residential unit or nonresidential establishment that would be subject to payment of a clean water fee under both paragraphs (f) and (g) may only be required to pay the clean water fee under paragraph (e).

Subd. 4. [COLLECTION AND ENFORCEMENT.] (a) Fees imposed on discharges to sanitary sewer systems served by publicly owned treatment works must be collected by the public agency that collects fees or charges from the users of that service. The fees must be collected at the same time and with the same frequency as fees or charges for service are collected. The collecting entity may enforce payment of the fees using the same enforcement authority applicable to sewer service charges.

(b) Fees imposed under subdivision 3, paragraphs (c) and (e), must be collected by the Pollution Control Agency from the permittees for the facilities or systems. The Pollution Control Agency may enforce payment of the fees using the same enforcement authority applicable to permit fees.

(c) Fees imposed under subdivision 3, paragraphs (f) and (g), must be collected by each county, from the owners of the residential dwellings or nonresidential establishments subject to the fee that are located in the county. A county shall collect the fees at least once per calendar year, but may collect the fees more frequently. If fees are collected annually, a county shall require payment of the fees by not later than February 1 following the calendar year for which the fee is imposed. The county shall determine that manner in which the fees are collected. Each county shall enact and enforce an appropriate ordinance to enforce payment of the fees.

(d) By August 15, 2005, a county shall identify and develop a list of all persons subject to the fees under subdivision 3, paragraphs (f) and (g), located in that county. A county shall annually update the list by August 15 of each year.

(e) A fee collection authority shall exempt a person from payment of the clean water fee for a discharge of wastewater from a residential dwelling if the fee collection authority determines that the person meets any of the criteria for eligibility under the telephone assistance plan established under section 237.70, or that the person is receiving telephone assistance under that plan. The Pollution Control Agency shall create a form that fee collection authorities shall use to determine eligibility for exemption under this paragraph.

(f) Any statement, invoice, or other document used to collect the fees under this subdivision must clearly identify the fee as the "Minnesota Clean Water Fee."

Subd. 5. [PAYMENT TO COMMISSIONER OF REVENUE; DEPOSIT.] (a) A fee collection authority shall remit all fees collected under this section, less the costs to collect the fees, not to exceed five percent of the total collected, to the commissioner of revenue. The fees must be remitted in a manner prescribed by the commissioner. Amounts collected during the previous calendar quarter must be remitted to the commissioner on April 30, July 31, October 31, and January 31. In addition to the costs of collecting the fees, a fee collection authority may retain from fees collected for calendar year 2006 the costs to develop methods and procedures for collecting the clean water fees.

(b) The commissioner of revenue shall deposit all clean water fees remitted by fee collection authorities in the clean water legacy account.

(c) The assessment, audit, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270 and 289A that are applicable to fees imposed under chapter 297A apply to the fees imposed by this section.

Subd. 6. [EXPIRATION.] This section expires on December 31, 2015.

Sec. 9. [114D.45] [CLEAN WATER LEGACY ACCOUNT.]

Subdivision 1. [CREATION.] The clean water legacy account is created as an account in the environmental fund. Money in the account must be made available for the implementation of this chapter and sections 446A.073 and 446A.074, without supplanting or taking the place of any other funds which are currently available or may become available from any other source, whether federal, state, local, or private, for implementation of those sections.

Subd. 2. [SOURCES OF REVENUE.] The following revenues must be deposited in the clean water legacy account:

- (1) the revenue from the clean water fees collected under section 114D.40; and
- (2) interest accrued on the account.

Subd. 3. [PURPOSES.] Subject to appropriation by the legislature, the clean water legacy account may be spent for the following purposes:

(1) to provide grants, loans, and technical assistance to public agencies and others who are participating in the process of identifying impaired waters, developing TMDL's, implementing restoration plans for impaired waters, and monitoring the effectiveness of restoration;

(2) to support measures to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment;

(3) to provide grants and loans for wastewater and storm water treatment projects through the Public Facilities Authority;

(4) to support the efforts of public agencies associated with individual sewage treatment systems and financial assistance for upgrading and replacing the systems; and

(5) to provide funds to state agencies to carry out their responsibilities under this chapter.

Sec. 10. [446A.073] [CLEAN WATER LEGACY PHOSPHORUS REDUCTION GRANTS.]

Subdivision 1. [CREATION OF FUND; APPROPRIATION.] The authority shall establish a clean water legacy capital improvement fund and shall make grants from the fund as provided in this section. Money in the clean water legacy capital improvement fund, including interest earned, is appropriated to the authority for the purposes of this section.

Subd. 2. [GRANTS.] The authority shall award grants from the clean water legacy capital improvement fund to governmental units for the capital costs of wastewater treatment facility projects or a portion thereof that will reduce the discharge of total phosphorus from the facility to one milligram per liter or less. A project is eligible for a grant if it meets the following requirements:

(1) the applicable phosphorus discharge limit is incorporated in a permit issued by the agency for the wastewater treatment facility on or after March 28, 2000, or the grantee agrees to comply with the applicable limit as a condition of receiving the grant;

(2) the governmental unit has submitted a facilities plan for the project to the agency and a grant application to the authority on a form prescribed by the authority; and

(3) the agency has approved the application and facilities plan, and certified the eligible costs for the project to the authority.

Subd. 3. [ELIGIBLE CAPITAL COSTS.] Eligible capital costs for phosphorus reduction grants under subdivision 4, paragraph (a), include the as-bid construction costs and engineering planning and design costs. Eligible capital costs for phosphorus reduction grants under subdivision 4, paragraph (b), include the final, incurred construction, engineering, planning, and design costs.

Subd. 4. [GRANT AMOUNTS AND PRIORITIES.] (a) Priority must be given to projects that start construction on or after July 1, 2005. If a facility's plan for a project is approved by the agency before July 1, 2009, the amount of the grant is 75 percent of the eligible capital cost of the project. If a facility's plan for a project is approved by the agency on or after July 1, 2009, the amount of the grant is 50 percent of the eligible capital cost of the project. Priority in awarding grants under this paragraph must be based on the date of approval of the facility's plan for the project.

(b) Projects that meet the eligibility requirements in subdivision 2 and have started construction before July 1, 2005, are eligible for grants to reimburse 75 percent of the eligible capital cost of the project, less any amounts previously received in grants from other sources. Application for a grant under this paragraph must be submitted to the agency no later than June 30, 2007. Priority for award of grants under this paragraph must be based on the date of agency approval of the application for the grant.

(c) In each fiscal year that money is available for grants, the authority shall first award grants under paragraph (a) to projects that met the eligibility requirements of subdivision 2 by May 1 of that year. The authority shall use any remaining money available that year to award grants under paragraph (b). Grants that have been approved but not awarded in a previous fiscal year carry over and must be awarded in subsequent fiscal years in accordance with the priorities in this paragraph.

(d) Disbursements of grants under this section by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state law.

Subd. 5. [FEES.] The authority may charge the grant recipient a fee for its administrative costs not to exceed one-half of one percent of the grant amount, to be paid upon execution of the grant agreement.

Sec. 11. [446A.074] [SMALL COMMUNITY WASTEWATER TREATMENT LOAN PROGRAM.]

Subdivision 1. [CREATION OF FUND.] The authority shall establish a small community wastewater treatment fund and shall make loans from the fund as provided in this section. Money in the fund is annually appropriated to the authority and does not lapse. The fund shall be credited

with all loan repayments and investment income from the fund, and servicing fees assessed under section 446A.04, subdivision 5. The authority shall manage and administer the small community wastewater treatment fund, and for these purposes, may exercise all powers provided in this chapter.

Subd. 2. [LOANS.] The authority shall award loans to governmental units from the small community wastewater treatment fund for projects to replace noncomplying individual sewage treatment systems with a community wastewater treatment system or systems meeting the requirements of section 115.55. A governmental unit receiving a loan from the fund shall own the community wastewater treatment systems built under the program and shall be responsible, either directly or through a contract with a private vendor, for all inspections, maintenance, and repairs necessary to assure proper operation of the systems.

Subd. 3. [PROJECT PRIORITY LIST.] Governmental units seeking loans from the small community wastewater treatment loan program shall first submit a project proposal to the agency. A project proposal shall include a compliance determination for all individual sewage treatment systems in the project area. The agency shall rank project proposals on its project priority list used for the water pollution control revolving fund under section 446A.07.

Subd. 4. [LOAN APPLICATIONS.] Governmental units with projects on the project priority list shall submit applications to the authority on forms prescribed by the authority. The application shall include:

(1) a list of the individual sewage treatment systems proposed to be replaced over a period of up to three years;

(2) a project schedule and cost estimate for each year of the project;

(3) a financing plan for repayment of the loan; and

(4) a management plan providing for the inspection, maintenance, and repairs necessary to assure proper operation of the systems.

Subd. 5. [LOAN AWARDS.] The authority shall award loans to governmental units with approved loan applications based on their ranking on the agency's project priority list. The loan amount shall be based on the estimated project costs for the portion of the project expected to be completed within one year, up to an annual maximum of \$500,000. For projects expected to take more than one year to complete, the authority may make a multiyear commitment for a period not to exceed three years, contingent on the future availability of funds. Each year of a multiyear commitment must be funded by a separate loan agreement meeting the terms and conditions in subdivision 6. A governmental unit receiving a loan under a multiyear commitment shall have priority for additional loan funds in subsequent years.

Subd. 6. [LOAN TERMS AND CONDITIONS.] Loans from the small community wastewater treatment fund shall comply with the following terms and conditions:

(1) principal and interest payments must begin no later than two years after the loan is awarded;

(2) loans shall carry an interest rate of one percent;

(3) loans shall be fully amortized within ten years of the first scheduled payment or, if the loan amount exceeds \$10,000 per household, shall be fully amortized within 20 years but not to exceed the expected design life of the system;

(4) a governmental unit receiving a loan must establish a dedicated source or sources of revenues for repayment of the loan and must issue a general obligation note to the authority for the full amount of the loan; and

(5) each property owner to be served by a community wastewater treatment system under this program must provide an easement to the governmental unit to allow access to the system for management and repairs.



Subd. 7. [SPECIAL ASSESSMENT DEFERRAL.] (a) A governmental unit receiving a loan under this section that levies special assessments to repay the loan may defer payment of the assessments under the provisions of sections 435.193 to 435.195.

(b) A governmental unit that defers payment of special assessments for one or more properties under paragraph (a) may request deferral of that portion of the debt service on its loan, and the authority shall accept appropriate amendments to the general obligation note of the governmental unit. If special assessment payments are later received from properties that received a deferral, the funds received shall be paid to the authority with the next scheduled loan payment.

Subd. 8. [ELIGIBLE COSTS.] Eligible costs for small community wastewater treatment loans shall include the costs of planning, design, construction, legal fees, administration, and land acquisition.

Subd. 9. [DISBURSEMENTS.] Loan disbursements by the authority under this section must be made for eligible project costs as incurred by the recipients, and must be made in accordance with the project loan agreement and applicable state law.

Subd. 10. [AUDITS.] A governmental unit receiving a loan under this section must annually provide to the authority for the term of the loan a copy of its annual independent audit or, if the governmental unit is not required to prepare an independent audit, a copy of the annual financial reporting form it provides to the state auditor.

## Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [GENERAL PROVISIONS.] The appropriations in this section are from the environmental fund and are available for the fiscal years ending June 30, 2006, and June 30, 2007. Any money remaining after the first year of the biennium is available for the second year. Appropriations in this section that are encumbered under contract, including grant contract, on or before June 30, 2007, are available until June 30, 2009.

Subd. 2. [DEPARTMENT OF REVENUE; FEE COLLECTION COSTS.] \$38,000 in fiscal year 2006 and \$31,000 in fiscal year 2007 are appropriated to the Department of Revenue to pay the costs of collection and administration of the clean water fees imposed in Minnesota Statutes, section 114D.40.

Subd. 3. [POLLUTION CONTROL AGENCY.] The following amounts are appropriated to the Pollution Control Agency for the purposes stated:

(1) \$1,000,000 in fiscal year 2006 is to assist counties in developing the list required under Minnesota Statutes, section 114D.40, subdivision 4, paragraph (e), of persons subject to clean water fees under Minnesota Statutes, section 114D.40, subdivision 3, paragraphs (f) and (g);

(2) \$1,860,000 in fiscal year 2006 and \$4,125,000 in fiscal year 2007 are for statewide assessment of surface water quality and trends; of these amounts, up to \$1,010,000 in fiscal year 2006 and \$1,960,000 in fiscal year 2007 are available for grants or contracts to support citizen monitoring of surface waters; and

(3) \$1,900,000 in fiscal year 2006 and \$3,290,000 in fiscal year 2007 are to develop TMDL's for waters listed on the United States Environmental Protection Agency approved 2004 impaired waters list; of this appropriation, up to \$384,950 in fiscal year 2006 and \$1,118,750 in fiscal year 2007 are available for grants or contracts to develop TMDL's.

Subd. 4. [AGRICULTURE DEPARTMENT.] The following amounts are appropriated to the Department of Agriculture for the purposes stated:

(1) \$250,000 in fiscal year 2006 and \$2,300,000 in fiscal year 2007 are for the agricultural best management practices loan program under Minnesota Statutes, section 17.117; of these amounts, \$200,000 in fiscal year 2006 and \$2,100,000 in fiscal year 2007 are available for pass-through to local governments and lenders for low-interest loans;

(2) \$350,000 in fiscal year 2006 and \$800,000 in fiscal year 2007 are to expand technical assistance to producers and conservation professionals on nutrient and pasture management; target practices to sources of water impairments; coordinate federal and state farm conservation programs to fully utilize federal conservation funds; and expand conservation planning assistance for producers; of these amounts, \$50,000 in fiscal year 2006 and \$210,000 in fiscal year 2007 are available for grants or contracts to develop nutrient and conservation planning assistance information materials; and

(3) \$100,000 in fiscal year 2006 and \$800,000 in fiscal year 2007 are for research, evaluation, and effectiveness monitoring of agricultural practices in restoring impaired waters; of these amounts, \$600,000 in fiscal year 2007 is available for grants or contracts for research, evaluations, and effectiveness monitoring of agricultural practices in restoring impaired waters, including on-farm demonstrations.

Subd. 5. [BOARD OF WATER AND SOIL RESOURCES.] The following amounts are appropriated to the Board of Water and Soil Resources for restoration and prevention actions as described in Minnesota Statutes, section 114D.20, subdivisions 6 and 7:

(1) \$450,000 in fiscal year 2006 and \$5,750,000 in fiscal year 2007 are for targeted nonpoint restoration cost-share and incentive payments; of these amounts, up to \$450,000 in fiscal year 2006 and \$5,450,000 in fiscal year 2007 are available for grants to soil and water conservation districts through the state cost-share program authorized under Minnesota Statutes, section 103C.501;

(2) \$412,000 in fiscal year 2006 and \$3,450,000 in fiscal year 2007 are for targeted nonpoint technical and engineering assistance for restoration activities; of these amounts, up to \$412,000 in fiscal year 2006 and \$3,250,000 in fiscal year 2007 are available for grants to soil and water conservation districts, watershed management organizations, or counties to support implementation of nonpoint restoration activities;

(3) \$200,000 in fiscal year 2007 is for reporting and evaluation of applied soil and water conservation practices;

(4) \$2,400,000 in fiscal year 2007 is for grants to counties for implementation of county individual sewage treatment systems programs through the local water resources protection and management program under Minnesota Statutes, section 103B.3369;

(5) \$300,000 in fiscal year 2006 and \$1,500,000 in fiscal year 2007 are for base and challenge grants to support nonpoint source protection activities related to lake and river protection and management through the local water resources protection and management program under Minnesota Statutes, section 103B.3369; and

(6) \$2,400,000 in fiscal year 2007 is for grants to soil and water conservation districts for streambank, stream channel, lakeshore, and roadside protection and restoration projects through the state-cost share program under Minnesota Statutes, section 103C.501.

Subd. 6. [DEPARTMENT OF NATURAL RESOURCES.] The following amounts are appropriated to the Department of Natural Resources for the purposes stated:

(1) \$280,000 in fiscal year 2006 and \$430,000 in fiscal year 2007 are for statewide assessment of surface water quality and trends; and

(2) \$100,000 in fiscal year 2006 and \$4,050,000 in fiscal year 2007 are for restoration of impaired waters and actions to prevent waters from becoming impaired; of these amounts, up to \$1,700,000 in fiscal year 2007 is available for grants and contracts for forest stewardship planning and implementation, and for research and monitoring.

Subd. 7. [PUBLIC FACILITIES AUTHORITY.] \$4,400,000 in fiscal year 2006 and \$44,015,000 in fiscal year 2007 are appropriated to the Public Facilities Authority; of these amounts, \$4,400,000 in fiscal year 2006 and \$17,000,000 in fiscal year 2007 are for deposit in the clean water legacy capital improvements fund for grants under Minnesota Statutes, section

446A.073; \$4,582,000 in fiscal year 2007 is for deposit in the small community wastewater treatment fund for loans under Minnesota Statutes, section 446A.074; and \$22,433,000 in fiscal year 2007 is for deposit in the water pollution control revolving fund under Minnesota Statutes, section 446A.07, for wastewater treatment and storm water projects. Money appropriated under this subdivision does not cancel."

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

### SECOND READING OF SENATE BILLS

S.F. Nos. 406, 1210, 1231, 1268, 1254, 1250, 1245, 1092 and 1209 were read the second time.

### MOTIONS AND RESOLUTIONS

Senator Lourey moved that the names of Senators Moua and Nienow be added as co-authors to S.F. No. 639. The motion prevailed.

Senator Anderson moved that the name of Senator Wiger be added as a co-author to S.F. No. 1139. The motion prevailed.

Senator Kiscaden moved that the name of Senator Reiter be added as a co-author to S.F. No. 1285. The motion prevailed.

Senator Pariseau moved that her name be stricken as a co-author to S.F. No. 1298. The motion prevailed.

Senator Gaither moved that the name of Senator Larson be added as a co-author to S.F. No. 1427. The motion prevailed.

Senator Neuville moved that S.F. No. 756 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Finance. The motion prevailed.

Senator Marko moved that S.F. No. 909 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Commerce. The motion prevailed.

Senator Neuville moved that S.F. No. 954 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Finance. The motion prevailed.

Senator Larson moved that S.F. No. 1119 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Finance. The motion prevailed.

Senator Kubly moved that S.F. No. 1273 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Finance. The motion prevailed.

#### **Senator Wiger introduced--**

**Senate Resolution No. 51:** A Senate resolution commemorating the life of Roger J. Moening. Referred to the Committee on Rules and Administration.

#### **Senator Sparks introduced--**

**Senate Resolution No. 52:** A Senate resolution honoring Albert Lea Fire Chief Rich Sydnos on the occasion of his retirement.

Referred to the Committee on Rules and Administration.

Senator Jungbauer moved that S.F. No. 1239 be withdrawn from the Committee on Education and re-referred to the Committee on Finance. The motion prevailed.

Senator Tomassoni moved that S.F. No. 1365 be withdrawn from the Committee on Education and re-referred to the Committee on Finance. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Senator Johnson, D.E. moved that the Senate take up the Consent Calendar. The motion prevailed.

### CONSENT CALENDAR

**H.F. No. 871:** A bill for an act relating to state government; authorizing participation of day training and habilitation services providers in state cooperative purchasing agreements; including certain rehabilitation facilities, extended employment providers, and day training and habilitation services providers in the state agency acquisition process; amending Minnesota Statutes 2004, sections 16C.10, subdivision 5; 471.59, subdivision 1.

Senator Higgins moved that the amendment made to H.F. No. 871 by the Committee on Rules and Administration in the report adopted February 28, 2005, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 871 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Neuville	Ruud
Bachmann	Gaither	Kubly	Nienow	Sams
Bakk	Gerlach	Langseth	Olson	Saxhaug
Belanger	Hann	Larson	Ortman	Scheid
Berglin	Higgins	LeClair	Ourada	Senjem
Betzold	Hottinger	Limmer	Pappas	Skoe
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Skoglund
Cohen	Johnson, D.J.	Marko	Pogemiller	Sparks
Day	Jungbauer	Marty	Ranum	Stumpf
Dibble	Kelley	McGinn	Reiter	Tomassoni
Dille	Kierlin	Metzen	Rest	Vickerman
Fischbach	Kiscaden	Michel	Robling	Wergin
Foley	Kleis	Moua	Rosen	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 367:** A bill for an act relating to education; requiring notice when a school or district uses certain pools for competitive high school diving; amending Minnesota Statutes 2004, section 123B.492.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Higgins	Kleis	Marko
Bachmann	Dille	Hottinger	Koering	Marty
Bakk	Fischbach	Johnson, D.E.	Kubly	Metzen
Belanger	Foley	Johnson, D.J.	Langseth	Michel
Berglin	Frederickson	Jungbauer	Larson	Moua
Betzold	Gaither	Kelley	LeClair	Neuville
Chaudhary	Gerlach	Kierlin	Limmer	Nienow
Cohen	Hann	Kiscaden	Lourey	Olson

Ortman	Reiter	Sams	Skoglund	Wergin
Ourada	Rest	Saxhaug	Sparks	Wiger
Pappas	Robling	Scheid	Stumpf	
Pariseau	Rosen	Senjem	Tomassoni	
Ranum	Ruud	Skoe	Vickerman	

Those who voted in the negative were:

Pogemiller

So the bill passed and its title was agreed to.

**S.F. No. 244:** A bill for an act relating to education; providing for consecutive teaching experience for a teacher whose probationary employment is interrupted by military service; amending Minnesota Statutes 2004, section 122A.40, subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Nienow	Sams
Bachmann	Gaither	Langseth	Olson	Saxhaug
Bakk	Gerlach	Larson	Ortman	Scheid
Belanger	Hann	LeClair	Ourada	Senjem
Berglin	Higgins	Limmer	Pappas	Skoe
Betzold	Johnson, D.E.	Lourey	Pariseau	Skoglund
Chaudhary	Johnson, D.J.	Marko	Pogemiller	Sparks
Cohen	Jungbauer	Marty	Ranum	Stumpf
Day	Kelley	McGinn	Reiter	Tomassoni
Dibble	Kierlin	Metzen	Rest	Vickerman
Dille	Kiscaden	Michel	Robling	Wergin
Fischbach	Kleis	Moua	Rosen	Wiger
Foley	Koering	Neuville	Ruud	

So the bill passed and its title was agreed to.

**S.F. No. 271:** A bill for an act relating to health; modifying access to certified death records; amending Minnesota Statutes 2004, section 144.225, subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Langseth	Olson	Saxhaug
Bachmann	Gerlach	Larson	Ortman	Scheid
Belanger	Hann	LeClair	Ourada	Senjem
Berglin	Higgins	Limmer	Pappas	Skoe
Betzold	Johnson, D.E.	Lourey	Pariseau	Skoglund
Chaudhary	Johnson, D.J.	Marko	Pogemiller	Sparks
Cohen	Jungbauer	Marty	Ranum	Stumpf
Day	Kelley	McGinn	Reiter	Tomassoni
Dibble	Kierlin	Metzen	Rest	Vickerman
Dille	Kiscaden	Michel	Robling	Wergin
Fischbach	Kleis	Moua	Rosen	Wiger
Foley	Koering	Neuville	Ruud	
Frederickson	Kubly	Nienow	Sams	

So the bill passed and its title was agreed to.

**S.F. No. 718:** A bill for an act relating to health; authorizing an additional hospital accrediting organization for presumptive licensure purposes; amending Minnesota Statutes 2004, sections 144.122; 144.55, subdivisions 2, 4, 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Nienow	Sams
Bachmann	Gaither	Kubly	Olson	Saxhaug
Bakk	Gerlach	Langseth	Ortman	Scheid
Belanger	Hann	Larson	Ourada	Senjem
Berglin	Higgins	LeClair	Pappas	Skoe
Betzold	Hottinger	Limmer	Pariseau	Skoglund
Chaudhary	Johnson, D.E.	Lourey	Pogemiller	Sparks
Cohen	Johnson, D.J.	Marty	Ranum	Stumpf
Day	Jungbauer	McGinn	Reiter	Tomassoni
Dibble	Kelley	Metzen	Rest	Vickerman
Dille	Kierlin	Michel	Robling	Wergin
Fischbach	Kiscaden	Moua	Rosen	Wiger
Foley	Kleis	Neuville	Ruud	

So the bill passed and its title was agreed to.

**S.F. No. 520:** A bill for an act relating to health; exempting hot tubs on rental houseboats from regulation as public pools; amending Minnesota Statutes 2004, section 144.1222, by adding a subdivision.

Senator Bakk moved that S.F. No. 520, No. 7 on the Consent Calendar, be stricken and placed on the bottom of General Orders. The motion prevailed.

**S.F. No. 735:** A bill for an act relating to highways; designating the "Bradley Waage Memorial Bridge"; amending Minnesota Statutes 2004, section 161.14, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Nienow	Sams
Bachmann	Gaither	Langseth	Olson	Saxhaug
Bakk	Gerlach	Larson	Ortman	Scheid
Belanger	Hann	LeClair	Ourada	Senjem
Berglin	Higgins	Limmer	Pappas	Skoe
Betzold	Hottinger	Lourey	Pariseau	Skoglund
Chaudhary	Johnson, D.E.	Marko	Pogemiller	Sparks
Cohen	Johnson, D.J.	Marty	Ranum	Stumpf
Day	Jungbauer	McGinn	Reiter	Tomassoni
Dibble	Kelley	Metzen	Rest	Vickerman
Dille	Kierlin	Michel	Robling	Wergin
Fischbach	Kleis	Moua	Rosen	Wiger
Foley	Koering	Neuville	Ruud	

So the bill passed and its title was agreed to.

**H.F. No. 378:** A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2004, sections 4.077, subdivision 1; 10A.04, subdivision 6; 13.32, subdivision 3; 13.321, by adding a subdivision; 13.381, by adding a subdivision; 13.46, subdivision 2; 13.47, subdivision 1; 13.4963, subdivision 2; 15.0591, subdivision 2; 15.39, subdivision 2; 16B.31, subdivision 1; 17.43; 18C.60, subdivision 1; 28.15; 32.645; 47.59, subdivision 2; 62I.13, subdivision 3; 62L.17, subdivision 2a; 64B.37, subdivision 2; 82.33, subdivision 4; 84.8712, subdivisions 2, 3, 4, 6; 85.22, subdivision 2a; 89.01, subdivision 5a; 115B.20, subdivision 2;

116J.871, subdivision 3; 119B.25, subdivision 2; 124D.68, subdivision 2; 127A.10; 137.09; 144.6501, subdivision 1; 145B.04; 152.027, subdivision 4; 155A.03, subdivision 1; 155A.16; 161.1419, subdivision 8; 168.275; 168.33, subdivision 2a; 169.21, subdivision 2; 169.50, subdivision 1; 169.59, subdivision 4; 169A.55, subdivision 3; 171.181, subdivision 1; 177.23, subdivision 7; 181.30; 201.014, subdivision 2; 201.071, subdivision 1; 201.15, subdivision 1; 204B.10, subdivision 6; 216B.61; 219.57, subdivision 6; 234.23; 235.10; 235.13; 237.763; 238.37; 238.38; 238.42; 239.791, subdivision 15; 244.05, subdivisions 4, 5; 245.466, subdivision 1; 245.4875, subdivision 1; 245.75; 246.01; 246B.04, subdivision 2; 252.24, subdivision 5; 252A.03, subdivisions 1, 4; 252A.101, subdivisions 1, 5; 253B.23, subdivision 2; 256.93, subdivision 1; 256B.055, subdivision 12; 256B.0625, subdivision 6a; 256B.0627, subdivisions 1, 5; 256B.0917, subdivisions 4, 5; 256B.0951, subdivision 8; 256B.431, subdivision 14; 256G.01, subdivision 3; 256L.07, subdivision 1; 256L.15, subdivision 2; 256M.10, subdivision 5; 257B.08; 259.21, subdivision 4; 260B.007, subdivision 16; 260C.101, subdivision 2; 276.04, subdivision 2; 290.095, subdivision 1; 299D.07; 299F.051, subdivision 4; 299F.093, subdivision 1; 302A.011, subdivision 16; 303.03; 303.25, subdivision 1; 321.0210; 321.1114; 322B.03, subdivision 27; 325F.40; 325N.15; 329.17; 333.135; 336.4A-105; 343.40, subdivision 3; 345.14; 346.05; 353.01, subdivision 2; 353.34, subdivision 3a; 356.431, subdivision 1; 395.22; 458D.02, subdivision 2; 469.104; 473.845, subdivision 1; 481.05; 501B.18; 501B.19; 514.996, subdivision 3; 515B.4-102; 524.2-114; 525.9212; 525.95, subdivision 1; 527.38; 527.39; 529.12; 540.18, subdivision 1; 580.041, subdivision 2; 624.64; 624.67; 626.84, subdivision 1; 629.11; 631.04; Laws 2003, First Special Session chapter 11, article 2, section 21; Laws 2004, chapter 199, article 12, section 108; Laws 2004, chapter 261, article 6, section 5; repealing Minnesota Statutes 2004, sections 115B.49, subdivision 4a; 306.13; 315.43; 317A.909, subdivision 4; 357.12; 367.40, subdivisions 3, 4; 367.401, subdivision 4; 367.42; 398.35, subdivision 2; Laws 2001, First Special Session chapter 10, article 10, section 1; Laws 2003, chapter 8, section 2; Laws 2004, chapter 219, section 1; Laws 2004, chapter 288, article 3, section 5; Minnesota Rules, parts 6700.0100, subpart 14; 6700.1300; 9055.0125; 9055.0500; 9055.0510; 9055.0520; 9055.0530; 9055.0540; 9055.0550; 9055.0560; 9055.0570; 9055.0580; 9055.0590; 9055.0600; 9055.0610.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Neuville	Ruud
Bachmann	Gaither	Kubly	Nienow	Sams
Bakk	Gerlach	Langseth	Olson	Saxhaug
Belanger	Hann	Larson	Ortman	Scheid
Berglin	Higgins	LeClair	Ourada	Senjem
Betzold	Hottinger	Limmer	Pappas	Skoe
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Skoglund
Cohen	Johnson, D.J.	Marko	Pogemiller	Sparks
Day	Jungbauer	Marty	Ranum	Stumpf
Dibble	Kelley	McGinn	Reiter	Tomassoni
Dille	Kierlin	Metzen	Rest	Vickerman
Fischbach	Kiscaden	Michel	Robling	Wergin
Foley	Kleis	Moua	Rosen	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 1031:** A bill for an act relating to health; providing an exception to recreational camping area regulations for the State Fair; proposing coding for new law in Minnesota Statutes, chapter 327.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Neuville	Ruud
Bachmann	Gaither	Kubly	Nienow	Sams
Bakk	Gerlach	Langseth	Olson	Saxhaug
Belanger	Hann	Larson	Ortman	Scheid
Berglin	Higgins	LeClair	Ourada	Senjem
Betzold	Hottinger	Limmer	Pappas	Skoe
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Skoglund
Cohen	Johnson, D.J.	Marko	Pogemiller	Sparks
Day	Jungbauer	Marty	Ranum	Stumpf
Dibble	Kelley	McGinn	Reiter	Tomassoni
Dille	Kierlin	Metzen	Rest	Vickerman
Fischbach	Kiscaden	Michel	Robling	Wergin
Foley	Kleis	Moua	Rosen	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 879:** A bill for an act relating to elections; providing for elimination of the state primary in a municipality or county if no nominee must be selected at the state primary for any partisan or nonpartisan office in that municipality or county; amending Minnesota Statutes 2004, section 204D.03, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Neuville	Sams
Bachmann	Gaither	Kubly	Nienow	Saxhaug
Bakk	Gerlach	Langseth	Olson	Scheid
Belanger	Hann	Larson	Ortman	Senjem
Berglin	Higgins	LeClair	Ourada	Skoe
Betzold	Hottinger	Limmer	Pappas	Skoglund
Chaudhary	Johnson, D.E.	Lourey	Pariseau	Sparks
Cohen	Johnson, D.J.	Marko	Ranum	Stumpf
Day	Jungbauer	Marty	Reiter	Tomassoni
Dibble	Kelley	McGinn	Rest	Vickerman
Dille	Kierlin	Metzen	Robling	Wergin
Fischbach	Kiscaden	Michel	Rosen	Wiger
Foley	Kleis	Moua	Ruud	

Those who voted in the negative were:

Pogemiller

So the bill passed and its title was agreed to.

**S.F. No. 607:** A bill for an act relating to criminal justice; defining collateral sanctions; requiring the revisor of statutes to create a new statutory chapter containing cross-references to collateral sanction laws located throughout Minnesota Statutes.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chaudhary	Foley	Hottinger	Kiscaden
Bachmann	Cohen	Frederickson	Johnson, D.E.	Kleis
Bakk	Day	Gaither	Johnson, D.J.	Koering
Belanger	Dibble	Gerlach	Jungbauer	Kubly
Berglin	Dille	Hann	Kelley	Langseth
Betzold	Fischbach	Higgins	Kierlin	Larson



LeClair	Michel	Pappas	Rosen	Skoglund
Limmer	Moua	Pariseau	Ruud	Sparks
Lourey	Neuville	Pogemiller	Sams	Stumpf
Marko	Nienow	Ranum	Saxhaug	Tomassoni
Marty	Olson	Reiter	Scheid	Vickerman
McGinn	Ortman	Rest	Senjem	Wergin
Metzen	Ourada	Robling	Skoe	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 532:** A bill for an act relating to Washington County; making the library board advisory to the county board.

Senator Marko moved to amend S.F. No. 532 as follows:

Page 1, line 22, delete "following final enactment" and insert "after the governing body of Washington County complies with Minnesota Statutes, section 645.021, subdivision 3"

The motion prevailed. So the amendment was adopted.

S.F. No. 532 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Kubly	Nienow	Sams
Bachmann	Gerlach	Langseth	Olson	Saxhaug
Bakk	Hann	Larson	Ortman	Scheid
Belanger	Higgins	LeClair	Ourada	Senjem
Berglin	Hottinger	Limmer	Pappas	Skoe
Betzold	Johnson, D.E.	Lourey	Pariseau	Skoglund
Chaudhary	Johnson, D.J.	Marko	Pogemiller	Sparks
Cohen	Jungbauer	Marty	Ranum	Stumpf
Dibble	Kelley	McGinn	Reiter	Tomassoni
Dille	Kierlin	Metzen	Rest	Vickerman
Fischbach	Kiscaden	Michel	Robling	Wergin
Foley	Kleis	Moua	Rosen	Wiger
Frederickson	Koering	Neuville	Ruud	

So the bill, as amended, was passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Saxhaug moved that S.F. No. 1297 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Finance. The motion prevailed.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

#### Senator Wiger introduced--

**S.F. No. 1428:** A bill for an act relating to operation of state government; establishing the Minnesota False Claims Act; assessing penalties; proposing coding for new law as Minnesota Statutes, chapter 12A.

Referred to the Committee on State and Local Government Operations.

#### Senators Anderson, Jungbauer, Dibble, Metzen and Pariseau introduced--

**S.F. No. 1429:** A bill for an act relating to appropriations; appropriating money for the operation and maintenance of the Metropolitan Regional Parks System.

Referred to the Committee on Finance.

**Senators Pariseau, Metzen, Frederickson and Sparks introduced--**

**S.F. No. 1430:** A bill for an act relating to commerce; regulating franchise agreements between outdoor sport equipment dealers and manufacturers; proposing coding for new law as Minnesota Statutes, chapter 80G.

Referred to the Committee on Commerce.

**Senator Wiger introduced--**

**S.F. No. 1431:** A bill for an act relating to retirement; authorizing the Maplewood Firefighters Relief Association to transfer assets to the Oakdale Firefighters Relief Association to cover service credits earned by certain individuals.

Referred to the Committee on State and Local Government Operations.

**Senators Ortman and Murphy introduced--**

**S.F. No. 1432:** A bill for an act relating to motor vehicles; directing commissioner of public safety to appoint the Carver County auditor as a deputy motor vehicle registrar.

Referred to the Committee on Transportation.

**Senator Chaudhary introduced--**

**S.F. No. 1433:** A bill for an act relating to game and fish; providing for adjustments to hunting and fishing license fees; proposing coding for new law in Minnesota Statutes, chapter 97A.

Referred to the Committee on Environment and Natural Resources.

**Senators Olson, Chaudhary, Ruud and Marty introduced--**

**S.F. No. 1434:** A bill for an act relating to natural resources; providing for aquatic invasive species management funding; creating an account; requiring a watercraft decal; modifying disposition of watercraft surcharge; appropriating money; amending Minnesota Statutes 2004, section 86B.415, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 84D; 86B.

Referred to the Committee on Environment and Natural Resources.

**Senator Kleis introduced--**

**S.F. No. 1435:** A bill for an act relating to liquor; requiring certain cities operating municipal liquor stores to issue off-sale licenses to qualified applicants; amending Minnesota Statutes 2004, section 340A.601, subdivision 5.

Referred to the Committee on Commerce.

**Senator Saxhaug introduced--**

**S.F. No. 1436:** A bill for an act relating to education; establishing education administrative districts; proposing coding for new law in Minnesota Statutes, chapter 123A.

Referred to the Committee on Education.

**Senators Ortman and Murphy introduced--**

**S.F. No. 1437:** A bill for an act relating to motor vehicles; recodifying the Motor Vehicle Retail Installment Sales Act.

Referred to the Committee on Commerce.

**Senators Ranum, Foley, Skoglund, Cohen and Chaudhary introduced--**

**S.F. No. 1438:** A bill for an act relating to public safety; expanding the protection against employer retaliation for crime victims; amending Minnesota Statutes 2004, sections 518B.01, by adding a subdivision; 609.748, by adding a subdivision; 611A.036.

Referred to the Committee on Crime Prevention and Public Safety.

**Senators Hottinger, LeClair and Sparks introduced--**

**S.F. No. 1439:** A bill for an act relating to education finance; increasing the basic formula allowance; restoring the special education growth factors; amending Minnesota Statutes 2004, sections 125A.76, subdivisions 1, 4; 125A.79, subdivisions 1, 6; 126C.10, subdivision 2.

Referred to the Committee on Finance.

**Senators Kelley, Limmer and Sparks introduced--**

**S.F. No. 1440:** A bill for an act relating to identification documents; providing for uniform standards for drivers' licenses and other documents; prohibiting certain acts; providing for an audit; providing penalties; appropriating money; amending Minnesota Statutes 2004, sections 144.05, by adding a subdivision; 144.227, subdivision 2; 171.07, subdivision 9, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**Senators Kelley, Kubly, Rosen, Anderson and Sams introduced--**

**S.F. No. 1441:** A bill for an act relating to capital investments; appropriating money for a wind-to-hydrogen pilot project; authorizing sale and issuance of state bonds.

Referred to the Committee on Jobs, Energy and Community Development.

**Senators Bakk, Nienow, Saxhaug, Stumpf and Olson introduced--**

**S.F. No. 1442:** A bill for an act relating to natural resources; regulating off-highway vehicles; requiring rulemaking and modifying certain rulemaking exemptions; modifying certain state trail provisions; modifying designation of state forest roads; modifying forest classification provisions; requiring a study; providing civil penalties; appropriating money; amending Minnesota Statutes 2004, sections 84.775, subdivision 1; 84.788, subdivision 3; 84.789, by adding a subdivision; 84.791, subdivision 1; 84.798, subdivision 1; 84.925, subdivision 1, by adding a subdivision; 84.9256, subdivision 1; 84.9257; 84.926; 84.928, subdivisions 1, 2, 6; 85.015, subdivision 13; 89.19, subdivision 2; 89.71, by adding a subdivision; Laws 2003, chapter 128, article 1, section 167, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 2004, section 84.901.

Referred to the Committee on Environment and Natural Resources.

**Senators Anderson, Metzen, Ourada, Rosen and Frederickson introduced--**

**S.F. No. 1443:** A bill for an act relating to energy; regulating tariffs for certain community-based wind energy developments; proposing coding for new law in Minnesota Statutes, chapter 216B.

Referred to the Committee on Jobs, Energy and Community Development.

**Senators Anderson, Ranum, Pappas and Marty introduced--**

**S.F. No. 1444:** A bill for an act relating to alcoholic beverages; providing minimum administrative penalties for sales to underage persons; proposing coding for new law in Minnesota Statutes, chapter 340A.

Referred to the Committee on Commerce.

**Senators Dille, Berglin, Foley, Lourey and Nienow introduced--**

**S.F. No. 1445:** A bill for an act relating to health; requiring information about postpartum depression to be given to mothers and their families; proposing coding for new law in Minnesota Statutes 2004, chapter 145.

Referred to the Committee on Health and Family Security.

**Senators Larson and Rest introduced--**

**S.F. No. 1446:** A bill for an act relating to state government; requiring specified portraits to remain on display in the Capitol building; proposing coding for new law in Minnesota Statutes, chapter 138.

Referred to the Committee on State and Local Government Operations.

**Senator Betzold introduced--**

**S.F. No. 1447:** A bill for an act relating to courts; modifying personal jurisdiction over foreign corporations and nonresident individuals in certain matters; amending Minnesota Statutes 2004, section 543.19, subdivision 1.

Referred to the Committee on Judiciary.

**Senators Solon, Skoe, Pogemiller, Robling and Pappas introduced--**

**S.F. No. 1448:** A bill for an act relating to higher education; providing funding for programs for underserved students; appropriating money.

Referred to the Committee on Finance.

**Senators Skoe, Pappas, Larson and Pogemiller introduced--**

**S.F. No. 1449:** A bill for an act relating to higher education; regulating the state grant program; amending Minnesota Statutes 2004, section 136A.121, subdivisions 5, 6, 9.

Referred to the Committee on Finance.

**Senator Stumpf introduced--**

**S.F. No. 1450:** A bill for an act relating to education; requiring school boards to formally adopt and implement a policy about purchasing and using irradiated food in food service programs; amending Minnesota Statutes 2004, section 123B.02, subdivision 13.

Referred to the Committee on Education.

**Senators Foley, McGinn, Kleis and Skoglund introduced--**

**S.F. No. 1451:** A bill for an act relating to corrections; authorizing the Fugitive Apprehension Unit to seize property under the forfeiture law; limiting the unit's participation in the forfeiture law; amending Minnesota Statutes 2004, sections 609.531, subdivision 1; 609.5311, subdivisions 2, 3; 609.5312, subdivisions 1, 3, 4; 609.5314, subdivision 1; 609.5317, subdivision 1; 609.5318, subdivision 1.

Referred to the Committee on Crime Prevention and Public Safety.

**Senator Skoglund introduced--**

**S.F. No. 1452:** A bill for an act relating to corrections; authorizing the commissioner of corrections to appoint individuals to the Advisory Council on Interstate Adult Offender Supervision; amending Minnesota Statutes 2004, section 243.1606, subdivision 1.

Referred to the Committee on Crime Prevention and Public Safety.

**Senator Skoglund introduced--**

**S.F. No. 1453:** A bill for an act relating to corrections; repealing the law requiring collection of data on interstate offenders; repealing Minnesota Statutes 2004, section 243.162.

Referred to the Committee on Crime Prevention and Public Safety.

**Senators Jungbauer and Gerlach introduced--**

**S.F. No. 1454:** A bill for an act relating to higher education; changing the method of charging student fees.

Referred to the Committee on Education.

**Senator Limmer introduced--**

**S.F. No. 1455:** A bill for an act relating to taxation; property tax; modifying the truth in taxation provisions; adding a taxpayer satisfaction survey; eliminating certain required public hearings and newspaper advertisements; amending Minnesota Statutes 2004, sections 275.065, subdivisions 1c, 3, 4, 7, by adding subdivisions; 275.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 275; repealing Minnesota Statutes 2004, section 275.065, subdivisions 5a, 6, 6b, 8.

Referred to the Committee on Taxes.

**Senator Tomassoni introduced--**

**S.F. No. 1456:** A bill for an act relating to commerce; regulating peddlers and door-to-door solicitors; amending Minnesota Statutes 2004, sections 329.14; 368.01, subdivision 11; 412.221, subdivision 19; proposing coding for new law in Minnesota Statutes, chapter 329; repealing Minnesota Statutes 2004, section 329.17, subdivision 2.

Referred to the Committee on Commerce.

**Senator Lourey introduced--**

**S.F. No. 1457:** A bill for an act relating to retirement; authorizing purchase of service credit in the Minnesota State Retirement System.

Referred to the Committee on State and Local Government Operations.

**Senators Belanger, Michel, Ranum and Moua introduced--**

**S.F. No. 1458:** A bill for an act relating to gambling; prohibiting location of a state-operated or state-licensed gambling facility in a city unless the voters of the city have approved the facility in a referendum.

Referred to the Committee on Agriculture, Veterans and Gaming.

**Senators Betzold; Johnson, D.E.; Scheid; Jungbauer and Kleis introduced--**

**S.F. No. 1459:** A bill for an act relating to insurance; creating a statewide health insurance pool for school district employees; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 62A.

Referred to the Committee on Commerce.

**Senator Anderson introduced--**

**S.F. No. 1460:** A bill for an act relating to energy; allowing Public Utilities Commission to develop financial incentives for utilities to encourage community-based generation projects; providing price incentives to encourage purchase of renewable energy; requiring utilities to consider using community-based generation projects to address transmission inadequacies; requiring reliability administrator to conduct interconnection studies at request of community-based generation projects; amending Minnesota Statutes 2004, sections 216B.1611, subdivision 2; 216B.169, subdivision 2; 216B.2411, subdivision 1; 216B.2425, subdivision 2; 216C.052, subdivision 1.

Referred to the Committee on Jobs, Energy and Community Development.

**Senator Pogemiller introduced--**

**S.F. No. 1461:** A bill for an act relating to higher education; appropriating money to the Board of Regents of the University of Minnesota for competitive compensation.

Referred to the Committee on Finance.

**Senators Scheid, Sparks, Michel, Metzen and Larson introduced--**

**S.F. No. 1462:** A bill for an act relating to insurance; regulating certain fees, rate filings, and policy renewals and alterations; regulating the collection of certain information; amending Minnesota Statutes 2004, sections 60A.08, subdivision 3; 60A.14, subdivision 1; 60A.171, subdivisions 1, 2; 60A.351; 60K.46, subdivision 7; 61A.02, subdivision 2, by adding a subdivision; 62A.02, subdivision 1; 70A.06, subdivision 1; 72A.501, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 60A; repealing Minnesota Statutes 2004, section 60A.171, subdivision 4.

Referred to the Committee on Commerce.

**Senators Solon, Foley, Limmer, Lourey and Kelley introduced--**

**S.F. No. 1463:** A bill for an act relating to health; requiring patients' consent to transmit medical records out of the country; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Family Security.

**Senators Solon, Foley, Higgins and Lourey introduced--**

**S.F. No. 1464:** A bill for an act relating to human services; expanding the group residential housing supplemental rate; amending Minnesota Statutes 2004, section 2561.05, subdivision 1e.

Referred to the Committee on Finance.

**Senators Kubly, Dille, Metzen, Pogemiller and Johnson, D.E. introduced--**

**S.F. No. 1465:** A bill for an act relating to taxation; extending the construction date requirement applicable to a property tax exemption for a biomass electric generation facility; extending the duration of a sales tax exemption on construction materials for a biomass electric generation facility; amending Minnesota Statutes 2004, section 272.02, subdivision 47; Laws 2001, First Special Session chapter 5, article 12, section 67.

Referred to the Committee on Jobs, Energy and Community Development.

**Senators Murphy, Moua, Ourada, Day and Johnson, D.E. introduced--**

**S.F. No. 1466:** A bill for an act relating to transportation; clarifying seasonal load restrictions for utility vehicles; amending Minnesota Statutes 2004, section 169.87, subdivision 5.

Referred to the Committee on Transportation.

**Senators Chaudhary and Saxhaug introduced--**

**S.F. No. 1467:** A bill for an act relating to game and fish; creating the Minnesota Fishing Protection Act; providing authority, direction, and funding to achieve and maintain water quality standards for Minnesota's surface waters to protect the quantity, edibility, and health of Minnesota fish; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116; 446A.

Referred to the Committee on Environment and Natural Resources.

**Senator Cohen introduced--**

**S.F. No. 1468:** A bill for an act relating to public employers; modifying public employer reimbursement for compensation paid to certain firefighters and peace officers; creating a panel to evaluate claims; amending Minnesota Statutes 2004, sections 214.04, subdivision 1; 299A.465, subdivision 4, by adding subdivisions.

Referred to the Committee on State and Local Government Operations.

**Senators Limmer, Scheid, Sparks, Skoglund and Reiter introduced--**

**S.F. No. 1469:** A bill for an act relating to commerce; coordinating Minnesota and federal law in regard to consumer access to their own credit information; amending Minnesota Statutes 2004, section 13C.01, subdivision 1.

Referred to the Committee on Commerce.

**Senator Reiter introduced--**

**S.F. No. 1470:** A bill for an act relating to education; requiring Independent School District No. 621, Mounds View, to establish a trust fund for the proceeds from the sale of property to use for general operating purposes.

Referred to the Committee on Finance.

**Senator Dibble introduced--**

**S.F. No. 1471:** A bill for an act relating to health; providing for do not resuscitate/do not intubate orders; providing liability protection for certain health professionals; proposing coding for new law as Minnesota Statutes, chapter 145D.

Referred to the Committee on Health and Family Security.

**Senators Johnson, D.E. and Murphy introduced--**

**S.F. No. 1472:** A bill for an act relating to traffic regulations; authorizing day activity center buses to operate certain school bus warning equipment under certain circumstances; amending Minnesota Statutes 2004, section 169.448, by adding a subdivision.

Referred to the Committee on Transportation.

**Senators Solon, Pappas, Tomassoni and Larson introduced--**

**S.F. No. 1473:** A bill for an act relating to higher education; appropriating money to the Board of Trustees of the Minnesota State Colleges and Universities for nursing.

Referred to the Committee on Finance.

**Senators Saxhaug and Sams introduced--**

**S.F. No. 1474:** A bill for an act relating to crime prevention and public safety; repealing certain restrictions relating to part-time peace officers; amending Minnesota Statutes 2004, section 626.8465, subdivision 2; repealing Minnesota Statutes 2004, sections 626.8465, subdivision 3; 626.8468, subdivision 1.

Referred to the Committee on Crime Prevention and Public Safety.

**Senator Anderson introduced--**

**S.F. No. 1475:** A bill for an act relating to health; providing for certified stillbirth records; amending Minnesota Statutes 2004, sections 13.3806, subdivision 4; 144.212, subdivisions 4, 9, by adding a subdivision; 144.214, subdivisions 2, 4; 144.225, subdivisions 2a, 7, 8; 144.226, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2004, section 144.222, subdivision 1; Minnesota Rules, parts 4601.0100, subpart 12; 4601.2200.

Referred to the Committee on Health and Family Security.

**Senators Sams, Pogemiller and Ruud introduced--**

**S.F. No. 1476:** A bill for an act relating to taxation; expanding limited market value to include certain small resorts; extending limited market value one additional year; providing a valuation deferment for certain resorts; providing a resort income tax investment credit; providing sales tax refund for certain resort expenditures; amending Minnesota Statutes 2004, sections 273.11, subdivision 1a, by adding a subdivision; 273.13, subdivision 22; 290.06, by adding a subdivision; 297A.71, by adding a subdivision; 297A.75; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes.

**Senator Kierlin introduced--**

**S.F. No. 1477:** A bill for an act relating to health; increasing medical assistance reimbursement



rates for a nursing facility in Ostrander; amending Minnesota Statutes 2004, section 256B.434, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**Senators Hottinger, Kelley and Hann introduced--**

**S.F. No. 1478:** A bill for an act relating to dispute resolution; providing for mediation of disputes; adopting the Uniform Mediation Act; amending Minnesota Statutes 2004, sections 115B.414, subdivision 2; 469.1771, subdivision 2b; 572.40; 572.41, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 572C; repealing Minnesota Statutes 2004, sections 572.31; 572.33; 572.35, subdivision 1; 572.36; 572.37; 572.39.

Referred to the Committee on Judiciary.

**Senators Lourey, Higgins, Berglin, Gaither and Hann introduced--**

**S.F. No. 1479:** A bill for an act relating to spousal maintenance; authorizing the Department of Human Services to collect spousal maintenance; amending Minnesota Statutes 2004, sections 518.54, subdivision 4a; 518.551, subdivision 1.

Referred to the Committee on Health and Family Security.

**Senators Anderson, Sams, Dibble, Cohen and Frederickson introduced--**

**S.F. No. 1480:** A bill for an act relating to appropriations; appropriating money for a grant to Women Venture.

Referred to the Committee on Finance.

**Senators Sparks and Stumpf introduced--**

**S.F. No. 1481:** A bill for an act relating to education; revising the eligibility for the alternative facilities bonding and levy program; amending Minnesota Statutes 2004, section 123B.59, subdivision 1.

Referred to the Committee on Finance.

**Senators Lourey, Higgins, Kiscaden, McGinn and LeClair introduced--**

**S.F. No. 1482:** A bill for an act relating to health; modifying provisions for isolation and quarantine of persons exposed to or infected with a communicable disease; amending Minnesota Statutes 2004, sections 144.419, subdivision 1; 144.4195, subdivisions 1, 2, 5; Laws 2002, chapter 402, section 21, as amended; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Family Security.

**Senators Lourey, LeClair, Higgins, Kiscaden and McGinn introduced--**

**S.F. No. 1483:** A bill for an act relating to health; modifying the Minnesota Emergency Health Powers Act; modifying authority of out-of-state license holders; amending Minnesota Statutes 2004, sections 12.03, subdivision 4d, by adding a subdivision; 12.22, subdivision 2a, by adding a subdivision; 12.31, subdivision 1; 12.32; 12.34, subdivision 1; 12.381; 12.39; 12.42; 13.3806, subdivision 1a; Laws 2002, chapter 402, section 21, as amended; proposing coding for new law in Minnesota Statutes, chapter 12.

Referred to the Committee on Health and Family Security.

**Senators Moua, Anderson, Cohen and Pappas introduced--**

**S.F. No. 1484:** A bill for an act relating to the city of St. Paul; authorizing the Housing and Redevelopment Authority to establish tax increment financing subdistricts.

Referred to the Committee on Taxes.

**Senator Sparks introduced--**

**S.F. No. 1485:** A bill for an act relating to labor; requiring the certification and regulation of crane operators; authorizing civil penalties; proposing coding for new law as Minnesota Statutes, chapter 184C.

Referred to the Committee on Jobs, Energy and Community Development.

**Senator Tomassoni introduced--**

**S.F. No. 1486:** A bill for an act relating to public safety; prohibiting quotas for issuing traffic and vehicle inspection citations; amending Minnesota Statutes 2004, section 299D.08.

Referred to the Committee on Transportation.

**Senator Tomassoni introduced--**

**S.F. No. 1487:** A bill for an act relating to education; establishing program guidelines for gifted and talented students; making permanent funding for gifted and talented programs a component of general education revenue; amending Minnesota Statutes 2004, section 126C.10, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 120B.

Referred to the Committee on Education.

**Senators Skoe, Stumpf, Langseth, Kiscaden and Lourey introduced--**

**S.F. No. 1488:** A bill for an act relating to respiratory therapists; providing recognition for the practice of respiratory therapy in emergency situations; amending Minnesota Statutes 2004, section 147C.05.

Referred to the Committee on Health and Family Security.

**Senators Scheid, Olson, Kelley, Hann and Anderson introduced--**

**S.F. No. 1489:** A bill for an act relating to education; appropriating money for a grant to the Minnesota Humanities Commission to provide content-based professional development for teachers.

Referred to the Committee on Finance.

**Senators Kiscaden; Senjem; Johnson, D.E.; Moua and Sparks introduced--**

**S.F. No. 1490:** A bill for an act relating to education; increasing state limited English proficiency aid by including pupils with less than seven years of average daily memberships; amending Minnesota Statutes 2004, section 124D.59, subdivision 2.

Referred to the Committee on Education.

**Senators Kiscaden, Senjem, Rest, Sparks and Gaither introduced--**

**S.F. No. 1491:** A bill for an act relating to education; authorizing locally developed school

district programs for gifted and talented students; making permanent funding for gifted and talented programs a component of general education revenue; amending Minnesota Statutes 2004, section 126C.10, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 120B.

Referred to the Committee on Education.

**Senators Nienow and Wergin introduced--**

**S.F. No. 1492:** A bill for an act relating to energy; expanding definition of qualified on-farm biogas recovery facility; amending Minnesota Statutes 2004, section 216C.41, subdivision 1.

Referred to the Committee on Jobs, Energy and Community Development.

**Senator Nienow introduced--**

**S.F. No. 1493:** A bill for an act relating to elections; campaign finance; requiring an additional report by a principal campaign committee in a year when the candidate's name is on the ballot; amending Minnesota Statutes 2004, section 10A.20, subdivision 2.

Referred to the Committee on Elections.

**Senator Nienow introduced--**

**S.F. No. 1494:** A bill for an act relating to elections; campaign finance; providing that certain costs of a suggestion solicitation and postage are constituent services; amending Minnesota Statutes 2004, section 10A.01, subdivision 26.

Referred to the Committee on Elections.

**Senator Nienow introduced--**

**S.F. No. 1495:** A bill for an act relating to the city of Taylors Falls; authorizing the city of Taylors Falls to establish and exercise border city development zone powers.

Referred to the Committee on Jobs, Energy and Community Development.

**Senators Nienow, Wergin, Vickerman and Hann introduced--**

**S.F. No. 1496:** A bill for an act relating to veterans affairs; authorizing the carry forward of the unexpended appropriation for the veterans service office grant program; amending Minnesota Statutes 2004, section 197.608, by adding a subdivision.

Referred to the Committee on Finance.

**Senators Pogemiller, Ranum and Belanger introduced--**

**S.F. No. 1497:** A bill for an act relating to taxation; clarifying revenue recapture provisions to provide for the collection of fines for petty misdemeanors; amending Minnesota Statutes 2004, section 270A.03, subdivision 5.

Referred to the Committee on Taxes.

**Senators Lourey, Foley and Solon introduced--**

**S.F. No. 1498:** A bill for an act relating to health occupations; modifying dental licensure provisions; establishing fees; amending Minnesota Statutes 2004, sections 150A.01, subdivision 6a; 150A.06, subdivision 1a; 150A.10, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 150A.

Referred to the Committee on Health and Family Security.

**Senator Lourey introduced--**

**S.F. No. 1499:** A bill for an act relating to human services; providing a rate increase for a nursing facility in Carlton County having completed an approved total replacement; appropriating money; amending Minnesota Statutes 2004, section 256B.431, subdivision 17f.

Referred to the Committee on Finance.

**Senator Lourey introduced--**

**S.F. No. 1500:** A bill for an act relating to human services; appropriating money for children and community services.

Referred to the Committee on Finance.

**Senator Saxhaug introduced--**

**S.F. No. 1501:** A bill for an act relating to capital improvements; authorizing the sale and issuance of state bonds; appropriating money for the Jackfish Bay sewer project.

Referred to the Committee on Finance.

**Senators Anderson, Kubly, Rosen and Metzen introduced--**

**S.F. No. 1502:** A bill for an act relating to energy; exempting certain wind energy facilities from obtaining a certificate of need; providing for automatic recovery of certain electricity transmission costs; requiring owners of certain wind transmission facilities to apply for a certificate of need; requiring a study; amending Minnesota Statutes 2004, sections 216B.1645, subdivisions 1, 2; 216B.2425, subdivision 7; 216B.243, subdivision 8.

Referred to the Committee on Jobs, Energy and Community Development.

**Senators Kiscaden, Lourey, Higgins, Nienow and Dille introduced--**

**S.F. No. 1503:** A bill for an act relating to health; increasing reimbursement rates for certain home care services; proposing coding for new law in Minnesota Statutes, chapter 256B.

Referred to the Committee on Finance.

**Senators Robling and Ortman introduced--**

**S.F. No. 1504:** A bill for an act relating to public safety; modifying provisions regulating motor vehicle and driver applications and records; modifying vehicle accident reports and procedures, including provision for vehicle accident "long arm" statute; making technical and clarifying changes; amending Minnesota Statutes 2004, sections 168.346; 168A.04, by adding a subdivision; 169.09, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 14, 15, by adding subdivisions; 171.07, subdivisions 1, 3; 171.12, subdivision 7; repealing Minnesota Statutes 2004, sections 169.09, subdivision 10; 170.55.

Referred to the Committee on Transportation.

**Senators Robling, Belanger, Ortman and Neuville introduced--**

**S.F. No. 1505:** A bill for an act relating to corrections; appropriating money for a Community Corrections Act subsidy for Scott County.

Referred to the Committee on Finance.

**Senator Robling introduced--**

**S.F. No. 1506:** A bill for an act relating to motor vehicles; modifying and simplifying provisions related to parking for persons with disabilities; making technical and clarifying changes; amending Minnesota Statutes 2004, sections 85.052, subdivision 3; 85.053, subdivision 7; 168.011, subdivision 4, by adding a subdivision; 168.021; 168.33, subdivision 8; 169.345; 169.346, subdivisions 1, 2, 2a, 3.

Referred to the Committee on Transportation.

**Senators Anderson, Pappas and Cohen introduced--**

**S.F. No. 1507:** A bill for an act relating to consumer protection; generally prohibiting the sale of antibacterial soaps; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Commerce.

**Senators Olson and Hann introduced--**

**S.F. No. 1508:** A bill for an act relating to state lands; authorizing the conveyance of certain tax-forfeited land that borders public water in Hennepin County; authorizing the sale or conveyance to governmental subdivisions for authorized public use of certain state lands pursuant to Minnesota Statutes, section 282.01.

Referred to the Committee on Environment and Natural Resources.

**ADJOURNMENT**

Senator Johnson, D.E. moved that the Senate do now adjourn until 9:00 a.m., Thursday, March 10, 2005. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



# INDEX TO DAILY JOURNAL

Monday, March 7, 2005

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

Pages 575 to 578

## REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
397	590				
406	581	625			
423	583				
467	578				
538	589				
686	580				
724	590				
762	611				
836	588				
956	581				
999	590				
1092	591	625			
1153	591				
1209	591	625			
1210	582	625			
1231	582	625			
1244	590				
1245	591	625			
1250	585	625			
1254	585	625			
1268	585	625			

## MOTIONS AND RESOLUTIONS

S.F. Nos.	Page	H.F. Nos.	Page
639	.625		
756	.625		
909	.625		
954	.625		
1119	.625		
1139	.625		
1239	.626		
1273	.625		
1285	.625		
1297	.631		
1298	.625		
1365	.626		
1427	.625		
Sen. Res. No . 51	.625		
Sen. Res. No . 52	.625		

**CONSENT CALENDAR**

S.F. Nos.	Page	H.F. Nos.	Page
244	.....627	378	.....628
271	.....627	871	.....626
367	.....626		
520	.....628		
532	.....631		
607	.....630		
718	.....627		
735	.....628		
879	.....630		
1031	.....629		

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

S.F. Nos. 1428 to 1508 ..... Pages 631 to 643